


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-267	Meeting:	May 22, 2023
	Agenda Item:	31	Roll Call:	23-0730
	Submitted by:	Matthew A. Anderson, Deputy City Manager		

AGENDA HEADING:

Resolutions in support of Workforce Housing Tax Credit (WHTC) to benefit applications to be submitted to the Iowa Economic Development Authority (IEDA) for City of Des Moines housing projects.

SYNOPSIS:

Recommend approval for a total of 10 applications for WHTC benefits for projects proposed in the City of Des Moines to the IEDA.

An estimated total of 765 new housing units will be added Citywide because of these proposed projects, providing a variety of housing options that are proximate to employment and shopping centers, restaurants, schools and transportation options. 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 \$199 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 June 9, 2023.

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 \$6,425,000 (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, tax increment financing (TIF) economic development grants, or grants previously approved by City Council (see project descriptions below).

1. Wade Investments, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$1,400,000 from tax abatement.
2. 13th and Mulberry Multifamily, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$4,100,000 million provided from TIF economic development grant.
3. Conlin Development Group, LLC - \$60,000 estimated WHTC benefit; local match estimated at \$150,000 provided from tax abatement.
4. EV Mixed Use, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$3,839,871 provided from tax abatement and \$2,609,542 provided from TIF economic development grant.
5. 36 on 6th LLC - \$85,000 estimated WHTC benefit; local match estimated at \$28,417 from NCR grant previously approved by the City Council.
6. HOA EVMF, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$3,169,433 provided by tax abatement and \$2,427,975 provided by a TIF economic development grant.
7. HOA Development, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$5,303,931 provided by tax abatement and \$4,395,281 provided from TIF economic development grant.
8. Elevate Townhomes, LLC - \$160,000 estimated WHTC benefit; local match estimated at \$371,250 from tax abatement.
9. 1435 Mulberry, LLC - \$1,000,000 estimated WHTC benefit; local match estimated at \$6,085,940 from tax abatement.
10. North Des Moines Town Hall, L.P. - \$120,000 estimated WHTC benefit; local match estimated at \$160,000 from NCR grant previously approved by the City Council.

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, (Ryan Wade, 1315 Tamarack Trail, Iowa City, IA 52240) for a \$10,500,000 project constructing 44 housing units at 1613 High Street.
 2. 13th & Mulberry Multifamily, LLC (Bryon Schafersman, 230 S Phillips Avenue, #205, Sioux Falls, SD 57107) for a \$19,614,000 project constructing 78 housing units at 13th and Mulberry.
 3. Conlin Development Group, LLC (Bret Mills, 3721 SW 61st Street, Suite A, Des Moines, IA 50321) for \$914,399 project rehabilitating four (4) housing units at 826 18th Street.

4. EV Mixed Use, LLC, (Alexander Grgurich, 405 6th Avenue Suite 201, Des Moines, IA 50309) for a \$30,594,587 project constructing 132 housing units at 418 East Grand Avenue.
5. 36 on 6th LLC, (Tim Bratvold, 622 Euclid Ave #12, Des Moines, IA 50313) for a \$3,500,000 project renovating 4 housing units at 3614 6th Avenue, Des Moines, IA 50313.
6. HOA EVMF, LLC, (Jenny Drake, 515 E Locust Street, Suite 100, Des Moines, IA 50309) for a \$23,575,000 project constructing 110 housing units at 317 E 6th Street.
7. HOA Development, LLC, (Jenny Drake, 515 E Locust Street, Suite 100, Des Moines, IA 50309) for a \$44,200,000 project constructing 186 housing units at 603 E 6th Street.
8. Elevate Townhomes LLC, (Adam Sieren, 3315 Waco Ct, Des Moines, IA 50321) for a \$2,979,908 project constructing 11 housing units at 508 Indianola Road.
9. 1435 Mulberry, LLC, (Andrew Juris, President, 13075 Manchester Road, Suite 350, St. Louis, MO 63131) for a \$59,660,069 project constructing 192 housing units at 1435 Mulberry.
10. North Des Moines Town Hall, L.P. (Chaden Halfhill, 800 19th Street, Suite 200, Des Moines, IA 50314) for a \$3,469,821 project rehabilitating and constructing 4 housing units at 1601 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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