


COUNCIL COMMUNICATION

	Number:	23-273	Meeting:	May 30, 2023
	Agenda Item:	5	Roll Call:	23-0788
	Submitted by:	Matthew A. Anderson, Deputy City Manager		

AGENDA HEADING:

Resolution in support of Workforce Housing Tax Credit (WHTC) benefit applications to be submitted to the Iowa Economic Development Authority (IEDA) for a City of Des Moines project.

SYNOPSIS:

Recommend approval for one (1) application for WHTC benefits for a project proposed in the City of Des Moines to the IEDA.

An estimated total of 773 new housing units will be added Citywide because of proposed projects utilizing WHTC, providing a variety of housing options that are proximate to employment centers, shopping, restaurants, schools and transportation. These housing units will provide homes for many sectors of the population within the City of Des Moines, including entry-level workforce, students, seniors, persons with disabilities, and families. The total combined construction cost of the projects is approximately \$198 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 unit is required for submittal of applications to the WHTC program, which replaced the former IEDA Housing Enterprise Zone housing benefit program in July 2014. In the next fiscal year (FY), \$17.5 million is available to be awarded to large cities in Iowa's 11 most populated counties. Project applications were scored competitively for the first time in 2021, as opposed to first-come, first-served awards under the former grant program.

Additional information on this project is below. The resolution will be submitted to IEDA by the project representatives along with the formal program application, due by June 9, 2023.

FISCAL IMPACT:

The Workforce Housing Tax Credit program offers State of Iowa tax credits and has no fiscal impact on the City of Des Moines' general fund. Information on the project applications is detailed below.

Amount: Workforce Housing Tax Credit benefits estimated at \$298,021.

Funding Source: State of Iowa Workforce Housing Tax Credit Program, to be matched by local match through qualified by-right tax abatement.

1. Hubbell Realty - \$298,021 estimated WHTC benefit; local match estimated at \$280,000 from tax abatement.

ADDITIONAL INFORMATION:

- The WHTC program provides for a refund of state sales, service, or use taxes paid during construction, and a state investment tax credit up to a maximum of 10% of the investment directly related to construction of the project. The following project is applying for WHTC benefits:
 1. Hubbell Realty, (Rachel Flint, 6900 Westown Parkway, West Des Moines, IA 50266) for a \$3,150,000 project constructing 12 townhome housing units south of Murphy Street between SW 8th and SW 9th.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Office of Economic Development (OED) staff will provide resolutions to project representatives for submittal with WHTC program applications to the IEDA.

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