

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 11, 2016
	Agenda Item No. 32 Roll Call No. <u>16-1132</u> Communication No. <u>16-388</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution in support of Workforce Housing Tax Credit (WHTC) benefit applications to be submitted to the Iowa Economic Development Authority (IEDA) for two (2) projects within the City of Des Moines.

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 for new market rate, multi-family residential projects located at the following locations:

- 2301 Ingersoll Avenue
- 1400 Walnut Street

The developer of both projects is Roers Investments, LLC (Jeff Koch, Partner, 1964 Wayzata Boulevard, Long Lake, Minnesota 55356). An estimated total of 238 new housing units will be added through these projects, 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 estimated combined construction costs of the projects are approximately \$50 million.

A resolution of support from the City Council and an identification of the local match for each project, at an amount equivalent to at least \$1,000 per dwelling unit is required for submittal of applications to the WHTC program, which replaced the former IEDA 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 \$2,000,000. Estimated \$5.2 million and \$2.6 million value of tax abatement for the Ingersoll and Walnut projects respectively.

Funding Source: State of Iowa WHTC Program. City of Des Moines 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 state.

Details of the projects in this resolution are below:

23 Ingersoll, LLC (2301 Ingersoll Avenue)

- The proposed \$35 million project will consist of a total of 158 market rate apartment units located in two (2) separate buildings on the site at 2301 Ingersoll Avenue, with a targeted market consisting of the local workforce and employees of nearby places of business.
- The main residential building is proposed at five (5) stories and will contain 128 dwelling units. A smaller 3-story rowhome/flats building containing 30 dwelling units is also proposed.
- The project also proposes 15,000 square feet of commercial retail space housed in two (2) additional buildings along Ingersoll Avenue, but this portion of the project is not eligible for the WHTC program.
- The site is currently home to a recently vacated restaurant, which would be demolished to make way for this project.
- Parking will be provided by a combination of surface parking stalls on site and a structured parking garage placed under the large residential apartment building.
- The applicant will be utilizing residential tax abatement for the required local match, which is estimated to be valued at \$5.2 million.
- The developer has met with and held neighborhood meetings with the Woodland Heights Neighborhood Association in June of 2016.

14 Walnut, LLC (1400 Walnut Street)

- The proposed \$15 million project will consist of a total of 80 market rate apartment units in a 6-story building at 1400 Walnut Street, with a targeted market consisting of the downtown workforce and employees of nearby places of business.
- The proposed building is slated to contain first floor commercial/retail space.
- The site currently has a 9,600-square-foot, single-story office building located on it, which would be demolished to make way for this project.
- The applicant will be utilizing residential tax abatement for the required local match, which is estimated to be valued at \$2.6 million.
- The developer has provided information on the project to the Downtown Neighborhood Association in early July of 2016.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Office of Economic Development will provide a resolution of support 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 Administration Building, 400 E. Court Avenue Ste.116. 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.