

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	October 9, 2017
	Agenda Item No.	32A
	Roll Call No.	<u>17-1749</u>
	Communication No.	<u>17-720</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution in support of an “Iowa State Historic Tax Credit Application” to be submitted to the State of Iowa by Elliott Coop Housing Association for a housing rehabilitation project located at 217 4th Street, known as the “Elliott Apartments”.

SYNOPSIS:

The State of Iowa has required a resolution of support and proof of any financial commitment for developers submitting applications for State Historic Tax Credits, per administrative changes that took effect in August 2016. In the competitive Historic Tax Credit registration process, projects with local government support and a local financial match will receive higher scoring. This resolution is for the historic rehabilitation of the Elliott Apartments at 217 4th Street to convert the building from 80 efficiency apartments to 64 market rate units, in a building determined to be eligible for the National Register of Historic Places in Downtown Des Moines. The City’s match will be provided with a 10-year, 100% tax abatement.

FISCAL IMPACT:

The project will be eligible to receive a 10-year, 100% tax abatement on the additional value added as a result of the improvements made to the property.

Amount: \$1,651,000 (estimated)

Funding Source: N/A

ADDITIONAL INFORMATION:

- Elliott Coop Housing Association, represented by Elizabeth Nahas (Officer, 219 4th Street, Des Moines, IA 50309), has requested City support for its application to the Iowa Department of Cultural Affairs (IDCA) and Iowa Economic Development Authority (IEDA) for state tax incentives under the Historic Tax Credit Program, for the rehabilitation of the building for 64 market rate apartments.
- Substantial changes have been made to the State Historic Tax Credit application process, requiring a resolution of support and documentation of a City financial contribution to the project.

- Elliott Coop Housing Association expects the 2018 Historic Tax Credit application to open in the very near future and is securing documentation needed for this application.
- Elliott Coop Housing Association is requesting \$1,833,122 in State Historic Tax Credits, or 25% of the qualified rehabilitation costs. Elliott Coop Housing Association is also requesting \$1,466,498 in Federal Historic Tax Credits.
- Elliott Coop Housing Association is requesting State Workforce Housing Tax Credits (WHTC). WHTC benefits are estimated at \$1,000,000.
- The proposed \$8.2 million project at 217 4th Street will provide for the complete renovation of the Elliott Apartments building, and will convert the building from an 80 unit efficiency apartment building to 64 market rate apartments, consisting of 15 1-bedroom units and 49 studios. The first floor commercial space will remain in place as configured today.
- The upper floors of the building were damaged in a fire in June 2016 and the apartments in the building have been vacant since that time.
- Elliott Coop Housing Association will be seeking tax abatement in the estimated amount of \$1,651,000 and the developer has not requested any other type of financial assistance from the City.
- The renovation to the Elliott Apartments is located in the Targeted Multiple-Family Residential Area, and will be eligible to receive a 10-year, 100% tax abatement on the improvements made to the building that increase the assessed building value.
- State Historic Tax Credits are competitive because the State Legislature limits the total amount of tax credits awarded to \$20 million statewide, however the IDCA does not limit the amount of credits that may be awarded to any one (1) jurisdiction or county.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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