



Agenda Item:
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## **COUNCIL COMMUNICATION**

### **City Manager's Office**

#### **GENERAL INFORMATION**

Agenda Date: 09/12/05  
Agenda Item Type: Resolution

Communication No.: 05-520  
Roll Call No.:

Submitted by: Richard Clark, Acting City Manager

#### **SUBJECT—**

Resolution of support for Des Moines Community Investment Corporation's (DMCIC) application for New Markets Tax Credits (NMTC)

#### **SYNOPSIS—**

The City of Des Moines is the Controlling Entity of Des Moines Community Investment Corporation (DMCIC). DMCIC is in the process of completing an application to the Community Development Financial Institution Fund (CDFI Fund) for an allocation of \$150 million in New Markets Tax Credits (NMTC). Given the vast amount of possible uses for NMTCs within the city, DMCIC has opted to use a pipeline approach in its application. The project pipeline is inclusive of multiple projects and allows for the most flexibility in utilizing the credits. The application requires a detailed explanation of 3 or 4 of the intended pipeline projects. Riverpoint West development, Younkers building, and an Iowa Event Center hotel have been identified as projects that will be highlighted in the NMTC application.

A complete NMTC application is due to the CDFI fund by September 22, 2005. In order to meet this deadline a brief description of proposed activities is included in the background section of this council communication. A draft of the NMTC application is also attached.

The final draft of DMCIC's NMTC application will be approved at DMCIC's Board of Directors Meeting scheduled for September 19, 2005.

#### **FISCAL IMPACT—**

None.

## **RECOMMENDATION—**

Approval

## **BACKGROUND—**

At the August 1, 2005 City Council Meeting by Roll Call #05-1836 Council approved negotiation of a professional service contract with Novogradac & Company, LLC (Owen Gray, Partner, 246 First Street, 5<sup>th</sup> Floor, San Francisco, CA 94105).

At the August 17, 2005 City Council Meeting by Roll Call #05-2000 Council approved the creation of the Des Moines Community Investment Corporation (DMCIC) and authorization to file an application for CDE (Community Development Entity) Certification in order to receive an allocation of New Markets Tax Credits (NMTC).

DMCIC's application will include a summary of 3 projects, Riverpoint west, Younker's building and a headquarters hotel.

### Riverpoint West

The Riverpoint West areas is located directly south of the Central business District and is bound by Martin Luther King, Jr. Parkway to the north, SW 9<sup>th</sup> Street to the east, and the Raccoon River to the south and west. The City has been working with developers to transform this area into an urban village with supporting commercial uses including office and retail space. This project will create 400,000 square feet for commercial use. The Riverpoint West project meets CDFI Fund's Low-income Community (LIC) requirement. Additionally, this project will redevelop a federally designated Brownfield area, which has been identified in the NMTC application as a special geographic area. Riverpoint west was identified because it is in a LIC, redevelops a Brownfield area, will provide services to Low-income people, and will have a major impact on the community as a whole.

### The Younkers Building

The Younkers building is located at 7<sup>th</sup> and Walnut Streets in downtown Des Moines. Younkers had been in the downtown area for over 100 years prior to closing its doors in August 2005. More than the sentimental lost of history and memories there is the real loss of jobs and retail business. This building is suited for mixed use with specialized retail and new housing units. Staff is optimistic that the building can be transformed to include; (1) retail on the second floor that connects to the skywalk system and (2) housing units on the remaining floors. New units can be leased or owned and will include affordable housing. Project costs have been projected at \$40 million. This project has been designated, as one of the major pipeline activities because it is in a LIC, will create additional retail, and increase the affordable housing stock downtown. NMTCs can provide valuable incentives to possible developers. More importantly, this project will fill a void created by the lost of Younkers.

### Iowa Events Center Headquarters Hotel

Polk County has recently completed the construction of the Iowa Events Center (IEC), HyVee Hall (exhibition hall), Vets Auditorium (arena and meeting room space), The Plex (convention space), and Wells Fargo Arena. A Headquarters Hotel ("Hotel") located adjacent to the IEC would be an ideal enhancement to the project. A new hotel will include a minimum of 350 to 400 keyed rooms, 20,000 – 25,000 square feet of meeting rooms, 30,000 – 36,000 square foot ballroom, and be a full services professionally managed lodging property. The hotel project has been identified because it will be located in a LIC, is expected to generate a number of new jobs and have a positive economic impact.

An electronic application will be submitted to CDFI Fund on September 19, 2005. The application will be reviewed for business strategy, community impact, management capacity, and capitalization strategy. Provided DMCIC's application receives a rating of "good" or better in all four categories it will be reviewed a second time for community impact and business strategy. Allocatees will be notified in spring 2006.