


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	25-197	Meeting:	May 19, 2025
	Agenda Item:	24	Roll Call:	25-0741
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

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

SYNOPSIS:

Recommend approval of nine (9) applications for WHTC benefits to the IEDA for projects proposed in the City of Des Moines.

The projects propose adding an estimated total of 650 new housing units, 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 all projects is approximately \$193 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 each project is below. The resolution will be submitted to IEDA by the project representatives along with the formal program application, due by June 10, 2025.

FISCAL IMPACT:

The WHTC Program offers State of Iowa tax credits and requires identification of a minimum local match of \$1,000 per housing unit awarded. Information on the project applications and local match funding sources are detailed below.

Amount: WHTC benefits estimated at \$5,977,381 (listed by project below)

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. HOA Aston, LLC - \$1,000,000 estimated WHTC Benefit; local match estimated at \$4,500,000 provided from TIF economic development grant.
2. LawMark L.P. - \$1,000,000 estimated WHTC Benefit; local match estimated at \$10,000,000 provided from TIF economic development grant.
3. Cold Storage Rehab LLC - \$540,000 estimated WHTC Benefit; local match estimated at \$523,000 from tax abatement.
4. 111 11th Street, LLC - \$1,000,000 estimated WHTC Benefit; local match estimated at \$519,978 from tax abatement.
5. SEDU, LLC - \$1,000,000 estimated WHTC Benefit; local match estimated at \$477,157 from tax abatement.
6. Vale Street LLC - \$360,000 estimated WHTC Benefit; local match estimated at \$344,639 from tax abatement.
7. Telus Condos, LLC - \$567,381 estimated WHTC Benefit; local match estimated at \$1,278,000 from TIF economic development grant.
8. 615 Euclid LLC - \$210,000 estimated WHTC Benefit; local match estimated at \$28,250 from tax abatement.
9. Campanello, LLC - \$300,000 estimated WHTC Benefit; local match estimated at \$38,450 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 are the projects submitting applications for WHTC benefits:
 1. HOA Aston, LLC (Heart of America Group, 515 East Locust, Suite 100, Des Moines, IA 50309) for a \$49,875,000 project constructing 161 housing units at 603 East 6th Street.
 2. Lawmark L.P. (LawMark Capital, 666 Walnut, Des Moines, IA 50309) for a \$77,000,000 project constructing 209 units at 606 Walnut Street.
 3. Cold Storage Rehab, LLC (NDC, 2331 University Avenue, #200, Des Moines, IA 50311) for a \$9,853,625 project constructing 36 townhome units at 2814 7th Street.
 4. 111 11th Street, LLC (220 SE 6th Street, Suite 330, Des Moines, IA 50309) for a \$16,000,000 project constructing 85 units at 111 11th Street.
 5. SEDU, LLC (DEV Partners, 740 18th Street, Des Moines, IA 50314) for a \$17,020,466 project constructing 78 units at 1214 31st Street.

6. Vale Street LLC (DEV Partners, 740 18th Street, Des Moines, IA 50314) for a \$4,845,806 project constructing 24 units at 709 Vale Street.
7. Telus Condos, LLC (Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, IA 50263) for a \$9,197,822 project constructing 32 condo units at 1310 Murphy Street.
8. 615 Euclid LLC (Sonar Multifamily Fund, 114 51st Street, Des Moines, IA 50312) for a \$4,493,610 project constructing 14 units at 615 Euclid Avenue.
9. Campanello, LLC (Cutler Development, 1307 50th Street, West Des Moines, IA 50266) for a \$5,000,000 project constructing 11 units at 2024 SE 6th Street.

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. Award announcements in August 2025.

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