

**CITY COUNCIL COMMUNICATION 97-515
OCTOBER 20, 1997 AGENDA**

SUBJECT:

**HOME FUNDS– MID-CITY
DUPLEX, PHASE III**

SUBMITTED BY:

**JAMES GRANT
COMMUNITY DEVELOPMENT DIRECTOR**

SYNOPSIS –

Approval of Agreement between the City and the Iowa Department of Economic Development for the use of Home Investments Partnership Act (HOME) funds for Mid City Duplexes, Phase III.

FISCAL IMPACT –

This project is utilizing \$25,000 in City HOME funds, accompanied by \$75,000 in State of Iowa HOME funds. The City is responsible for the administration of the State' s HOME funds. Norwest Bank will supply the remainder of the construction financing in the form of a \$730,000 loan.

RECOMMENDATION –

Approval of the form of contract and use of \$25,000 in City HOME funds for the project.

BACKGROUND –

Mid-City Duplexes L.P. is a non-profit corporation created to build affordable rental housing in the Model Cities area. This non-profit applied for tax credits from the State of Iowa to build 36 units. Because only a portion of the tax credits were funded, the project is being completed in several phases. Phase I of the project, consisting of three duplexes and one four-plex, was completed in 1996. Three duplexes and one four-plex were constructed through Phase II and are nearing completion. Several units are currently occupied. Phase III will create an additional eight units. The financing of this project will include Norwest Bank, City of Des Moines, and the State of Iowa. ANAWIM is the General Partner and Principal is the Limited Partner. Principal will

purchase the tax credits when the project is complete.

This project (because of the HOME fund involvement) will be affordable to low- and moderate-income tenants for a minimum of 10 years.