

## Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
01-640	<b>OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA</b>
<b>AGENDA:</b>	<b>SYNOPSIS -</b>
DECEMBER 17, 2001	To withhold local support of a low-income housing tax credit application from Prime Agency, LLC for new construction of 47 units of family housing at 4110 East 42nd Street. The developer of the project is Jeff Voorhees, National Consulting Alliance, Inc.
<b>SUBJECT:</b>	
WITHHOLDING SUPPORT OF LOW- INCOME HOUSING TAX CREDIT APPLICATION FOR 47 UNITS OF FAMILY HOUSING AT 4110 EAST 42ND STREET	<b>FISCAL IMPACT -</b>  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 tax abatement.  <b>RECOMMENDATION -</b>  <b>Withhold local support for new construction of low-income housing tax credit project at 4110 East 42nd Street.</b>
<b>TYPE:</b>	
<b><u>RESOLUTION</u></b> ORDINANCE RECEIVE/FILE	<b>BACKGROUND -</b>  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.
<b>SUBMITTED BY:</b>  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).

Prime Agency, LLC will submit an application to IFA for the construction of 47 units of affordable housing at 4110 East 42nd Street. They have asked for a letter of support for the project, as well as proof of zoning and evidence that the development is eligible for five-year tax abatement. The owner of the proposed development is Prime Agency, LLC, owned by John Grosenheider and Barbara Kaarlie from Lemars, Iowa. The consultant on the project is Jeff Voorhees, of National Consulting Alliance.

Prime Agency, with National Consulting Alliance, has developed several projects outside of Des Moines. In the last two years, Prime Agency and National Consulting Alliance have developed and built a project in Onawa that is built and fully rented. They have just opened a project in Spencer that is built and 50 percent occupied, and lastly a project in Sioux City is in the development process.

National Consulting Alliance was the developer for the Dream Catchers project in Des Moines, that was submitted to the IFA Board in May and received tax credits. It is currently in the development stage. Prior to forming National Consulting Alliance, Mr. Voorhees had developed over 100 units of low -income housing.

The project will actually house 50 units, 47 will be reserved for low-income persons. Of the 47 units that are assisted, 15 units will be reserved for families below 40 percent of the median family income. An additional 22 units will be reserved for families below 50 percent of median family income. Three units will have no rent or income restrictions and will complete the 50 units on the site.

The project will be adjacent to another proposed housing project that is being submitted for LIHTC that is proposed to have 26 low-income housing units. The 26-unit project is also on the December 17, 2001 City Council agenda. The adjacent projects will both be managed by the same company and designed by the same architect. They are separate projects, however, and will be owned by separate companies.

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. This proposal satisfies that requirement. Census tract 1.01 is not a low- to moderate-income census tract under recent U.S. Department of Housing and Urban Development (HUD) data so that affordable housing is being dispersed throughout the city.

The project is not located within a recognized neighborhood association so no neighborhood meeting was required.

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 two- and three-bedroom units will be grouped in two- and three-story buildings. The four-bedroom units will be two-story townhouse units grouped in two four-plexes and one duplex. It is proposed that these units will be designed by the architectural firm of Wells, Woodburn, O'Neil.

National Consulting Alliance will manage the property. National Consulting Alliance's home office is located in West Des Moines, Iowa, and they currently manage over 150 affordable housing projects across the state of Iowa. Projects in the greater Des Moines area include Corinthian Gardens at 1011 University, Logan Park at 1731 East Cleveland, Jacobs Place Apartments at 2400 - 30th Street, Kenwood Apartments at 5345 SE 5th, Rosewood Apartments at 221 SE McKinley, and Woodland Heights at 630 and 636 - 22nd Street. A full-time manager will be on-site.

The project will provide supportive services for those residents classified as "large families," which is defined as those tenants of three- and four-bedroom units. These services will include referrals for childcare, parenting classes, government services and agencies, credit counseling, and integration with other local community organizations. The project will provide a part-time service coordinator to oversee these efforts.

In addition, the project will have a computer learning center to assist both children and adults to improve their computer skills and other computer related job skills.

Amenities for the project include a clubhouse of 3,000 square feet, meeting rooms, laundry facilities, playgrounds for both toddlers and larger children, and a basketball court.

Staff has also reviewed the property for zoning and eligibility for tax abatement. This property is zoned Planned Unit Development (PUD). Attached to the roll call is a copy of IFA Exhibit 5h that provides information on zoning. The property is eligible for five-year tax abatement. Also attached to the roll call is a copy of the IFA Exhibit 4d that verifies tax abatement as a City contribution to the project.

It is recommended that Council not support this project to the IFA.

The PUD zoning is for development of a condominium proposal. An amendment to the concept plan would be required prior to approval of the apartment project. Staff does not know at this time what its recommendation for apartments at this site would be. 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 concept plan amendment.

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