

## Meeting Agendas/Info

CITY COUNCIL  
COMMUNICATION:

ITEM \_\_\_\_\_

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

01-282

**SYNOPSIS -**

**AGENDA:**

JUNE 4, 2001

To support a low-income housing tax credit application from Sherman Associates and Lander Group for new construction of 44 units of housing at Vine and 1st Streets. The project will also include 56 units of market rate housing.

**SUBJECT:**

LOW INCOME  
HOUSING TAX  
CREDIT  
APPLICATION FOR  
44 UNITS OF  
FAMILY HOUSING  
AT 1ST AND VINE  
STREETS

**FISCAL IMPACT -**

The City will provide \$362,680 a year for 20 years from Tax Increment Finance Funds.

**RECOMMENDATION -**

**Approval.**

**TYPE:**

**BACKGROUND -**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

Sherman Associates will submit an application to Iowa Finance Authority (IFA) for the construction of a 110 unit mixed income project at 1st and Vine. Of the 110 units, 44 will use the low-income housing tax credit financing. The developer has asked for a letter of support for the project, as well as proof of zoning and evidence of the city's financial support for the project.

**SUBMITTED BY:**

JIM GRANT  
COMMUNITY  
DEVELOPMENT  
DIRECTOR

The proposal is in conformance with the City's Year 2000 Housing Plan. That plan states that assisted housing should guarantee a variety of housing opportunities in all areas of the city and not concentrate in a few areas. Although the downtown is a low-income census tract, the project will actually provide more market rate housing than affordable units. The Housing Plan, as well as the City's Strategic Plan, encourages the development of mixed income projects.

IFA is the tax credit-allocating agency in Iowa. IFA holds an application period each year for the reservation of tax credits. The

credits are highly competitive. The application process requires the developer to ask for approval from the governing body in the jurisdiction in which the project will be built, proof of zoning, proof of utilities, and proof of any local government contribution.

The Housing Plan also directs the review of design, management services, and appropriate amenities. The preliminary design of the development is compatible in design with the surrounding neighborhood. The development will also be reviewed by the historic architect at the State Historic Society of Iowa because of the possible use of federal funds near historic properties.

Affiliated with Sherman and Associates and Lander group, the development will be managed by Vine Street Lofts, LLC. On-site management will be provided. Sherman Associates currently manage over 3,000 units, although this will be their first project in Iowa.

The building will have the following amenities for both low income and market rate tenants: laundry facilities, underground parking, security access, cable and internet capabilities, and a landscaped courtyard.

Staff has also reviewed the property for zoning. This property is zoned C3A. Attached to the roll call is a copy of IFA Exhibit 12 that provides information on zoning.

Also attached to the roll call is a copy of the IFA Exhibit 17 that verifies the City's contribution of Tax Increment Financing money. In addition, the developer has requested \$250,000 of federal HOME monies. The award of HOME funds, which aren't contingent on IFA funds, will be considered during the City's regular funding round late this fall with a possible approval in November.

The Tax Reform Act of 1986 created the Low Income Housing Tax Credit (LIHTC) for project owners to invest in the development of rental housing for individuals and families with fixed or limited incomes. The tax credit, rather than a direct federal subsidy, provides a dollar for dollar reduction (or credit) to offset an owner's federal tax liability on ordinary income.

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