

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 6, 2017
	Agenda Item No.	23
	Roll Call No.	<u>17-1894</u>
	Communication No.	<u>17-771</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 multi-family housing project in the City of Des Moines located at 2217-2225 University Avenue, proposed by the Neighborhood Development Corporation (NDC).

SYNOPSIS:

Recommend approval of an application for WHTC benefits for a project proposed by the NDC at 2217-2225 University Avenue.

An estimated total of 20 housing units will be added through this multi-family housing 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 estimated construction cost of the project is \$2.6 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 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. Information on the project application is detailed below.

Amount: WHTC benefits estimated at \$243,672.

Funding Source: State of Iowa WHTC Program. NDC, \$1,000,000 estimated WHTC benefit; local match estimated at \$460,000 provided by 10-year, declining tax abatement on the value added to the property as a result of improvements made.

ADDITIONAL INFORMATION:

- The WHTC program provides for the same benefits as the form Enterprise Zone 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 projects, which makes this program highly competitive for other proposed development projects across the state.
- Below are the additional details on this project:
 - The proposed \$2.6 million project will consist of 20 market rate apartments located at 2217 through 2225 University Avenue, with a targeted market consisting of the local workforce, employees of nearby businesses, and college students.
 - The developer of the project is the NDC (Abbey Gilroy, Officer, 3209 Ingersoll Avenue, Suite 205, Des Moines, IA 50312).
 - The existing structures located on this site were dilapidated and in below normal condition and are in the process of being demolished to make way for this project and represents continued investment and infill development on this important urban corridor.
 - The new multi-family building will contain 20 1-bedroom apartment units featuring durable building materials, on-site parking, balconies and landscaped space on a pedestrian-friendly corridor that is served by transit.
 - The applicant has met with and continues to discuss the project with representatives from the Drake Neighborhood Association.
 - The applicant will be utilizing the City's residential tax abatement program for the required local match, which has an estimated valuation of \$460,000 over the 10-year term of the declining abatement (eight {8} years at 100% abatement, 60% abatement in year nine {9}, 40% abatement in year 10).

PREVIOUS COUNCIL ACTION(S): NONE**BOARD/COMMISSION ACTION(S):**

Board: Plan and Zoning Commission

Date: October 19, 2017

Resolution Number: N/A

Action: Plan and Zoning Commission voted 12-0 to rezone property at 2217 through 2225 University Avenue and 1207 23rd Street, from "C-2" General Highway-Oriented Commercial District to "NPC" Neighborhood Pedestrian Commercial District, and recommended approval that the proposed rezoning is in conformance with the PlanDSM Creating Our Tomorrow future land use designation.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The Office of Economic Development will provide a resolution of support to project representatives that are filing the WHTC program application to IEDA.

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