

## Meeting Agendas/Info

CITY COUNCIL  
COMMUNICATION:

ITEM \_\_\_\_\_

01-638

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

**AGENDA:**

DECEMBER 17, 2001

**SYNOPSIS -**

Withhold local support for a low-income housing tax-credit application from Hawthorne Hill Community Partners, developer Bernie Van Til, for rehabilitation of 46 low-income housing units at 921 Pleasant Street, commonly known as Hawthorne Hill.

**SUBJECT:**

WITHHOLDING  
SUPPORT OF LOW-  
INCOME TAX  
CREDIT  
APPLICATION FOR  
46 UNITS OF  
FAMILY HOUSING  
AT 921 PLEASANT  
STREET

**FISCAL IMPACT -**

The support or no support of the low-income housing tax credit application should have no direct financial impact. The City's financial support is limited to ten-year tax abatement.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION -**

**Withhold local support for 46 units of low-income housing tax credit project located at 921 Pleasant Street submitted by Hawthorne Hill Community Partners.**

**SUBMITTED BY:**

JAMES M. GRANT  
COMMUNITY  
DEVELOPMENT  
DIRECTOR

**BACKGROUND -**

The Tax Reform Act of 1986 created the for 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.

Iowa Finance Authority (IFA) is the tax credit-allocating agency in Iowa. IFA holds one application round 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 governmental 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).

Developer Bernie Van Til will submit an application to IFA for the rehabilitation of 46 units of affordable housing at 921 Pleasant Street, commonly known as Hawthorne Hill. Mr. Van Til has asked for a letter of support for the project, as well as proof of zoning and evidence that the development is eligible for ten-year tax abatement. The project will be known as Mission Hills.

Mission Hills Community Partners, LP (dba Hawthorne Hills Community Partners) currently owns the Hawthorn Hill site. Hawthorne Hill Community Partners is a nonprofit organization. Bernie Van Til is the developer of the site.

Under IFA's definitions, the building will be marketed to family housing. However, 10 percent of the building (or five units) will be marketed to special needs individuals.

The proposed project is in conformance with the City's Year 2000 Housing Plan as it applies to renovation. The City's affordable housing policy included in the plan refers to new construction of assisted housing rather than renovation, so it was not held to the same standard. The City's Year 2000 Plan states that assisted housing should guarantee a variety of housing opportunities in all areas of the city and not be concentrated in a few areas of the city. The proposal to rehabilitate 46 units of affordable housing in the Hawthorne Hill building continues to concentrate affordable housing in the downtown. The downtown is considered a low- and moderate-income census tract according to HUD (U.S. Department of Housing and Urban Development). Hawthorne Hill is located within a few blocks of the Oakridge Neighborhood that contains 300 units of very low-income housing.

The Housing Plan also directs the review of design, management services, and appropriate amenities. Hawthorn Hill is a local landmark and as such all improvements will need to be reviewed by the City's Historic District Commission for conformance with the historic and architectural character of the building.

The building is not a part of a recognized neighborhood so there was no neighborhood review of the project.

The building will be managed by National Management Corporation and will have an on-site manager to oversee maintenance and renting apartments. National Management Corporation was formed in 1988 to

manage federally funded, commercial, and tax credit properties. It currently manages 137 sites and 3,490 units. It currently has approximately 170 employees that include the site and office personnel.

The building is near several open space areas and other amenities in the downtown. In addition, the building will have a community center which will include a library, TV room, and meeting rooms. The developer is exploring how to provide extra storage for the tenants as the building plans are being developed.

The property is eligible for ten-year tax abatement. Attached to the roll call is a copy of the IFA Exhibit 4d that verifies tax abatement as a City contribution to the project.

Staff has also reviewed the property for zoning. This property is zoned C-2. Under the current zoning, the building will need 69 parking spaces. Mr. Van Til has stated that at least 60 parking spaces can be provided on site; however, he will need to ask the Board of Adjustment for an exception for the additional spaces unless structured parking is feasible. Also attached to the roll call is a copy of IFA Exhibit 5h that provides information on zoning.

It is recommended that Council not support this project to the IFA. Staff has not reviewed the site for parking and is not sure that even 60 spaces will fit on the site. Staff is also not sure what the recommendation to the Board of Adjustment would be concerning the parking variance or exception. A recommendation for the project implies that the staff has reviewed and addressed all the land use issues at this site and would be in favor of the project.

Mr. Van Til applied for the LIHTC for this project in the last IFA round. Council did not support the project, and Mr. Van Til did not receive the allocation.

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