

## COUNCIL COMMUNICATION

|                                                                                   |               |                                                         |            |                     |
|-----------------------------------------------------------------------------------|---------------|---------------------------------------------------------|------------|---------------------|
|  | Number:       | <b>26-207</b>                                           | Meeting:   | <b>June 8, 2026</b> |
|                                                                                   | Agenda Item:  | <b>30</b>                                               | Roll Call: | <b>26-0677</b>      |
|                                                                                   | Submitted by: | <b>Carrie Kruse, Economic Development Administrator</b> |            |                     |

### AGENDA HEADING:

Resolution approving preliminary terms of an Urban Renewal Development Agreement with Greater Des Moines Habitat for Humanity, Inc. for the construction of a multifamily residential project located at 6100 Hickman Road.

### SYNOPSIS:

Greater Des Moines Habitat for Humanity, Inc. (95 University Avenue., Suite 1, Des Moines, Iowa 50314; Ryan Doyle, Director of Real Estate & Land Development) is proposing a \$6.2 million new construction project at 6100 Hickman Road. The project will include at least 22 residential units within three buildings, and all units will be townhome building type.

### FISCAL IMPACT:

Amount: Tax increment financing (TIF) generated from the increment on the building valuation (exclusive of land) with a schedule of 100% for 11 years, not to exceed \$674,000 on a net present value basis at a 4.5% discount rate, which is aligned according to the financial gap on this project. The incentive represents approximately 11% of total project costs.

The project is eligible to receive Missing Middle tax abatement, but the development agreement will prohibit the application and applicability of tax abatement due to its mutually exclusive relationship with TIF.

| Year         | Estimated Taxes Received without Project* | Estimated Taxes Received with Project** | Estimated TIF Incentive Paid (cash basis) | Estimated Net Taxes Received* |
|--------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------|
| Sum 10 Years | \$0                                       | \$1,258,839                             | \$727,621                                 | \$531,217                     |
| Sum 20 Years | \$0                                       | \$2,777,176                             | \$907,638                                 | \$1,869,538                   |
| Sum 30 Years | \$0                                       | \$4,521,517                             | \$907,638                                 | \$3,613,879                   |

\*Taxes include all property taxing authorities (not just City property taxes)

\*\*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 Value Assumptions at Completion of Construction:

- Building: \$4,840,000
- Land: \$636,000

Funding Source: Tax increment generated by the project in a newly proposed urban renewal area (to be considered at a future City Council meeting).

**ADDITIONAL INFORMATION:**

- These units will provide affordable homeownership opportunities for individuals and families earning 30-80% of the Area Median Income. Qualifying homebuyers will purchase their home, but pay no more than 30% of their monthly income on their mortgage.
- Due to the foregoing statement, the most significant driver of the financial gap on this project is the discrepancy between the appraisal value of each home and the origination amount of the mortgage. Greater Des Moines Habitat for Humanity, Inc. is the mortgage originator, and the mortgage is subsidized at an interest rate that is lower than the market interest rate.
- The development agreement will require documentation of all unit sales and hard costs.
- Greater Des Moines Habitat for Humanity, Inc. intends to have a long-term interest in the subject property by maintaining ownership of an outlot within the development boundary, and therefore being a member of the proposed homeowner's association.
- The site was developed in 1955 for commercial scale greenhouses which was operational until they were demolished in 2022.
- The site is not currently within an existing urban renewal area, which is the prerequisite to utilize tax increment financing proceeds. There will be separate, additional proceedings at future public meetings to facilitate consideration of the proposed urban renewal plan.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Urban Design Review Board – Conceptual Development Plan
- City Council – Approval of associated Urban Renewal Plan and Final Terms of Urban Renewal Development Agreement

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