


COUNCIL COMMUNICATION

	Number:	21-282	Meeting:	June 28, 2021
	Agenda Item:	36	Roll Call:	21-0986
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution approving the contingent use of \$120,000 from the Economic Development Enterprise fund as the City match for a Workforce Housing Tax Credit (WHTC) application for Merge Urban Development Group (Merge).

SYNOPSIS:

Merge (Brent Dahlstrom, Merge Urban Development Group, 604 Clay Street, Cedar Falls, IA 50613) intends to construct a 120-unit multi-family building at the corner of 25th Street and Carpenter Avenue on property that is currently owned by Drake University, as part of a larger development project. Driven by the presence of an Opportunity Zone in the Drake neighborhood, Merge has been in conversation with Drake University since 2018 about purchasing the Drake University-owned parcels located on the block bounded by University Avenue, Carpenter Avenue, 24th Street, and 25th Street. In 2019, Drake University held a press conference announcing the project. Since then, COVID-19, as well as negotiation with other property owners within the block has delayed the project. However, Merge is forging ahead with the project and would like to go forward with an application for WHTC. Unlike other projects that are applying for WHTC, tax abatement is not available in this location and there is not an existing Urban Renewal Area or Tax Increment Financing (TIF) District in this area. The proposed project is close to the Drake Special Investment District.

The WHTC program requires that the City provide a match of \$1,000 per unit, which would mean that the City would need to provide, at a minimum, \$120,000 for this 120-unit project, should the project be awarded. Staff recommends that due to the project's proximity to the Special Investment District, its commitment to providing affordable housing, its goal to convert non-taxable property into taxable property, and its project investment of \$20 million, the City Council approve of the contingent use of \$120,000 from the Economic Development Enterprise Fund, based on the following conditions:

- If the project is awarded WHTC
- If an Urban Renewal Area/TIF District have not been created for this area and a development agreement has not been approved for the project

Council consideration of a future urban renewal area and tax increment incentives for this project will be in lieu of the project receiving these contingent funds.

FISCAL IMPACT:

Amount: \$120,000 paid after project completion

Funding Source: Economic Development Enterprise Fund

ADDITIONAL INFORMATION:

- The Developer has provided the following concept plan:



PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Rezoning, Preliminary Terms, Urban Renewal Plan, TIF District, Development Agreement
- Urban Design Review Board – Conceptual Development Plan
- Plan and Zoning Commission – Rezoning, Platting, possible approval of Type 2 Design Alternatives

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