

COMMUNITY DEVELOPMENT

MEMORANDUM

Planning,
Zoning,
Building Safety,
Construction Inspection Services,
Public Health,
Housing Inspections,
Code Enforcement

To: Mayor and City Council Members
Cc: Jerry Ewers & Nancy Lueck, Acting City Administrators
From: Jodi Royal-Goodwin, Community Development Director
Date: November 7, 2019
Re: Resolution in Support of a Workforce Housing Tax Credit Benefit Application to be submitted to the Iowa Economic Development Authority by Hershey Property, LLC, for a Housing Project at 216 Sycamore Street in Muscatine, Iowa

INTRODUCTION: Attached is a resolution supporting Hershey Property, LLC's anticipated application for Workforce Housing Tax Credit Benefits through the Iowa Economic Development Authority for the project at 216 Sycamore Street. The Resolution is required to be submitted with the application to illustrate community support.

BACKGROUND: Bush Construction, doing business as Hershey Property LLC, is currently undertaking the redevelopment of the Hershey Building at 216 Sycamore Street (across from City Hall). This \$6.9 million redevelopment is converting the structure into a mixed-use building. The residential portion of this will create 25 apartments consisting of studio, one-bedroom, and two-bedroom apartments. Residential amenities will also include a full-sized fitness center, tenant lounge, tenant storage, and in-unit laundry. The project will also include over 15,000 square feet of commercial/retail space located on the first floor and lower level including the retention of Sycamore Printing.

The Iowa Workforce Housing Tax Credit Program has a maximum award of is \$1 million per project. However, in qualified small cities the benefit is up to 20 percent of eligible construction costs on the first \$150,000 of investment per unit. Applications for Workforce Housing Tax Credits must illustrate local support in 2 ways:

1. Local matching funds; and
2. A resolution of support from the community's governing body.

Previously City Council approved the creation of a tax increment district, tax increment financing (TIF), and a development agreement supporting this project. The TIF agreement provides the local match, and this resolution must be submitted with the Hershey Property, LLC's application for the project to be considered for a tax credit award.

RECOMMENDATION/RATIONALE: Staff recommends approval of this resolution. Approval illustrates continued support for a project that addresses several major goals of the community, including increasing the quality and quantity of the housing stock, the revitalization of existing buildings, and increased downtown development.

BACKUP INFORMATION:

Resolution in Support of a Workforce Housing Tax Credit Benefit Application by Hershey Property, LLC

RESOLUTION NO. _____

**RESOLUTION IN SUPPORT OF A WORKFORCE
HOUSING TAX CREDIT BENEFIT APPLICATION TO BE
SUBMITTED TO THE IOWA ECONOMIC
DEVELOPMENT AUTHORITY BY HERSHEY
PROPERTY, LLC FOR A HOUSING PROJECT AT 216
SYCAMORE STREET IN MUSCATINE, IOWA**

WHEREAS, the City of Muscatine has identified the need to expand housing opportunities and supports the development of quality housing units for all residents of the community; and

WHEREAS, Muscatine County is eligible for both Individual and Public Assistance under Presidential Disaster Proclamation #4421, Iowa Sever Storms and Flooding (DR-4421), declared March 23, 2019; and

WHEREAS, the impact of flooding has heightened the need for workforce housing; and

WHEREAS, the Hershey Building, LLC, development located at 216 Sycamore Street (the “Project”), including 25 housing units, will address identified needs and repurpose a partially vacant property; and

WHEREAS, successful completion of the Project requires funding from a number of sources, including an award of Iowa Workforce Tax Credit benefits in an amount up to \$750,000; and

WHEREAS, the application requirements for the Workforce Housing Tax Credit Program include the submission of a resolution in support of the Project by the community where the Project will be located, which requirement is intended to be satisfied by this roll call and resolution; and

WHEREAS, a further requirement of the Workforce Housing Tax Credit Program is documentation of local matching funds pledged for the Project in an amount not less than \$1,000 per dwelling unit. This will be provided by \$500,000 in Tax Increment Financing up to \$500,000 over twenty semiannual economic development tax increment payments.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Muscatine, Iowa, as follows:

1. The City Council of the City of Muscatine does hereby express its support for the Hershey Property, LLC application to the Iowa Economic Development Authority (IEDA), seeking an award of Workforce Housing Tax Credit benefits in an amount up to \$750,000.
2. The Mayor and City Administrator are hereby authorized and directed to sign any forms required by the Administrative Rules of the IEDA to evidence the City’s support of the application by Hershey Building, LLC, as described above, upon approval of the same.

3. The Community Development Department is directed to transmit a copy of this resolution and roll call to Hershey Building, LLC, for submittal to the IEDA.

a. The City Administrator or the City Administrator's designee is authorized and directed to execute the applicable consent to any unsubstantial change.

b. Any substantial change shall be subject to approval by the City Council after report and recommendation from the Community Development Department.

PASSED, APPROVED, AND ADOPTED this 7th day of November, 2019.

CITY COUNCIL OF THE CITY OF
MUSCATINE, IOWA

ATTEST:

Diana Broderson, Mayor

Nancy Lueck, Acting City Clerk