

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 5, 2016
	Agenda Item No.	29
	Roll Call No.	<u>16-2070</u>
	Communication No.	<u>16-675</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 located at 319 7th Street.

SYNOPSIS:

Recommend approval of an 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 Locust and 7th Streets. The developer of the project is Revive Community Development (Perry Hintze, Officer, 1701 River Drive, Moline, IL 61265).

An estimated total of 46 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 Des Moines. The total combined construction cost of this project is approximately \$10.5 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 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. City Tax Abatement program is a delay in collection of property taxes for all tax levies.

Amount: WHTC benefits are estimated at \$865,000 and local match estimated at \$1,250,000 provided by 10-year, 100% residential tax abatement.

Funding Source: State of Iowa WHTC Program.

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 project in this resolution of support are below:

Revive Community Development- Griffin Building Restoration & Conversion

- The proposed \$10.5 million project at 319 7th Street will provide for the complete and historically correct renovation of the Edna M. Griffin Building, and will convert the upper floors (two {2} through six {6}) of the structure from largely underutilized and vacant commercial office space to 46 market rate apartment units.
- The building is located in the core of downtown, is directly connected to the skywalk system, and is proximate to large employers, services and amenities.
- Exterior improvements will include removal of all Exterior Insulation and Finish System (EIFS) on the exterior of the building, new storefront installed on the first story, installation of a new cornice to match the original building, window replacement, and tuck pointing of brick as necessary. The existing commemorative plaque on the building memorializing Edna Griffin's historical civil rights efforts will remain in place.
- The project will include a mix of studio, one (1) bedroom and two (2) bedroom units, and will include amenities such as direct skywalk access to the building, outdoor patio space, and balconies on some dwelling units.
- The first floor space is currently vacant and will remain commercial/office space.
- The applicant will be utilizing residential tax abatement for the required local match, which is estimated to be valued at \$1,250,000.

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. The site plan will be reviewed by the Plan and Zoning Commission for conformance with Multi-Family Housing and Downtown Overlay District design guidelines.

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