

ITEM #:	11
DATE:	05-26-26
DEPT:	P&H

COUNCIL ACTION FORM

SUBJECT: SUPPORT FOR WORKFORCE HOUSING TAX CREDIT (WHTC) APPLICATIONS

BACKGROUND:

The State of Iowa offers a competitive Workforce Housing Tax Credit (WHTC) program designed to encourage construction of moderately priced housing. The state establishes eligibility and target sales prices annually. A developer is required to submit an application to the IEDA by June 10 to be considered for the 2026 program, announcements of awards are scheduled for September 2026.

A prerequisite of applying for the state program is local financial support. The developer benefits from the program with a rebate of sales tax and an income tax credit of up to \$15,000 per unit that meets the requirements of the State. The state program requires the local government to provide at least \$1,000 of local incentives per unit. The incentive can be provided in any manner, such as land cost, tax abatement, fee waiver, etc. The City has no ongoing responsibility to administer or monitor compliance with the WHTC program.

Baker Subdivision Single Family Market Rate Lots Request:

Keystone Equity was selected by the City Council on April 28 for the purchase of six lots within the Baker Subdivision. A purchase agreement for the lots is on this same agenda. The developer indicated the final average sales prices of the homes would be targeted at \$375,000, consistent with state requirements for the WHTC program. The purchase price of lots was below appraised value for market rate lots as an incentive for the construction of moderately priced housing. The reduced lot cost meets the minimum \$1,000 value per home of the state program.

608 Burnett (CityLight Apartments):

City Council reviewed a request from Luke Jensen, dba LJREC, LLC, on May 12 for financial incentives for the development of approximately 39 apartment units at 608 Burnett. The project would redevelop an existing parking lot into a four-story apartment building.

On May 12, the City Council voted to indicate support for the CityLight project with the intent of approving a property tax abatement or other incentive in support of the project to meet the requirements of the WHTC. City Council also initiated consideration of changes to zoning standards to facilitate the project.

ALTERNATIVES:

1. Approve the attached resolutions of support for both Keystone Equity Group and LJREC LLC WHTC applications, including a commitment of a local incentive value of at least \$1,000 per unit.
2. Approve a resolution of support for only one of the two requests for WHTC applications.
3. Decline to support either WHTC application.

CITY MANAGER'S RECOMMENDED ACTION:

Supporting the WHTC applications is a minor cost to the City in comparison of the benefit of producing infill housing at a moderate price point consistent with Ames Plan 2040 and City Council Goals for diverse housing types. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1, as described above.

ATTACHMENT(S):

[Resolution of Support - Baker Subdivision WHTC.docx](#)

[Resolution of Support - CityLight Apartments WHTC.docx](#)