

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 19, 2016
	Agenda Item No.	33B
	Roll Call No.	<u>16-2164</u>
	Communication No.	<u>16-719</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 in the vicinity of the 7100 block of SE 5th 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 mixed market rate and affordable multi-family residential project located on a long-vacant 18 acre parcel in the vicinity of 7100 SE 5th Street, just south of Southridge Mall. The developer of the project is Southridge Apartment Partners, L.P., an affiliate of TWG Development, LLC, (Samuel Rogers, Officer, 333 North Pennsylvania Street, Suite 100, Indianapolis, IN 46204).

An estimated total of 288 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 \$32 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. The project site lies within the Southside Urban Renewal District, where it is contemplated that the necessary local match will be provided by project-generated TIF assistance.

Amount: WHTC benefits are estimated at \$1,000,000 and the local match is estimated at \$5,875,972 provided by project-generated Urban Renewal Economic Development (TIF) assistance.

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, services, 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:

Southridge Apartment Partners, L.P

- The proposed \$32 million project located in the vicinity of the 7100 block SE 5th Street, immediately south of Southridge Mall, and will consist of the new construction of 288 dwelling units in 10 separate buildings, and will contain 92 one (1) bedroom units and 176 two (2) bedroom units.
- The apartments will be a mix of affordable and market rate units, with 228 units designated as affordable at the 60% area median income level and 60 market rate units.
- The project will feature amenities such as a clubhouse with community room, onsite fitness center, swimming pool, 60 garage spaces, a park/green space for tenant use and a dog run/park facility.
- The project will represent a large capital investment for the South Side, and will introduce a welcomed new population on the Southridge Mall grounds, which will help to patronize new and existing businesses.
- This development will help facilitate the repurposing of the mall property into an open-air retail, commercial, residential, recreational, and educational mixed-use destination.
- The project is intended to be urban-scaled in nature, and feature minimal setbacks, and replicate buildings placed on an urban street grid pattern.
- The applicant will be utilizing project generated TIF assistance for the required local match, which is estimated to be valued at \$5,875,972, and paid out over a span of 15 years.



PREVIOUS COUNCIL ACTION(S):

Date: June 22, 2015

Roll Call Number: [15-1035](#)

Action: [Amended](#) and Restated Urban Renewal Agreement with Macerich Southridge Mall LLC and Southridge Adjacent LLC for the redevelopment and repurposing of Southridge Mall at SE 14th Street and E. Army Post Road and approving amended Conceptual Plan. ([Council Communication No. 15-349](#)) Moved by Gatto to adopt. Motion Carried 7-0.

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. Approval of an Economic Development Agreement for provision of financial assistance on the project.

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