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|  <p style="text-align: center;"><b>Council<br/>Communication</b><br/>Office of the City Manager</p> | <b>Date:</b>             | October 9, 2017  |
|  | <b>Agenda Item No.</b>   | <b>32B</b>   |
|  | <b>Roll Call No.</b>     | <b><u>17-1750</u></b>  |
|  | <b>Communication No.</b> | <b><u>17-721</u></b>   |
|  | <b>Submitted by:</b>     | <b>Erin Olson-Douglas,<br/>Economic Development<br/>Director</b> |

**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 in the City of Des Moines located at 217 4th Street, known as the “Elliott Apartments”.

**SYNOPSIS:**

Recommend approval of one (1) application for WHTC benefits to the IEDA for a multi-family housing developed by Elliott Coop Housing Association, (Elizabeth Nahas, Officer, 219 4th Street, Des Moines, IA 50309), for the historic rehabilitation of the Elliott Apartments building, subject to the project meeting all applicable City requirements, such as applicable zoning requirements, design guidelines, and building code requirements.

An estimated 64 housing units will be provided with this project, offering living opportunities that are proximate to employment centers, shopping, restaurants, schools and transportation. The housing units will provide dwellings for varied sectors of the population of the City of Des Moines, including entry-level workforce, students, seniors, disabled citizens and families. The total estimated construction cost for the project is \$8.2 million.

A resolution of support from the City Council and an identification of the local match for each project, with a minimum of \$1,000 per dwelling unit is required for submittal of applications to the WHTC program, which replaced the former IEDA Enterprise Zone housing program that ended on July 1, 2017.

**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 application is detailed below:

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

Funding Source: State of Iowa WHTC program. Elliott Coop Housing Association, \$1,000,000 estimated WHTC benefit; local match estimated at \$1,651,000 provided by 10-year, 100% tax abatement on the additional value added to the property as a result of improvements made. The project is also pursuing Federal and State Historic Tax Credits.

**ADDITIONAL INFORMATION:**

- The WHTC program provides the same benefits as the former Enterprise Zone program; a refund on 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, with a \$5 million set aside from rural areas, which makes the program highly competitive for other proposed development projects across the state.
- Below are additional details on the Elliott Apartments Rehabilitation Project:
  - The proposed \$8.2 million project will consist of 64 market rate apartments located at 217 4th Street, with a targeted market consisting of the local workforce and employees of nearby places of business.
  - The developer of the project is Elliott Coop Housing Association.
  - The building will see a reduction of units and an alteration of the current configuration that includes 80 efficiency style apartments, to 15 1-bedroom apartments and 49 studio apartments.
  - A fire damaged the upper floors of the building in June 2016, and the previously existing apartment units have been vacant since that time.
  - The existing commercial space on the first floor is not expected to substantially altered with the scope of work on this project.
  - The applicant will be utilizing the City's residential tax abatement program for the required local match, which has an estimated valuation of \$1,651,000 over the 10-year 100% term of the abatement.

**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 due 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](mailto:cityclerk@dmgov.org).