


## COUNCIL COMMUNICATION

	Number:	24-222	Meeting:	May 20, 2024
	Agenda Item:	28	Roll Call:	24-0744
	Submitted by:	Cody Christensen, Development Services Director		

### AGENDA HEADING:

Resolutions in support of Workforce Housing Tax Credit (WHTC) benefit applications to be submitted to the Iowa Economic Development Authority (IEDA) for City of Des Moines projects.

### SYNOPSIS:

Recommend approval of seven (7) applications for WHTC benefits to the IEDA for projects proposed in the City of Des Moines.

The projects propose adding an estimated total of 536 new housing units, providing a variety of housing options that are proximate to employment centers, shopping, restaurants, schools, and transportation. These housing units will provide homes for many sectors of the population within the City of Des Moines, including entry-level workforce, students, seniors, persons with disabilities, and families. The total combined construction cost of all projects is approximately \$130 million.

A resolution of support from the City Council and an identification of the local match for each project at a minimum of \$1,000 per unit is required for submittal of applications to the WHTC Program, which replaced the former IEDA Housing Enterprise Zone housing benefit program in July 2014. In the next fiscal year (FY), \$17.5 million is available to be awarded to large cities in Iowa's 11 most populated counties. Project applications were scored competitively for the first time in 2021, as opposed to first-come, first-served awards under the former grant program.

Additional information on each project is below. The resolution will be submitted to IEDA by the project representatives along with the formal program application, due by June 10, 2024.

### FISCAL IMPACT:

The WHTC Program offers State of Iowa tax credits and has no fiscal impact on the City of Des Moines' general fund. Information on the project applications is detailed below.

Amount: WHTC benefits estimated at \$5,599,000 (listed by project below)

Funding Source: State of Iowa WHTC Program, to be matched by local match through qualified by-right tax abatement, tax increment financing (TIF) economic development grants, or grants previously approved by City Council (see project descriptions below).

1. HOA Aston, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$4,500,000 provided from TIF economic development grant.

2. Cold Storage Rehab, LLC - \$900,000 estimated WHTC benefit; local match estimated at \$312,000 provided from economic development grant.
3. Sullivan Holdings, LLC - \$434,000 estimated WHTC benefit; local match estimated at \$596,000 provided from tax abatement.
4. Summit Townhomes, LLC - \$160,000 estimated WHTC benefit; local match estimated at \$181,250 provided from tax abatement.
5. Linc IV Apartments, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$1,800,000 provided from tax abatement.
6. Uptown Investor TJU, LLC - \$105,000 estimated WHTC benefit; local match estimated at \$161,000 provided from tax abatement.
7. Sonar at Highland Park, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$101,000 provided from economic development grant.

**ADDITIONAL INFORMATION:**

- The WHTC Program provides for a refund of state sales, service, or use taxes paid during construction, and a state investment tax credit up to a maximum of 10% of the investment directly related to construction of the project. Following are the projects submitting applications for WHTC benefits:
  1. HOA Aston, LLC (Heart of America Group, 515 East Locust Street, Suite 100, Des Moines, IA 50309) for a \$47,520,000 project constructing 186 housing units at 603 East 6th Street.
  2. Cold Storage Rehab, LLC (Neighborhood Development Corp, 2311 University Avenue, Des Moines, IA 50311) for a \$13,000,000 project constructing 48 units on a redevelopment site at 2814 7th Street.
  3. Sullivan Holdings, LLC (Scott Sullivan, 11801 Hickman Road, Urbandale, IA 50323) for a \$4,496,000 project constructing four (4) townhome units and 20 multi-family units at 3111 Merle Hay Road.
  4. Summit Townhomes, LLC (Adam Sieren, 3315 Waco Court, Des Moines, IA 50321) for an \$8,500,000 project constructing 35 townhome units at 16 Indianola Road.
  5. Linc IV Apartments, LLC (Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, IA 50266) for a \$27,600,000 project constructing 135 multi-family apartment units at 1270 Tuttle Street.
  6. Uptown Investor TJU, LLC (Urban Development Corp, 3131 Fleur Drive, Unit 1002, Des Moines, IA 50321) for a \$2,567,500 project constructing seven (7) second-story apartment units at 4104 University Avenue.
  7. Sonar at Highland Park, LLC (Sonar Development Partners, 114 51st Street, Des Moines, IA 50312) for a \$26 million project constructing 101 housing units at 604 Euclid Avenue.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Office of Economic Development (OED) staff will provide resolutions to project representatives for submittal with WHTC Program applications to the IEDA.

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