

COUNCIL COMMUNICATION

	Number:	22-262	Meeting:	June 13, 2022
	Agenda Item:	57	Roll Call:	22-906-920
	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 15 applications for WHTC benefits for projects proposed in the City of Des Moines to the IEDA.

An estimated total of 678 new housing units will be added Citywide because of these proposed projects, 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 the projects is approximately \$156 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 July 1, 2022.

FISCAL IMPACT:

The Workforce Housing Tax Credit program offers State of Iowa tax credits and has 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 \$10,542,590 (listed by project below).

Funding Source: State of Iowa Workforce Housing Tax Credit Program, to be matched by local match through qualified by-right tax abatement or tax increment financing (TIF) economic development grant, previously approved by City Council (see project descriptions below).

1. Wade Investments, LLC - \$800,000 estimated WHTC benefit; local match estimated at \$435,000 provided from tax abatement.
2. Hoyt Investments, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$1,892,000 from tax abatement.
3. 13th and Mulberry Multifamily, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$4.1 million provided from TIF economic development grant.
4. 1200 Keo Way, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$495,000 provided tax abatement.
5. Neighborhood Development Corporation - \$486,000 estimated WHTC benefit; local match estimated at \$670,000 provided from tax abatement.
6. Park Indy, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$1,012,500 provided from tax abatement.
7. SW9 215, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$1,800,000 from tax abatement.
8. Hubbell Realty - \$266,320 estimated WHTC benefit; local match estimated at \$280,000 provided from tax abatement.
9. Conlin Development Group, LLC - \$60,000 estimated WHTC benefit; local match estimated at \$150,000 provided from tax abatement.
10. Euclid Avenue Rowhomes, LLC - \$225,000 estimated WHTC benefit; local match estimated at \$273,800 provided from tax abatement.
11. EV Mixed Use, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$2,808,842 provided from tax abatement and \$2,041,945 million provided from TIF economic development grant.
12. 300 MLK Lofts Partners, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$2,500,000 provided from tax abatement.
13. Star Apartments, LLC - \$300,000 estimated WHTC benefit; local match estimated at \$540,000 provided from tax abatement.
14. 216 E. Court, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$2,616,000 provided from tax abatement.
15. Christensen Development 1, LLC - \$855,270 estimated WHTC benefit; local match estimated at \$1,813,630 provided 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. Following are the projects submitting applications for WHTC benefits:
 1. Wade Investments, LLC (Ryan Wade, 2210 Poplar Street, Coralville, IA 52241) for \$8,000,000 project rehabilitating 15 housing units at 1613 High Street.
 2. Hoyt Investments, (Ryan Wade, 2210 Poplar Street, Coralville, IA 52241) for a \$10,450,000 project constructing 47 housing units at 610 16th Street.
 3. 13th & Mulberry Multifamily, LLC (230 S Phillips Avenue, #205, Sioux Falls, SD 57107) for a \$19,000,320 project constructing 78 housing units at 13th and Mulberry.
 4. 1200 Keo Way, LLC (Mike Derkenne, 215 E 3rd Street, Suite 200, Des Moines, IA 50309) for a \$13,868,733 project constructing 36 row home units at 1200 Keo Way.

5. Neighborhood Development Corporation (Abbey Gilroy, 2331 University Avenue, Des Moines, IA 50311) for a \$7,275,000 project constructing 24 housing units at 2211 University Avenue.
6. Park Indy, LLC (Abbey Gilroy, 2331 University Avenue, Des Moines, IA 50311) for a \$10,267,141 project constructing ~~56~~ 40 housing units at 3140 Indianola Avenue.
7. SW9 215, LLC (Joe Pietruszynski, 6900 Westown Parkway, West Des Moines, IA 50266) for a \$12,000,000 project constructing 51 housing units at 215 SW 9th Street.
8. Hubbell Realty, (Rachel Flint, 6900 Westown Parkway, West Des Moines, IA 50266) for a \$2,663,200 project constructing 10 housing units south of Murphy Street between SW 8th and SW 9th.
9. Conlin Development Group (3721 SW 61st Street, Suite A, Des Moines, IA 50321) for a \$914,399 project rehabilitating four (4) housing units at 826 18th Street.
10. Euclid Avenue Rowhomes, LLC (Jake Sparks, Manager, 120 SW 5th Street, Unit 902, Des Moines, IA 50309) for a \$2,600,000 project constructing 17 units at 216 Euclid Avenue.
11. EV Mixed Use, LLC (Alexander Grgurich, 405 6th Avenue Suite 201, Des Moines, IA 50309) for a \$29,931,758 project constructing 132 housing units at 418 East Grand Avenue.
12. 300 MLK Lofts Partners, LLC (Frank Levy, 3408 Woodland Avenue, West Des Moines, IA 50266) for a \$19,000,000 project constructing 78 housing units at 300 Martin Luther King Jr. Boulevard.
13. Star Apartments, LLC (Scott and Molly Cutler, 1307 50th Street, West Des Moines, IA 50266) for a \$4,040,131 project converted a blighted gas station into 20 housing units at 2701 Ingersoll Avenue.
14. 216 E. Court, LLC, (Chad Rasmussen, 215 E 3rd Street, Des Moines, IA 50309) for a \$12,421,742 project constructing 64 housing units at 216 East Court Avenue.
15. Christensen Development 1, LLC (Chad Rasmussen, 215 E 3rd Street, Des Moines, IA 50309) for a \$8,810,345 project constructing 46 housing units at 509 SE 6th.

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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