

★ Roll Call Number

15-0169

Agenda Item Number

6K

Date January 30, 2015

RESOLUTION OF SUPPORT FOR A WORKFORCE HOUSING TAX CREDIT
BENEFIT APPLICATION TO BE SUBMITTED TO THE IOWA ECONOMIC
DEVELOPMENT AUTHORITY BY 420 COURT AVE, LLC, FOR A MIXED USE
PROJECT AT 420 COURT AVENUE CONTAINING 81 HOUSING UNITS

WHEREAS, 420 Court Ave, LLC, represented by Stuart Ruddy, officer, has requested City support for its application to the Iowa Economic Development Authority ("IEDA") for state tax incentives under the Workforce Housing Tax Credit Program for a mixed use project at 420 Court Avenue containing 81 housing units, a full service Hy-Vee grocery store, and structured parking; and,

WHEREAS, successful completion of the mixed use project at 420 Court Avenue requires funding from a number of sources, including an award of Iowa Workforce Housing Tax Credit Program benefits in the estimated amount of \$1,000,000; and,

WHEREAS, the application requirements for the Workforce Housing Tax Credit program include a requirement for the submission of a resolution in support of the housing project by the community where the housing project will be located, which requirement is intended to be satisfied by this roll call and resolution; and,

WHEREAS, a further application requirement for the Workforce Housing Tax Credit program is documentation of local matching funds pledged for the project in an amount not less than \$1,000 per dwelling unit; and

WHEREAS, the City of Des Moines has previously supported the mixed use project at 420 Court Avenue as demonstrated by the following actions by the Des Moines City Council:

- On February 24, 2014, by Roll Call No. 14-0329, the City Council selected Knapp Properties and Hy-Vee, Inc., as the preferred developer to purchase and redevelop the City-owned property at 420 Court Avenue; and,
- On January 12, 2015, by Roll Call No. 15-0075, the City Council approved preliminary terms of agreement with 420 Court Avenue, LLC (a company formed by Knapp Properties and Hy-Vee, Inc.), whereby 420 Court Avenue, LLC, would purchase and redevelop the property with a 108,000 square foot mixed-use building containing a full service grocery store and market-rate apartments, and the City Council further directed the City Manager's Office to proceed with negotiation of a formal agreement consistent with the approved preliminary terms; and,
- The City Manager's Office has negotiated an *Urban Renewal Agreement for the Sale of Land for Private Redevelopment* with 420 Court Avenue, LLC, that will be presented to

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the City Council in February, 2014, to initiate the process for approval of the agreement in conformance with the competitive disposition requirements in Iowa Code §403.8; and,

WHEREAS, the property at 420 Court Avenue is located within the City-wide Urban Revitalization Area and provided that the project is completed as planned, the taxable value added to the property by the completion of the residential component will qualify for a temporary exemption from property taxes (a/k/a tax abatement) under the 10-year 100% abatement schedule, providing financial assistance of approximately \$1,900,000 based upon the estimated annual abated property taxes of \$190,000; and,

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The City Council of the City of Des Moines does hereby express its strong support for the application by 420 Court Ave, LLC, to the IEDA in February 2015, seeking an award of Workforce Housing Tax Credit Program benefits in the amount of \$1 million.
2. The Mayor and the City Manager are hereby authorized and directed to sign any forms required by the Administrative Rules of the IEDA to evidence the City's support for the application by 420 Court Ave, LLC, as described above, upon approval of the same by the City Legal Department.
3. The Office of Economic Development is directed to transmit a copy of this resolution and roll call to 420 Court Ave, LLC, for submittal to the IEDA, and to conduct project compliance monitoring.
4. In the event that any of the project characteristics mentioned above should change prior to final award of tax credit benefits to 420 Court Ave, LLC, then:
 - a) The City Manager or the City Manager's designee is authorized and directed to execute the applicable consent to any unsubstantial change upon receipt of a recommendation in support of such consent from the Community Development Director.
 - b) Any substantial change shall be subject to approval by the City Council after report and recommendation by the City Manager.

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(Council Communication No. 15- 043)

Moved by Hensley to approve, subject to the projects being required to meet all other City requirements, including without limitation, local funding and zoning, and acknowledging that the Council had to act without the normal detailed review, but did so in an effort to aid the applicants and improve the quality of life in Des Moines and further did so with the understanding that the process will be more refined and complete prior to additional submissions for the program.

FORM APPROVED:

Roger K. Brown

Roger K. Brown

Assistant City Attorney

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MOORE	✓			
TOTAL	7			

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

T. M. Franklin Council Mayor

Diane Rauh

City Clerk