

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 26, 2016
	Agenda Item No.	[]
	Roll Call No.	[]
	Communication No.	[]
	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 at 605 E. 5th Street.

SYNOPSIS:

Recommend approval for 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 605 E. 5th Street. The developer of the project is East Village Tower Partners, LLC, (Troy Strawhecker, Partner, 2540 73rd Street, Urbandale, Iowa 50322).

An estimated total of 23 new housing units will be added through this project, providing living opportunities that are proximate to employment centers, shopping, restaurants, schools and transportation. The housing will provide homes for varied sectors of the population of the City of Des Moines, including entry level workforce, students, seniors, disabled citizens and families. The total combined construction cost of the project is approximately \$4 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 Housing Enterprise Zone housing benefit program that ended on July 1, 2014.

FISCAL IMPACT:

WHTC are State of Iowa tax credits and have no fiscal impact on the City of Des Moines general fund.

Amount: WHTC benefits estimated at \$300,000.

Funding Source: State of Iowa WHTC Program.

East Village Tower Partners, LLC; \$300,000 estimated WHTC benefit; local match estimated at \$1,139,748, provided by a 10-year, 100% tax abatement by the City of Des Moines.

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 this program highly competitive for other proposed development projects across the state.

- The proposed \$4 million project located at 605 E. 5th Street will include 23 market rate apartment units in an existing 18,000 square feet, two (2) story building. This will be a conversion of space from a former skilled nursing facility to multi-family residential apartment units, and will be called the Lyon Flats.
- A small commercial bay is proposed for the ground floor on the southwest corner of the building, which will be marketed towards a restaurant user.
- The project will represent phase II of The Lyon development, which is the successful conversion of the former Prime Tower/Heather Manor facility to market rate apartments with additional leased commercial space for a restaurant use.
- The exterior scope of work will include a recladding of the former skilled nursing center portion of the building, installation of a private outdoor courtyard and patio space on the interior of the site, and additional site landscaping.
- The project is on an aggressive timeline and is anticipated to start construction this fall, with occupancy of units desired for April of 2017.
- The proposed multi-family housing project would be available for lease with a targeted market consisting of the downtown workforce, employees of nearby places of business.
- The applicant will be utilizing the City's 10-year, 100% tax abatement program to provide a local match estimated at \$1,139,748 based on the estimated annual abated property taxes of \$113,975.

PREVIOUS COUNCIL ACTION(S):

Date: July 25, 2016

Roll Call Number: [16-1213](#)

Action: [Issuance](#) of a Certificate of Partial Completion for the mixed-use project by East Village Tower Partners, LLC at 600 E. 5th Street. **Moved by Hensley to adopt. Motion Carried 7-0.**

Date: June 9, 2014

Roll Call Number: [14-0854](#)

Action: [Approving](#) Urban Renewal Development Agreement with East Village Tower Partners, LLC for the redevelopment of 600 E. 5th Street and approving proposed conceptual development plan. [\(Council Communication No. 14-259\)](#) **Moved by Hensley 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 to project representatives with WHTC program applications to the IEDA. The Plan and Zoning Commission will review the site plan for the project to ensure conformance with Multi-Family Design Guidelines.

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.