

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: January 30, 2015
	Agenda Item No. 6 Roll Call No. <u>15-0159</u> Communication No. <u>15-043</u> Submitted by: Matthew A. Anderson, Assistant City Manager

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 for a total of 17 applications for WHTC benefits for projects proposed in the City of Des Moines to the IEDA.

An estimated total of 842 new housing units will be added Citywide through these projects, providing a variety of living opportunities that are proximate to employment centers, shopping, restaurants, schools and transportation. The housing units will provide homes for many sectors of the population of the City of Des Moines, including entry level work force, students, seniors, disabled citizens and families. The total combined construction cost of the projects is approximately \$175 million.

A resolution of support from 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 on July 1, 2014. Under the Enterprise Zone program, applications were reviewed and forwarded to IEDA by the Des Moines Enterprise Zone Commission, which was disbanded with the introduction of the WHTC 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, which is projected to be released on February 2, 2015.

FISCAL IMPACT:

Workforce Housing Tax Credit are State of Iowa tax credits and have no fiscal impact on the City of Des Moines general fund. Information on the project applications is detailed below.

Amount: Workforce Housing Tax Credit benefits estimated at \$10,861,436 (listed by project below)

Funding Source: State of Iowa Workforce Housing Tax Credit Program.

1. Christ the King Senior Housing II, LLP; \$ 330,000 estimated WHTC benefit; local match estimated \$125,000 tax abatement.
2. Eagle View Lofts, L.L.C. \$1,000,000 estimated WHTC benefit; local match estimated \$4,000,000 tax abatement.

3. PerCol Holdings, LLC \$135,000 estimated WHTC benefit; local match estimated \$16,087 tax abatement.
4. Bronson Partners, LLC \$ 275,000 estimated WHTC benefit; local match estimated \$545,000 tax abatement.
5. 219 East Grand Ave LLC \$1,000,000; estimated WHTC benefit; local match estimated \$4,355,150 tax abatement.
6. Edge at Gray's Landing LLC \$1,000,000 estimated WHTC benefit; local match estimated \$1,204,526 tax abatement.
7. 4000 Ingersoll Associates, LP \$ 750,000 estimated WHTC benefit; local match estimated \$275,000 tax abatement.
8. 12th Street Lofts, L.L.C \$510,520 estimated WHTC benefit; local match estimated \$856,592.
9. Hubbell Tower II, LLC \$ 792,147 estimated WHTC benefit; local match estimated \$1,440,983.
10. Harbach Building, L.L.C. \$1,000,000 estimated WHTC benefit; local match estimated \$2,627,000 tax abatement.
11. 420 Court Avenue LLC \$1,000,000 estimated WHTC benefit; local match estimated \$1,900,000 tax abatement.
12. Nelson Development, LLC, \$1,000,000 estimated WHTC benefit; local match estimated \$1,500,000 tax abatement.
13. Caselli Holdings, Inc. \$75,000 estimated WHTC benefit; local match estimated \$14,430 tax abatement.
14. Market District One, LLC \$560,000 estimated WHTC benefit; local match estimated \$1,840,000 tax abatement.
15. Southridge Senior L.L.C. \$308,769 estimated WHTC benefit; local match estimated \$512,817 tax increment.
16. Bryn Mawr Apartments Associates LP \$225,000 estimated WHTC benefit; local match estimated \$245,000 tax abatement.
17. Mercy College Student Housing Associates LP \$900,000 estimated WHTC benefit; local match estimated \$235,000 tax abatement.

ADDITIONAL INFORMATION:

The WHTC program provides for the same benefits as the former Enterprise Zone program: 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. However, the

WHTC program has an annual cap of \$20 million for the entire State of Iowa, which is anticipated to make this program significantly more competitive than the former Enterprise Zone program.

Following are the projects submitting application for WHTC benefits:

1. Christ the King Senior Housing II, LLP (Chris Aldinger, Business Manager, Christ the King, 5711 SW 9th Street, Des Moines, IA 50315) for a \$4,200,000 project constructing 26 housing units at 5602 SW 9th Street.
2. Eagle View Lofts, LLC (Troy Hansen, Hansen Real Estate Services, 5665 Greendale Road Suite A, Johnston, IA 50131) for a \$1,600,000 project constructing 120 housing units at SE 6th and Shaw.
3. PerCol Holdings, LLC (Julian Caselli, President, Tech Construction Corp, 6350 Coachlight Drive, Unit 1208, West Des Moines, IA 50266) for a \$1,200,000 project rehabilitating 15 housing units at 702 20th Street.
4. Bronson Partners, LLC (Tim Rypma, Member, 102 Court Avenue, Suite 204, Des Moines, IA 50309) for a \$3,800,000 project constructing eight (8) housing units at 1417 Walnut Street.
5. 219 East Grand Ave LLC (Tim Rypma, Member, 102 Court Avenue, Suite 204, Des Moines, IA 50309) for a \$20,182,924 project constructing 90 housing units at 219 East Grand Avenue.
6. Edge at Gray's Landing, L.L.C. (Chris Sherman, Vice President, Sherman & Associates, 233 Park Avenue South, Suite 201, Minneapolis, MN, 55415) for a \$14,500,000 project constructing 90 housing units at 406 SW 9th Street.
7. 4000 Ingersoll Associates, LP (Frank Levy, President, Newbury Management Company, 3408 Woodland Avenue, Suite 504, West Des Moines, IA 50266) for a \$8,700,000 project constructing 34 housing units at 4050 Ingersoll Avenue, 4018-20 Ingersoll Avenue, and 526 40th Street.
8. 12th Street Lofts, L.L.C.: (Dan Cornelison, General Counsel and Managing Member, Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, IA 50266) for a \$7,400,000 project constructing 30 housing units at 121 12th Street.
9. Hubbell Tower II, LLC (Dan Cornelison, General Counsel and Managing Member, Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, IA 50266) for an \$8,300,000 project constructing 62 housing units at 206 9th Street.
10. Harbach Building, LLC (Angie Pfannkuch, Olsson Associates, 7157 Vista Drive, West Des Moines, IA 50266) for a \$14,000,000 project constructing 62 housing units at 300 SW 5th Street.
11. 420 Court Ave, LLC (Stuart Ruddy, General Counsel, Knapp Properties, 5000 Westown Parkway Suite 400 West Des Moines, IA 50266) for a \$ 29,960,000 project constructing 81 housing units at 420 Court Avenue.

12. Nelson Development, LLC (Mike Nelson, Nelson Construction and Development, 218 6th Avenue Suite 200, Des Moines, IA 50309) for a \$17,400,000 project constructing 154 housing units at 1405 SE 1st Street.
13. Caselli Holdings, Inc. (Julian Caselli, President, Tech Construction Corp, 6350 Coachlight Drive, Unit 1208, West Des Moines, IA 50266) for a \$625,000 project constructing five (5) housing units in the vicinity of 8th Street and Washington.
14. Market District One, LLC (Matt Connolly, owner, 3521 Beaver Avenue Des Moines, IA 50310) for a \$7,761,960 project constructing 55 housing units at 401 SE 6th Street.
15. Southridge Senior Lofts, LLC (Peter Schwiegeraht, Miller Valentine Group, 9349 Water Stone Boulevard, Cincinnati, OH 45249) for an \$8,910,092 project constructing 52 housing units at SE 5th Street and East Army Post Road.
16. Bryn Mawr Apartments Associates LP (Frank Levy, President, Newbury Management Company, 3408 Woodland Avenue, Suite 504, West Des Moines, IA 50266) for a \$2,500,000 project constructing 30 housing units at 511 29th Street.
17. Mercy College Student Housing Associates LP (Frank Levy, President, Newbury Management Company, 3408 Woodland Avenue, Suite 504, West Des Moines, IA 50266) for a \$10,000,000 project constructing 80 housing units at 921 6th Avenue.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Office of Economic Development will provide resolutions to project representatives for submittal with WHTC program applications to the Iowa Economic Development Authority.

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