

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 13, 2015
	Agenda Item No. 39 Roll Call No. [_____] Communication No. <u>15-395</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 two (2) applications for WHTC benefits for projects proposed in the City of Des Moines to the IEDA.

An estimated total of 32 new housing units will be added 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 varied 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 \$5.8 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.

Additional information on each project is below.

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 \$277,606 (listed by project below)

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

1. 6th Avenue Brickstone, LLC; \$153,083 estimated WHTC benefit; local match estimated \$300,000 tax abatement.
2. ST Investments, LLC; \$124,523 estimated WHTC benefit; local match estimated \$9,380 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 has made this program significantly more competitive than the former Enterprise Zone program.

Following are the projects submitting application for WHTC benefits:

1. 6th Avenue Brickstone LLC (Jack Hatch, Principal, Hatch Development Group 1312 Locust Street Des Moines, Iowa 50309) for a \$5,314,728 million project constructing 30 housing units at 6th and Forest.
2. ST Investments, LLC (Steve Howard, ST Investments, 1130 SE Westbrooke Drive Waukee, Iowa 50263) for a \$498,375 project constructing two (2) housing units at 309 East 5th Street.

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 IEDA.

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