

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	March 21, 2016
	Agenda Item No.	24
	Roll Call No.	<u>16-446</u>
	Communication No.	<u>16-146</u>
	Submitted by:	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 at 3201 Forest Avenue.

SYNOPSIS:

Recommend approval for one (1) application for WHTC benefits for a project proposed in the City of Des Moines to the IEDA for a new market rate, multi-family residential project located at 3201 Forest Avenue. The developer of the project is JKLM Real Estate, LLC, c/o Neighborhood Development Corporation (Abbey Gilroy, Director, 3209 Ingersoll Avenue, Suite 205, Des Moines, IA 50312).

An estimated total of 48 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 will provide homes for varied sectors of the population of the City of Des Moines, including entry level workforce, students, seniors, disabled citizens and families. The total combined construction cost of the project is approximately \$8.4 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.

Amount: WHTC benefits estimated at \$800,000

Funding Source: State of Iowa WHTC Program.

1. JKLM Real Estate, LLC; \$800,000 estimated WHTC benefit; local match estimated at \$48,000, provided by funding that is part of the annual investment the City of Des Moines provides to the Neighborhood Development Corporation (NDC) on an annual basis.

ADDITIONAL INFORMATION:

The WHTC program provides for the same benefits as the former Enterprise Zone program: a refund of state sales, service and 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.

- The proposed \$8.4 million project includes 48 market rate apartment units in one 3-story or 4-story building (project is conceptual in nature at this time).
- The project would develop a 1.2-acre site that has been vacant since 2006, and contains buildings that are in a deteriorating condition.
- The proposed multi-family housing project would be available for lease by the general public, students, or seniors.
- The site was rezoned to “NPC”, Neighborhood Pedestrian Commercial on December 3, 2012 by Ordinance number 15,146. Approved Zoning Conditions stipulate that a maximum of 48 dwelling units are allowed on the property, and the project shall meet all applicable NPC District Design Guidelines, which will be further reviewed when the site plan is submitted to the Community Development Department.
- Effective January 1, 2016, residential tax abatement is no longer applicable to multi-family projects located outside of the Targeted Multi-Family Residential Area and Designated Corridors. This project is not located in the eligible area to receive tax abatement, which has traditionally been the financial incentive that provides the necessary “local match” of at least \$1,000 per dwelling unit.
- The applicant will instead be utilizing \$48,000 of the annual investment the City provides to the NDC as a fund source of the local match for this project.

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.