


COUNCIL COMMUNICATION

	Number:	21-306	Meeting:	June 28, 2021
	Agenda Item:	30 32 36 37 38 39	Roll Call:	21-0979
	Submitted by:	Erin Olson-Douglas, Development Services Department 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 for a total of six (6) applications for WHTC benefits for projects proposed in the City of Des Moines to the IEDA.

An estimated total of 368 new housing units would be added Citywide through these projects, providing a variety of living opportunities that are proximate to employment centers, shopping, restaurants, schools and transportation. The housing units would provide homes for many sectors of the population of the City of Des Moines, including entry-level workforce, students, seniors, disabled citizens, and families. The total combined construction cost of the projects is approximately \$60.9 million.

A resolution of support from 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. Large city applications are being accepted for the first time since 2018, and \$28 million is available in the next fiscal year to be award to projects in Iowa's 11 largest counties. Project applications will be scored competitively for the first time, as opposed to first come first serve awards under previous grant cycles.

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 July 19, 2021.

FISCAL IMPACT:

Workforce Housing Tax Credit are State of Iowa tax credits and have no fiscal impact on the City of Des Moines general fund. Information on the project applications is detailed below.

Amount: Workforce Housing Tax Credit benefits estimated at \$3,332,800 (listed by project below).

Funding Source: State of Iowa Workforce Housing Tax Credit Program:

1. Euclid Foresight, LLC - \$52,800 estimated WHTC benefit; local match estimated at \$60,810 provided from tax abatement.
2. SW9 215, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$1,892,000 from tax abatement.

3. Tree House Partners, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$2,542,000 provided from tax abatement and \$2,400,000 from TIF economic development grant.
4. DEV Partners c/o HOM Investments 6, LLC - \$150,000 estimated WHTC benefit; local match estimated at \$106,260 provided from tax abatement.
5. Merge, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$120,000 provided from the Economic Development Enterprise Fund.
6. Urban Campus Apartments, LLLC - \$220,000 estimated WHTC benefit; local match estimated at \$242,265 provided from tax abatement and \$164,000 forgivable loan.

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. Following are the projects submitting application for WHTC benefits:
 1. Euclid Foresight, LLC (Connor Delany, 2843 Grand Avenue, Des Moines, IA 50312) for a \$3,374,238 total project cost (\$550,000 in residential costs) rehabilitating four (4) housing units at 413 Euclid Avenue.
 2. SW9 215, LLC (Kris Saddoris, Officer, 6900 Westown Parkway, West Des Moines, IA 50266) for a \$12,867,685 project constructing 66 housing units at 215 SW 9th Street.
 3. Tree House Partners, LLC (Tim Rypma of Rypma Properties, Paul Cownie, and Jeremy Cortright, Development Members, 512 ½ E Grant #201, Des Moines, IA 50309) for \$16,859,500 project rehabilitating 93 housing units at 2315 Grand Avenue.
 4. DEV Partners c/o HOM Investments 6, LLC (Daniel Heggen, 921 39th Street, Des Moines, IA 50312) for \$1,500,000 project rehabilitating 43 housing units at 732 & 740 18th Street.
 5. Merge, LLC (Brent Dahlstrom, 604 Clay Street, Cedar Falls, IA 50613) for a \$20,000,000 project constructing 120 housing units on Carpenter Avenue between 24th and 25th Street.
 6. Urban Campus Apartments, LLLC (Jack Hatch, 696 18th Street, Des Moines, IA 50314) for a \$9,208,290 project constructing 42 housing units at 1230 6th Avenue.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

OED staff will provide resolutions to project representatives for submittal with WHTC program applications to the IEDA.

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