

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 23, 2018
	Agenda Item No. 32 Roll Call No. [] Communication No. <u>18-393</u> Submitted by: Phillip Delafield, Community Development Director and Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Approve resolution in support of a Workforce Housing Tax Credit (WHTC) benefit application to be submitted to the Iowa Economic Development Authority (IEDA) for a four (4) unit, scattered site housing rehabilitation project by Indigo Dawn, LLC for redevelopment of housing at 1124 13th Street, 1311 Laurel Street, and 1345 7th Street.

SYNOPSIS:

This action authorizes a resolution in support of a WHTC benefit application for a four (4) unit scattered housing rehabilitation project proposed in the City of Des Moines to IEDA. The Developer of the project is Indigo Dawn, LLC, represented by Chaden Halfhill, President, 610 Forest Avenue, Des Moines, IA 50309. Staff recommends approval.

Four (4) dwelling units will be added through the rehabilitation of three (3) properties located at 1124 13th Street, 1311 Laurel Street, and 1345 7th Street (collectively “properties”). Two (2) of the units (1124 13th Street and 1311 Laurel Street) are single-family houses, with the third site (1345 7th Street) being a downsizing of a multi-unit structure to a duplex. The total combined construction cost of this project is approximately \$1.06 million. WHTC benefits for the four (4) units are estimated at \$104,600.

A resolution of support from the City Council and an identification of the local financial match for each project, at a minimum of \$1,000 per dwelling unit are required for submittal of applications to the WHTC Program. The local match is to be residential tax abatement under the City’s 3rd Restated City-wide Urban Revitalization Plan.

FISCAL IMPACT:

Workforce Housing Tax Credits are State of Iowa tax credits and have no fiscal impact on the City general fund. The City’s tax abatement program is a delay in collection of property taxes for all tax levies.

Amount:

- (A) \$104,600 estimated
- (B) \$17,468 estimated

Funding Source:

- (A) State of Iowa WHTC benefits, which include a 10% Investment Tax Credit and rebate of Iowa Sales Tax on construction materials.
- (B) City Property Tax Abatement under the residential 10-year declining schedule.

ADDITIONAL INFORMATION:

- The proposed \$1.06 million project will rehabilitate three (3) properties that have currently been vacant for at least six (6) months, and will provide for four (4) renovated dwelling units at scattered sites in two (2) neighborhoods.
- The single-family homes to be rehabilitated are:
 - 1124 13th Street in the Cheatom Park Neighborhood, proposed reinvestment of \$334,849.89
 - 1311 Laurel Street in the Cheatom Park Neighborhood, proposed reinvestment of \$261,840.11
 - 1345 7th Street in the Riverbend Neighborhood, proposed reinvestment of \$462,810
- On December 19, 2011, by Roll Call No. 11-2158, the City Council determined that the real property at 1124 13th Street was a public nuisance and authorized the City Legal Department to proceed with court action seeking authority to abate the public nuisance.
- The property at 1311 Laurel Street has been vacant and in violation of the City's housing code for over six (6) months.
- On February 5, 2018, by Roll Call No. 18-0204, the City Council approved several actions to direct staff to acquire the tax sale deed to the two (2) properties in Cheatom Park and find a single-family developer to rehabilitate the structures.
- On May 16, 2018, the City Community Development staff distributed a request for proposal (RFP) to redevelopers of single-family housing to select a developer to complete the necessary development on the two (2) properties in Cheatom Park for housing use. Indigo Dawn, LLC responded to the RFP and was selected by the reviewers as the recommended developer for said redevelopment.



1311 Laurel Street



1124 13th Street

- 1345 7th Street is a vacant single-family home, previously developed into four (4) units. The house has been vacant more than six (6) months, lost its grandfathered rights for multi-family residential and is non-conforming to the current single-family zoning. The Developer is in the process of submitting a rezoning application to allow a duplex on the parcel, as conversion to single-family is not financially feasible in this location. The Developer has presented the project to the Riverbend Neighborhood Association as well as adjacent property owners who are supportive of the downgrading of the property from multi-units to two (2) units. WHTC Program requires the property to be properly zoned prior to receiving any program benefits, which allows the parcel to proceed through the rezoning process.



1345 7th Street

- The Iowa Economic Development Authority (IEDA) is no longer accepting application under the WHTC Program. The Developer submitted the WHTC application earlier in 2018 prior to IEDA closing the application process. IEDA has given the Developer to July 31, 2018 to complete all application documentation including the City’s Resolution of Support.
- The application requirements for the WHTC Program include a requirement for the submission of a resolution in support of the housing project by the community where the housing project will be located, which requirement is intended to be satisfied by a roll call and resolution.
- A further application requirement for the WHTC Program is documentation of local matching funds pledged for the project in an amount not less than \$1,000 per dwelling unit. The developer intends to utilize the City’s 10-year, 100% residential tax abatement to fulfil this requirement.

PREVIOUS COUNCIL ACTION(S):

Date: February 5, 2018

Roll Call Number: [18-0204](#)

Action: [Request](#) to Polk County Board of Supervisors to assign tax sale certificates of purchase to the City, authorization for execution of Polk County Agreements, approval of City acquisition of properties through tax deed, authorization to request release of property taxes and special assessments, and release of all City liens and special assessments in order to encourage housing redevelopment at 1311 Laurel Street and 1124 13th Street. ([Council Communication No. 18-045](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Board of Health

Date: December 19, 2011

Roll Call Number: [11-2158](#)

Action: Approving the Legal Department to proceed with court action seeking authority to abate the public nuisance at the following locations:

- (C) [1124](#) 13th Street, main structure, Titleholder: Samuel Tiger (deceased), All Known and Unknown Heirs of Samuel Tiger. Moved by Mahaffey to adopt. Motion Carried 7-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Following City acquisition of the properties pursuant to the tax sale process, City staff will submit to City Council for consideration a recommendation to sell and convey the properties located at 1124 13th Street and 1311 Laurel Street to Indigo Dawn, LLC for the housing redevelopment project as proposed in the submitted RFP. The City will set a date of hearing and hold a public hearing before any of the properties can be sold.

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