

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> April 23, 2018
	<b>Agenda Item No.</b> 33 <b>Roll Call No.</b> <u>18-0696</u> <b>Communication No.</b> <u>18-214</u> <b>Submitted by:</b> 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 an owner-occupied infill townhome project in the City of Des Moines, located in the 3800 block of 50th Street, proposed by 50th and Douglas, LLC.

**SYNOPSIS:**

Recommend approval of an application for WHTC benefits for a project proposed by 50th and Douglas, LLC (Matt Connolly, Partner, 3521 Beaver Avenue, Des Moines, IA 50310).

An estimated total of 21 housing units will be added through this infill owner-occupied townhome 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. The total estimated construction cost of the project is \$4.1 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 application to the WHTC program.

**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 \$381,300.

Funding Source: State of Iowa WHTC program. 50th and Douglas, LLC, \$381,300 estimated WHTC benefit; local match estimated at \$525,931 provided by a 6-year, declining tax abatement on the valued added to the property as a result of building improvements constructed.

**ADDITIONAL INFORMATION:**

- The WHTC program provides a refund on state sales, service and use taxes paid during construction, and a state investment tax credit of up to 10% if 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 details of this project:
  - The proposed \$4.1 million project is located on a predominantly vacant infill site on the northeast side of the 50th Street and Douglas Avenue intersection. Drive access and a pedestrian connection will be provided from 50th Street.
  - The project will consist of 21 1,200-square-foot ranch-style townhomes with 2-car attached tandem garages, front porches, and unfinished basements included with all units.
  - The project is intended to provide an affordable home ownership option in a townhome/association home living format that is not prevalent in this established neighborhood.
  - A homeowner’s association will be responsible for the upkeep of the grounds, stormwater basin, and private drive accessing the site.
  - The applicant has previously met with the Beaverdale and Merle Hay Neighborhood Associations about the project.
  - The applicant will be utilizing the City’s residential tax abatement program for the required local match of the WHTC’s, which has been estimated valuation of \$525,931.00 over the 6-year term of the declining abatement (three {3} years at 100%, 75% abatement in year four {4}, 50% abatement in year five {5}, and 25% abatement in year six {6}).
  - This resolution of support is a procedural approval necessary to make the application to IEDA. A rezoning of the property and approval of the site plan and subdivision plat will be required if the project moves forward.



**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 that are filing the WHTC program application to 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 Hall, 400 Robert D Ray Drive. 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).