

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 8, 2017
	Agenda Item No.	40
	Roll Call No.	<u>17-774</u>
	Communication No.	<u>17-403</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

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 seven (7) home, scattered site housing rehabilitation project by Rally Cap Properties for the following addresses: 687 28th Street, 1520 32nd Street, 541 35th Street, 693 19th Street, 740 26th Street, and 726 27th Street.

SYNOPSIS:

Recommend approval of an application for WHTC benefits for a scattered site housing rehabilitation project proposed in the City of Des Moines to the IEDA for rehabilitation and repair of dilapidated housing units at various locations. The developer of the project is Rally Cap Properties, LLC (Michael Donlin, Officer, 2643 Beaver Avenue, Suite 349, Des Moines, IA 50310).

An estimated eight (8) housing units will be added through this rehabilitation 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 \$1.5 million.

A resolution of support from the City Council and an identification of the local financial match for each project, at a minimum of \$1,000 per dwelling unit are 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 City’s Tax Abatement program is a delay in collection of property taxes for all tax levies.

Amount: WHTC benefits are estimated at \$144,840 and local match is estimated at \$423,618 provided by 10-year, 100% residential tax abatement on the additional value added to the property from improvements made.

Funding Source: State of Iowa WHTC program.

ADDITIONAL INFORMATION:

The WHTC program provides 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. Because the scattered site housing rehabilitation request is unique to previous single-site WHTC resolutions of support, an attachment has been included with the roll call providing more details on the properties and the proposed scope of work.

Rally Cap Properties- Des Moines Housing Rehabilitation

- The proposed \$1.5 million project will rehabilitate six (6) properties that have currently been vacant for at least six (6) months, and will provide for eight (8) renovated dwelling units at scattered sites in several neighborhoods.
- The single-family homes to be rehabilitated for owner-occupied purposes are:
 - 1520 32nd Street in the Drake Neighborhood, proposed reinvestment of \$200,000
 - 687 28th Street in the Woodland Heights Neighborhood, proposed reinvestment of \$165,000
 - 740 26th Street in the Woodland Heights Neighborhood, proposed reinvestment of \$210,000
 - 726 27th Street in the Woodland Heights Neighborhood, proposed reinvestment of \$155,000
- The properties proposed to contain additional dwelling units or renovated carriage houses and to be rental properties are:
 - 693 19th Street in the Sherman Hill Neighborhood (two {2} dwelling units in existing home, one {1} dwelling unit in carriage house), proposed reinvestment of \$500,000
 - 541 35th Street in the North of Grand Neighborhood (one {1} new dwelling unit in vacant carriage house), proposed reinvestment of \$100,000
- Staff believes that support of efforts to provide high quality, renovated housing stock or new housing opportunities to previously dilapidated property in the City's older neighborhoods is crucial. The developer has previously demonstrated a good track record of historically compatible renovations to other renovated properties.
- The applicant will be utilizing 10-year, 100% residential tax abatement for the local match, which is estimated to be valued at \$423,618.

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.

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