

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 19, 2016
	Agenda Item No.	33A
	Roll Call No.	<u>16-2163</u>
	Communication No.	<u>16-720</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 201 SE 6th Street, known as the Market Street Lofts.

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 at 201 SE 6th Street. The developer of the project is TWG Development, LLC, (Tony Knoble, Officer, 333 North Pennsylvania Street, Suite 100, Indianapolis, IN 46204).

An estimated total of 211 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 construction cost of this project is approximately \$40 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 application to the WHTC program, which replaced the former IEDA Housing Enterprise Zone 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 local match will be provided by 10-year declining tax abatement, with an estimated present value of \$7,232,238.

Amount: WHTC benefits estimated at \$1,000,000.

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 within this resolution of support are below.

201 SE 6th Street:

- The proposed \$40 million project is located at 201 SE 6th Street on the current site of the Recycling Inc. Processing Center, and will consist of the new construction of 211 dwelling units, and is proposed to contain 125 one (1) bedroom units, 60 two (2) bedroom units, 24 studios and two (2) townhome units.
- The project will include a mix of affordable and market rate units, with 20 units designated as affordable at the 80% area median income level, and 191 market rate units.
- The project will feature amenities such as underground parking with an estimated 210 parking spaces, an indoor fitness center, business center, lounge area with kitchen and entertainment area, coffee bar, and bike storage room.
- The development will be a pioneering housing project for the Market District, and represent a significant capital investment in this transitioning redevelopment area.
- The project is anticipated to share in the costs of rebuilding segments of East Elm Street and East Market Street (proposed to be reconstructed as a pedestrian plaza with public use) that are adjacent to the development site.
- The applicant will be utilizing 10-year declining tax abatement for the required local match, which is estimated to have a present value of \$7,232,238.



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.