


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number: 24-240	Meeting: June 3, 2024
	Agenda Item: 21	Roll Call: 24-0803
	Submitted by: Cody Christensen, Development Services 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 a City of Des Moines project.

SYNOPSIS:

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

This application, in addition to the seven (7) approved at the May 19, 2024 council meeting, propose adding an estimated total of 570 new housing units with 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 all projects is approximately \$143 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. 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 the project is below. The resolution will be submitted to IEDA by the project representatives along with the formal program application, due by June 10, 2024.

FISCAL IMPACT:

The WHTC Program offers State of Iowa tax credits and has no fiscal impact on the City of Des Moines' general fund. Information on the project application is detailed below.

Amount: WHTC benefits estimated at \$1,000,000

Funding Source: State of Iowa WHTC Program, to be matched by local match through qualified by-right tax abatement, tax increment financing (TIF) economic development grants, or grants previously approved by City Council (see project descriptions below).

1. Scott Avenue Landing, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$4,500,000 provided 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.

1. Scott Avenue Landing, LLC (Joe Mitchell, 4003 SW 4th Street, Ankeny, IA 50023) for a \$12,856,000 project constructing 34 townhome units at 417 Scott Avenue.

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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