


COUNCIL COMMUNICATION

	Number:	21-338	Meeting:	July 19, 2021
	Agenda Item:	45 & 46	Roll Call:	21-1129
	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 housing development projects within the City of Des Moines.

SYNOPSIS:

Recommend approval for a total of two (2) additional applications for WHTC benefits for projects proposed in the City of Des Moines to the IEDA.

An estimated total of 58 new housing units will 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 will 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 \$11.4 million.

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

Six (6) resolutions of support for housing projects were previously approved by the City Council on June 28, 2021. The cumulative total of applications submitted thus far is for 426 dwelling units, comprising a total investment of \$72.4 million.

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 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: Total WHTC benefits estimated at \$4,252,800 including the six (6) projects previously approved. WHTC benefits in the following two (2) applications total \$920,000 (listed by project below).

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

1. TB, LC - \$660,000 estimated WHTC benefit; local match estimated at \$1,051,380 provided from tax abatement.
2. 3524 6th Avenue, LLC - \$260,000 estimated WHTC benefit; local match estimated at \$1,671,037 from tax increment financing rebate.

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. TB, LC (Nick Jensen, Owner, 720 S 68th Street, West Des Moines, IA 50266) for a \$8,800,000 total project cost constructing 44 rowhome housing units at 1328 Thomas Beck Road.
 2. 3524 6th Avenue, LLC (Joseph Cordaro, Manager, 950 Office Park Road, Suite 300, West Des Moines, IA 50265) for \$2,600,000 project rehabilitating 14 multi-family housing units at 3524 6th Avenue.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Office of Economic Development staff will provide resolutions to project representatives for submittal with WHTC program applications to the IEDA.

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