


COUNCIL COMMUNICATION

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|  | Number: | 25-033 | Meeting: | January 27, 2025 |
| | Agenda Item: | 31 | Roll Call: | 25-0124 |
| | Submitted by: | Cody Christensen, Development Services Director | | |

AGENDA HEADING:

Resolution approving preliminary terms of an urban renewal development agreement with Goldfinch Apartments, LP for the mixed-use redevelopment of 3404-3422 Ingersoll Avenue.

SYNOPSIS:

Goldfinch Apartments, LP (Scott and Molly Cutler, Principals, Cutler Development, 1307 50th Street, West Des Moines, IA 50266) has proposed a new construction three (3)-story mixed-use development at 3404-3422 Ingersoll Avenue. This project will consist of approximately 9,500 square feet of commercial space on the ground floor and 28 residential units on Floors 2 and 3. The residential units will have 24 one (1)-bedroom units and four (4) two (2)-bedroom units. The residential units will also be affordable with rents ranging from 30% to 80% of the Area Median Income (AMI) for the area.

The Office of Economic Development has negotiated preliminary terms of an urban renewal development agreement with Goldfinch Apartments, LP, which provides forgivable loan to serve as a mechanism for responding to a financing gap, as presented by the development team. Additional details are provided in the fiscal impact section below.

FISCAL IMPACT:

Amount: The project will be eligible for the three (3)-year 100% commercial tax abatement schedule. The preliminary terms propose a forgivable loan in the amount of \$300,000, which is equivalent to 78% of the project generated tax increment financing (TIF) in Years 4 through 8 of the project on a net present value (NPV) at a 4.5% discount rate. The forgivable loan will be advanced within 30 days of the issuance of the certificate of completion.

| Year | Estimated Taxes Received without Project* | Estimated Taxes Received with Project* | Estimated Incentive Paid | Estimated Net Taxes Received |
|--------------|---|--|--------------------------|------------------------------|
| Sum 10 Years | \$224,545 | \$1,205,688 | \$300,000 | \$ 905,688 |
| Sum 20 Years | \$498,232 | \$3,148,002 | \$300,000 | \$2,848,002 |
| Sum 30 Years | \$831,814 | \$5,498,803 | \$300,000 | \$5,198,803 |

*Taxes include all taxing authorities (not just City property tax dollars)

*Taxes received estimates used the following assumptions: 2.5% growth in re-assessment years, 1.5% growth in non-re-assessment years.

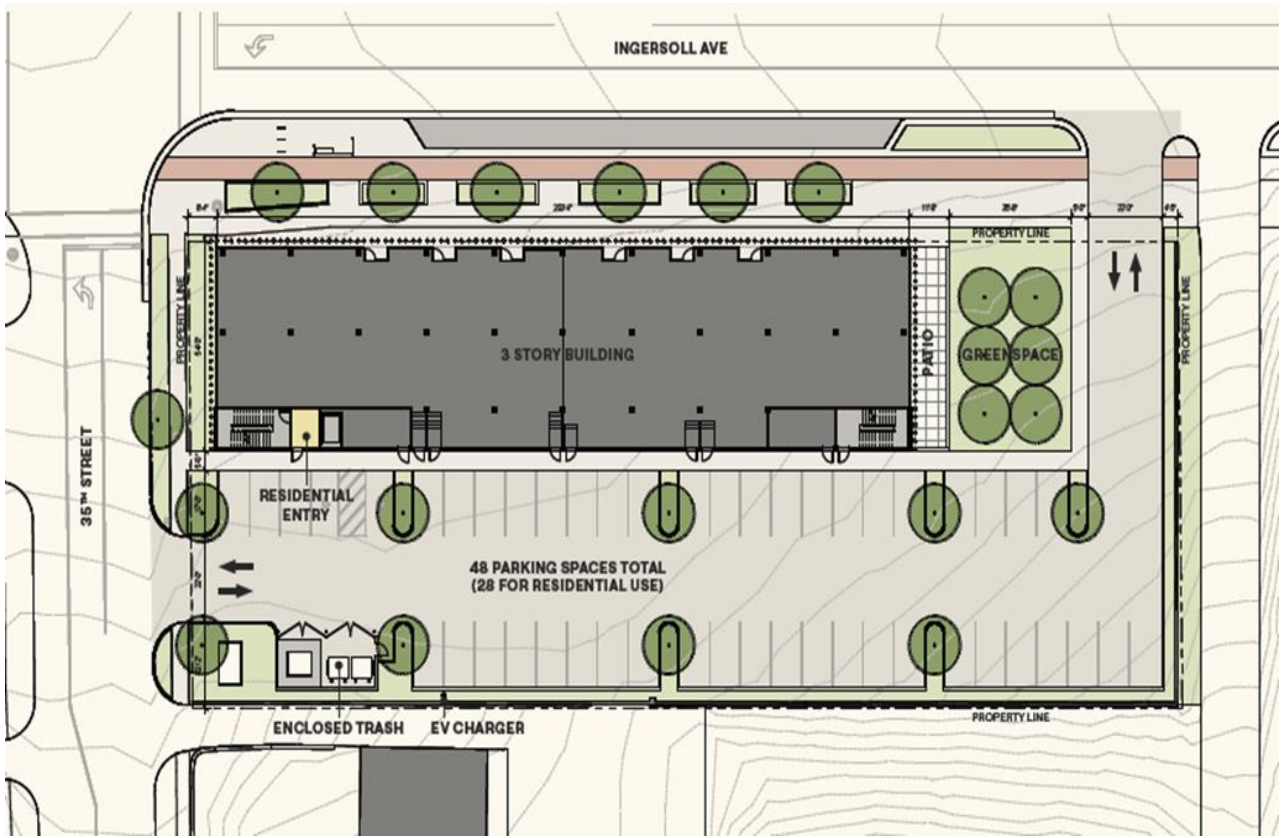
Building and land valuation assumptions at completion of construction:
\$3,315,000 building valuation (90% rollback)
\$441,800 land assessment

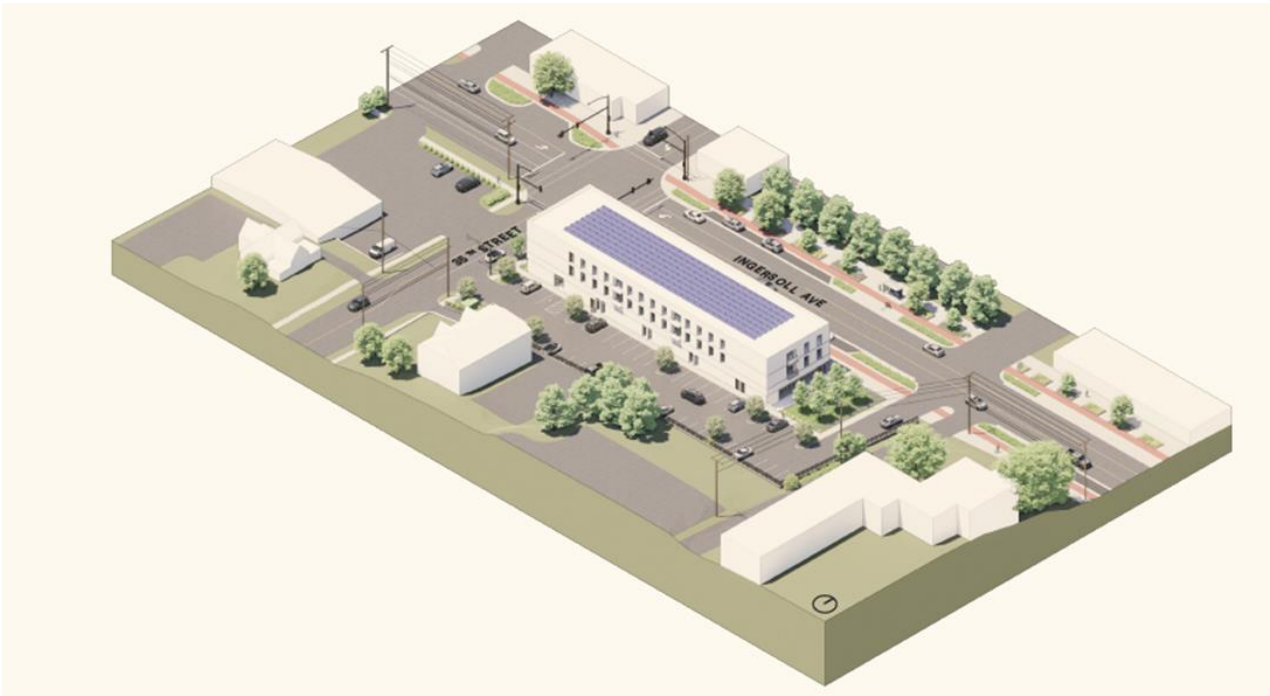
Funding Source: Ingersoll-Grand Urban Renewal Area

ADDITIONAL INFORMATION:

- Over 40,000 Low Income Housing Tax Credit (LIHTC) funded apartments are built each year, and these will be the first ever that are carbon neutral certified.
- The design will be the first in the state of Iowa that is Passive House certified (for extremely high-efficient operational systems).
- The affordability mix will have 10 units at 50% AMI or less. Of these, four (4) units will be set aside for tenants experiencing homelessness.
- All tenants will receive All Access DART passes, paid for by the project.
- This project is the sole recipient of the Iowa Finance Authority’s Innovation Set Aside award for this year’s LIHTC round.
- Construction is expected to commence in fall of 2025 with an anticipated completion in fall/winter 2026.
- The total project cost is estimated at \$12,355,000.







PREVIOUS COUNCIL ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Urban Design Review Board – Final design and financial assistance recommendations.
- City Council – Final terms for urban renewal development agreement.

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