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|  <p style="text-align: center;"><b>Council</b><br/><b>Communication</b><br/>Office of the City Manager</p> | <b>Date:</b>             | May 9, 2016  |
|   | <b>Agenda Item No.</b>   | <b>36</b>  |
|   | <b>Roll Call No.</b>     | <b><u>16-0776</u></b>                                  |
|   | <b>Communication No.</b> | <b><u>16-239</u></b>                                   |
|   | <b>Submitted by:</b>     | <b>Matthew A. Anderson,<br/>Assistant City Manager</b> |

**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 located at 550 Watson Powell Jr. Way.

**SYNOPSIS:**

Recommend approval of 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 the southeast corner of Watson Powell Jr Way and 6<sup>th</sup> Avenue. The developer of the project is HRC 6<sup>th</sup> Street, LLC (Steve Niebuhr, Vice President, 6900 Westown Parkway, West Des Moines, IA 50266).

An estimated total of 50 new housing units will be added through this project, providing living opportunities that are proximate to employment centers, shopping, restaurants, schools and transportation, and will provide homes for varied sectors of the population of the City of Des Moines. The total combined construction cost of the project is approximately \$9.8 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 units 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:**

Workforce Housing Tax Credits are State of Iowa tax credits and have no fiscal impact on the City general fund.

Amount: WHTC benefits are estimated at \$914,410.

Funding Source: State of Iowa WHTC Program.

HRC 6<sup>th</sup> Street, LLC; \$914,410 estimated WHTC benefit, local match estimated at \$995,500 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, 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 the program highly competitive for other proposed development projects across the street.

Details of the project in this resolution of support are below:

HRC 6<sup>th</sup> Street, LLC- 6<sup>th</sup> and Watson:

- The proposed \$9.8 million project will consist of 50 market rate apartment units in a 5-story building at the corner of Watson Powell Jr Way and 6<sup>th</sup> Avenue, with a targeted market consisting of the downtown workforce and employees of nearby places of business.
- The parcel proposed for development is currently owned by the YMCA of Greater Des Moines, and would be situated on the majority of remnant property that is currently undeveloped on the northwest side of the new Wellmark YMCA facility.
- The project will incorporate a modern façade that complements the downtown YMCA campus.
- The project will include a mix of one (1) and two (2) bedroom options. Parking will be provided on the first floor of the building with apartment units located on floors 2-5.
- The applicant will be utilizing residential tax abatement for the required local match, which is estimated to be valued at \$995,500.

**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).