

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> February 8, 2016
	<b>Agenda Item No.</b> 20 <b>Roll Call No.</b> <u>16-0210</u> <b>Communication No.</b> <u>16-057</u> <b>Submitted by:</b> Matthew A. Anderson, Assistant City Manager

**AGENDA HEADING:**

Resolution in support of Workforce Housing Tax Credit (WHTC) benefit application to be submitted to the Iowa Economic Development Authority (IEDA) for a project in the City of Des Moines.

**SYNOPSIS:**

Recommend approval for one (1) application for WHTC benefits for a project proposed in the City of Des Moines to the IEDA.

An estimated total of 32 new housing units will be added through this project, providing 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 project is approximately \$5.1 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 dwelling unit is required for submittal of applications to the WHTC program, which replaced the former IEDA Housing Enterprise Zone housing benefit program that ended on July 1, 2014.

**FISCAL IMPACT:**

WHTC are State of Iowa tax credits and have no fiscal impact on the City of Des Moines general fund. Information on the project application is detailed below:

Amount: WHTC benefits estimated at \$540,595.

Funding Source: State of Iowa WHTC Program.

1. 8<sup>th</sup> Street II, LLC; \$540,595 estimated WHTC benefit; local match estimated at \$785,000, provided by 10-year, 100% residential tax abatement.

**ADDITIONAL INFORMATION:**

The WHTC program provides for the same benefits as the former Enterprise Zone program: a refund of state sales, service of use taxes paid during construction, and a state investment tax credit of up to 10% of the investment directly related to the construction of the project. The WHTC program has an

annual cap of \$20 million for the entire State of Iowa, which makes this program highly competitive for other proposed development projects across the state.

Below are additional details of the 8<sup>th</sup> Street Lofts II project, located 915 and 919 9<sup>th</sup> Street:

- The developer is HRC 8<sup>th</sup> Street II, LLC (Steve Niebuhr, Officer, Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, Iowa, 50266).
- The proposed \$5.1 million project includes 32 market rate apartment units in one (1) 4-story building.
- The building will be pushed towards the street and incorporate a modern façade promoting urban walkability.
- The project will include a mix of units including one (1) and two (2) bedroom options.
- The project is expected to serve young professionals at some of Des Moines' largest employers (Mercy & Principal) as well as students at area DMACC & Mercy College campuses, among others.
- The subject project is the final phase of the 8<sup>th</sup> Street Lofts community which, as a total, will consist of three (3) buildings ranging from four (4) to 5-stories.
- Each building will offer a unique amenity such as 1<sup>st</sup> floor walkout lofts, a rooftop patio, underground parking, and more.

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

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The Office of Economic Development will provide a resolution to project representatives with WHTC program applications to the IEDA.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).