

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-635

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

AGENDA:

DECEMBER 17, 2001

SYNOPSIS -

To support a low-income housing tax credit application from Woodland Avenue Partners, LP (Jack Hatch, developer) for new construction of 16 units of family housing at 1502 Woodland Avenue.

SUBJECT:

SUPPORT OF LOW-
INCOME HOUSING
TAX CREDIT
APPLICATION FOR
16 UNITS OF
FAMILY HOUSING
AT 1502
WOODLAND
AVENUE

FISCAL IMPACT -

The City has committed \$200,000 of HOME dollars and \$183,757 of Tax Increment Financing (TIF) dollars to this project.

RECOMMENDATION -

Approval of support for new construction of low-income housing tax credit project at 1502 Woodland Avenue.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

BACKGROUND -

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.

SUBMITTED BY:

JIM GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

Iowa Finance Authority (IFA) is the tax credit-allocating agency in Iowa. IFA holds an application per 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. For the 2002 round, IFA has determined that up to 144 units can be used in the Des Moines Metropolitan Statistical Area (Warren, Polk, and Dallas Counties).

Jack Hatch, on behalf of Woodland Avenue Partners, LP, will submit an application to IFA for the construction of 16 units of affordable housing at 1502 Woodland Avenue. The units will be a part of the Woodland Avenue Brickstones. Mr. Hatch has asked for a letter of support for the project, as well as proof of zoning and evidence of the City's financial contributions to the development.

The Brickstone apartments will consist of three attached buildings that will have 54 units and two commercial spaces of approximately 5,800 square feet. Of the 54 units, 16 will be reserved for those under 50 percent of median income under the LIHTC and HOME dollar requirements.

The project is located within the Sherman Hill Historic District. The Historic District Commission, Plan and Zoning Commission, and City Council have previously reviewed the property for design and rezoning. The Urban Renewal Board and City Council have approved \$183,757 of TIF monies to be contributed to the project.

The proposal is in conformance with the City's 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. Census Tract 27 was a low- to moderate-income census tract in the 1990 census. Mr. Hatch's proposal builds mixed-income housing and will actually have more market rate housing than assisted.

The Affordable Housing Policy included in the Housing Plan directs the review of design, management services, and appropriate amenities. The development is compatible in design with the surrounding neighborhood. The City's Historic District Commission and the State Historic Preservation Office have approved the design.

The project is adjacent to the downtown. It sits directly to the south of Hoyt Sherman Place with a large amount of green space. The project is a compact residential and commercial space that is sympathetic to the historic requirements of Sherman Hill. Instead of incorporating clubhouses or computer rooms into the facility, the developer hopes to draw tenants to neighborhood activities.

Staff has also reviewed the property for zoning and eligibility for tax abatement. This property is zoned Neighborhood Pedestrian Commercial. Attached to the roll call is a copy of IFA Exhibit 5h that provides information on zoning. The property is eligible for ten-year tax abatement. Also attached to the roll call is a copy of the IFA Exhibit 4d that verifies tax abatement, TIF monies, and other contributions to the project.
