

COUNCIL COMMUNICATION

	Number:	19-164	Meeting:	April 8, 2019
	Agenda Item:	26	Roll Call:	19-555
	Submitted by:	Erin Olson-Douglas, Economic Development Director		

AGENDA HEADING:

Resolution in support of an amendment to the Workforce Housing Tax Credit (WHTC) program agreement between Southridge Apartments, L.P. and the Iowa Economic Development Authority (IEDA) for the Southridge Apartments project in the 7100 block of SE 5th Street.

SYNOPSIS:

On December 19, 2016, by Roll Call No. 16-2164, City Council approved an application for State of Iowa WHTC for the Southridge Apartments project, an estimated \$42 million, 288-unit housing project to be constructed as part of the larger Southridge Mall Rehabilitation and Revitalization project. Southridge Apartments, L.P. is an affiliate of TWG Development, LLC (Samuel Rogers, Officer, 333 North Pennsylvania Street Suite 100 Indianapolis, IN 46204).

Southridge Apartments, L.P. has encountered a project financing gap following longer than expected winter construction delays and cost increases. The company has managed to close that funding gap through a combination of additional tax credits, changes in design (Packaged Terminal Air Conditioners), and some additional debt. The remaining issue is that the additional tax credits and debt will not come in to the project until stabilization, leaving a funds flow gap of about \$1 million for a 10-month period at the end of the project before the additional funds come in.

Southridge Apartments, L.P. has proposed to the IEDA that IEDA allow issuance of the project's WHTC award to be accelerated, as the project will actually reach the program's \$1 million cap at 168 units, rather than waiting until all 288 are complete. IEDA is agreeable to this amendment and has requested an updated Resolution of Support from the City of Des Moines. There is no new financial impact to the City of Des Moines with this amendment.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- The City already meets the required \$1,000 per unit local match for the WHTC for the Southridge Apartments project.
- The local match will be provided by an estimated \$5,875,972 in project-generated Tax Increment Finance (TIF) assistance that was assigned to the project under an agreement with the Master Developer of the Southridge Mall Rehabilitation and Revitalization Project.

PREVIOUS COUNCIL ACTION(S):

Date: December 19, 2016

Roll Call Number: [16-2164](#)

Action: Workforce Housing Tax Credit Benefit Applications to be submitted to the Iowa Economic Development Authority (IEDA) by TWG Development, LLC for Housing Projects located at the following locations:

- (B) [7100](#) Block of SE 5th Street, 288 housing units. ([Council Communication No. 16-719](#))
Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Issuance of Certificate of Completion for the project.

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.