

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
01-557	OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA
AGENDA:	SYNOPSIS -
NOVEMBER 5, 2001	On the November 5, 2001 Council agenda is a roll call to preliminarily approve tax increment financing (TIF) for the proposed housing project at 15th Street and Woodland Avenue.
SUBJECT: WOODLAND AVENUE BRICKSTONES PRELIMINARY TIF APPROVAL	Woodland Avenue Partners, L.P. (Jack Hatch, developer, 696 - 18th Street, Des Moines) proposes to construct a mixed-use mixed-income project at 15th and Woodland in the Sherman Hill neighborhood. The total project cost is \$5,797,107. Construction will begin in December. The Sherman Hill Association, Inc. has reviewed the project and supports the development.
TYPE:	Jackie Nickolaus with the City's Office of Economic Development is the staff person working on this project.
<u>RESOLUTION</u> ORDINANCE RECEIVE/FILE	FISCAL IMPACT -
SUBMITTED BY: RICHARD CLARK DEPUTY CITY MANAGER	Woodland Avenue Partners, LP has requested a TIF allocation in the amount of \$183,757. This amount is about 3 percent of the total project cost, and is necessitated by the high cost of the project relative to its potential revenue stream. It is estimated that the after-construction assessed value of the property will be \$2,500,000. The project is eligible for ten-year 100 percent tax abatement. Based on an estimated value of \$2.5 million, the project will generate \$112,500 in property tax revenues after the tax abatement expires. The terms will be negotiated as part of the development agreement. Funding will come from a combination of the Metro Center TIF account and the Economic Development account.
	RECOMMENDATION - Council is asked to preliminarily approve TIF funding for the Woodland Avenue Brickstones project subject to execution of a development agreement. The agreement will establish the

requirements for the construction and will specify the terms and conditions for the provision and use of the TIF funds.

BACKGROUND -

In early 1999, the City Council approved a TIF Policy. The Policy states that TIF financing should be used for various kinds of projects with public benefits, including the development/redevelopment of private housing when other private or public financing sources are not available.

On July 26, 1999, by Roll Call No. 99-2357, the City Council approved the Sherman Hill Neighborhood Action Plan. This plan identifies the new residential housing as one of its highest priorities.

The Woodland Avenue Brickstone Apartments is a mixed-use project. The project consists of one retail/residential building and two low-rise three-story Victorian style row-house apartment buildings. The retail/residential building contains commercial space on the ground and first floors and six apartment units on the second and third floors. The remaining 48 units will be in the two row-house style buildings. The buildings will be faced with brick and designed to be in concert with Hoyt Sherman Place across the street and the rest of Sherman Hill. As the project is located in a National Register Historic District, the State Historic Preservation Office had reviewed the project to ensure it does not negatively impact the historical character of the neighborhood.

The total project cost is \$5,797,107 with construction to begin as soon as financing is in place (estimated to be December 2001). Twelve units will be affordable for persons with low- to moderate-incomes.

The proposed revenue sources for the project are:

<u>Funding Source</u>	<u>Amount</u>
Tax Exempt Bonds	\$2,900,000
Interest	50,750
Neighborhood Finance Corporation	800,000
Public Grants	782,500
Tax Credits	650,000

Sales Tax Rebate	80,000
City TIF	183,757
Neighborhood Development Corporation	<u>350,100</u>
TOTAL	\$5,797,107
