Council Communication

Department: Community Development Case/Project No.: WHTIP-20-001	Ordinance No.: N/A Resolution No.: 20-	City Council: 4-6-2020

Subject/Title

Application for Workforce Housing Tax Incentive Program – Disaster Recovery

Applicant

Pottawattamie County Development Corporation D/B/A the 712 Initiative

Location

530 West Broadway

Background/Discussion

Background

The State of Iowa established the Workforce Housing Tax Incentive Program (WHTIP) pursuant to Iowa Code Section 15.106A and the 2014 Iowa Acts, House File 2448, Section 18. The purpose of the program is to assist the development of workforce housing in Iowa communities by providing incentives for housing projects that are targeted towards middle-income households and that focus on the redevelopment or repurposing of existing structures. This program replaced the Housing Enterprise Zone Program. In 2019, the program set aside funding for counties that received presidential disaster declarations due to the 2019 flooding. The Workforce Housing Tax Incentive Program – Disaster Recovery (WHTIP-DR) identifies Pottawattamie County as an eligible applicant under this set aside.

To receive workforce housing tax incentives pursuant to the program, a proposed housing project shall include at least one of the following:

(1) Four or more single-family dwelling units.
(2) One or more multiple dwelling unit buildings each containing three or more individual dwelling units.
(3) Two or more dwelling units located in the upper story of an existing multi-use building.

The average dwelling unit cost cannot exceed $200,000 per dwelling unit or $250,000 per dwelling unit if the project involves the rehabilitation, repair, redevelopment or preservation of eligible property. This limitation only applies to those costs that are directly attributable to the improvement of the property or the structures and is defined in the Iowa Administrative Code.

Additionally, the WHTIP-DR requires a city match pledge for each housing project in an amount equal to at least $1,000 per dwelling unit, in the form of cash, cash equivalent, a local property tax exemption, rebate, refund or reimbursement.

Discussion

Pottawattamie County Development Corporation D/B/A the 712 Initiative has submitted a request for WHTIP-DR benefits on its property located at 530 West Broadway (old EQ Building). The proposed project will include 15 multi-family units ranging from studio to two-bedroom units.

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The total residential project investment is $2,955,339.00. The total financial workforce housing tax incentive available to the project is estimated to be $521,124.30.

Based on review of the applicant's request, the project discussed above meets the requirements for Workforce Housing Tax Incentive Program – Disaster Recovery benefits. As a result, the applicant is eligible for the following benefits: 10% investment tax credit and 100% rebate of state sales and utility use taxes.

A minimum of $1,000 per unit match is required by the City. Staff proposes earmarking $24,000 ($1,600/unit) of Urban Revitalization tax incentives to meet this requirement. The proposed match is subject to the approval of the proposed 5th and West Broadway Urban Revitalization Plan area.

Staff Recommendation

The Community Development Department recommends approval of the Workforce Housing Tax Incentive Program – Disaster Recovery application submitted by Pottawattamie County Development Corporation D/B/A the 712 Initiative.

Attachments

Application for Workforce Housing Tax Incentive Program – Disaster Recovery benefits