

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 11, 2017
	Agenda Item No.	32
	Roll Call No.	<u>17-1567</u>
	Communication No.	<u>17-664</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Rescinding previous joint resolution of support for Workforce Housing Tax Credit (WHTC) applications and providing two (2) separate resolutions in support of WHTC benefit applications to be submitted to the Iowa Economic Development Authority (IEDA) for two (2) projects in the City of Des Moines, located at the southwest corner of West Martin Luther King Jr. Parkway and SW 11th Street in the Gray’s Station redevelopment (200 block of SW 11th Street).

SYNOPSIS:

Recommend revised approval of two (2) applications for WHTC benefits for projects proposed in the Gray’s Station Development to the IEDA.

On August 17, 2017, the City Council approved a single joint resolution of support for two (2) separate multi-family projects in the Gray’s Station redevelopment area. IEDA program requirements for WHTC stipulate that separate resolutions of support are needed for each project being applied for. This action rescinds the previous joint resolution of support approved on August 17, 2017 and replaces it with two (2) separate resolutions of support for each project.

An estimated total of 135 housing units will be added through this project, providing living opportunities that are proximate to employment centers, shopping, restaurants, schools and transportation. The housing units will provide homes for varied sectors of the population of the City of Des Moines, including entry-level work force, students, seniors, disabled citizens and families. The total combined construction costs of the projects is \$24.7 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 (HEZ) 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. Information on the project applications are detailed below:

Amount: WHTC benefits estimated at \$2,000,000 (\$1,000,000 for each project).

Funding Source: State of Iowa WHTC Program.

- Grays Station I, LLC (Hubbell Realty Company) - \$1,000,000 estimated WHTC benefit; local match estimated at \$1,899,720 provided by 10-year declining tax abatement.
- Gray's Station II, LLC (Hubbell Realty Company) - \$1,000,000 estimated WHTC benefit; local match estimated at \$2,063,310 provided by 10-year declining tax abatement.

ADDITIONAL INFORMATION:

- The WHTC program provides from the same benefits as the former HEZ program: a refund on 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, with a \$5 million set aside for rural areas, which makes this program highly competitive for other proposed development projects across the state.
- Below are additional details of the Gray's Landing Multifamily Phases I and II:

Gray's Station I

- Gray's Station I will consist of a \$12.4 million project with 65 market rate apartments and ground floor retail in a 5-story building located at SW 11th Street and West Martin Luther King Jr. Parkway.
- The developer is Gray's Station I, LLC (Dan Cornelison, President, Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, IA 50266).
- The building will serve as an attractive gateway into the master planned Gray's Station development, and will be the first of multiple phases of the ultimate build out of this large urban redevelopment area.

Gray's Station II

- Gray's Station II will consist of a \$12.3 million project with 70 market rate apartments with a diverse unit mix, limited covered parking, and offered at a lower price point than its companion project.
- The 4-story building will be located at SW 11th and West Martin Luther King Jr. Parkway, and will feature an urban façade that compliments the adjoining Phase I multi-family project, setting the tone for the entrance into the Gray's Station master planned development.
- The developer is Gray's Station II, LLC (Dan Cornelison, President, Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, IA 50266).

PREVIOUS COUNCIL ACTION(S):

Date: August 17, 2017

Roll Call Number: [17-1472](#)

Action: [Workforce](#) Housing Tax Credit (WHTC) Benefit Application to be submitted to the Iowa Economic Development Authority by Gray's Station 1 & Gray's Station II, LLC for housing projects

in the vicinity of the 200 block of SW 11th Street. ([Council Communication No. 17-609](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: August 14, 2017

Roll Call Number: [17-1407](#), [17-1408](#), and [17-1409](#)

Action: Items regarding Gray's Station in the vicinity of 1300 Tuttle Street: ([Council Communication No. 17-603](#))

- (A) [Final](#) consideration of ordinance to rezone property from "C-3B" (Central Business Mixed Use) and "FW" (Floodway) to "PUD" (Planned Unit Development) to allow redevelopment of 83.73 acres with mixed use, low-medium density residential, high density residential, and open space areas. Moved by Hensley that this ordinance do now pass, #15,600. Motion Carried 6-1. Nays: Cownie.
- (B) [Urban](#) Renewal Development Agreement with HRC NFS I, LLC and Hubbell Realty Company. Moved by Hensley to adopt. Motion Carried 6-1. Nays: Cownie.
- (C) [Setting](#) date of hearing on approval of documents and conveyance of excess City property, south of and adjoining W. Martin Luther King Jr. Pkwy. and west of and adjoining SW 11th Street, to HRC NFS I, LLC, \$970,000, (8-28-17). Moved by Hensley to adopt. Motion Carried 6-1. Nays: Cownie.

Date: August 2, 2017

Roll Call Number: [17-1307](#)

Action: [Approving](#) Second Consideration of Ordinance regarding request from Hubbell Realty to rezone property in the vicinity of 1300 Tuttle Street (Gray's Station) from "C-3B" (Central Business Mixed Use) and "FW" (Floodway) to "PUD" (Planned Unit Development), to allow redevelopment of 83.73 acres with mixed use, low-medium density residential, high density Residential and open space areas. Moved by Hensley that this ordinance be considered and given second vote for passage. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: July 20, 2017

Resolution Number: N/A

Action: Plan and Zoning Commission approved the proposed rezoning is in conformance with the existing PlanDSM Creating Our Tomorrow future land use designation, Part B) approval of rezoning from "C-3B" District to "PUD" District, and Part C) approval of the Gray's Station PUD Conceptual Plan subject to conditions. Moved by Greg Jones. Motion Carried 9-1 (David Courard-Hauri voted in opposition).

Board: Urban Design Review Board

Date: July 18, 2017

Resolution Number: N/A

Action: A consensus of the members present recommend approval of the design reflected in the minutes, including comments provided by the Board.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Office of Economic Development will provide a resolution to project representatives with WHTC program applications to the IEDA.

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