

**CITY COUNCIL
COMMUNICATION:**

02-592

AGENDA:

NOVEMBER 18, 2002

SUBJECT:

BETHPHAGE – LOW-
INCOME HOUSING
TAX CREDIT
APPLICATION FOR
EIGHT UNITS OF
SCATTERED SITE
FAMILY HOUSING

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JIM GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

ITEM 71-B

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

SYNOPSIS —

To support a Low-Income Housing Tax Credit (LIHTC) application from Bethphage (303 Locust Street, Suite 300, Des Moines, Iowa, 50309-1762), a nonprofit housing provider, for new construction of eight units of scattered site housing for persons with developmental disabilities.

FISCAL IMPACT —

The City's financial support includes Home Ownership Made Easy (HOME) dollars from the Neighborhood Conservation Services Division of \$109,000 and tax abatement for five years.

RECOMMENDATION —

Approval of support for new construction of eight units of a scattered site LIHTC project to be built by Bethphage and located at:

2001 SW 9TH	DUPLEX
6900 SW 9TH	DUPLEX
4150 Maple	FOUR-PLEX

BACKGROUND —

Proposed Project

Bethphage is a nonprofit organization that has worked to provide services to individuals with developmental disabilities for almost 90 years. The organization provides support to 1,800 individuals in 12 states. In Iowa, Bethphage operates programs in Des Moines and Osceola. Bethphage began services in Des Moines in 1983, starting with three homes that housed 24 individuals with developmental disabilities. Bethphage continues to work with Polk County on providing services and currently owns four properties in Des Moines.

Bethphage is submitting a LIHTC application to the Iowa Finance Authority (IFA) that involves eight units in Des Moines and eight in Osceola. The units proposed in Des Moines are new construction of a four-plex at 4150 Maple, a duplex at 6900 SW 9th, and a duplex at 2100 SW 9th.

Bethphage will partner with a for profit corporation to take advantage of the tax credits offered through the LIHTC Project. Bethphage itself will provide services to the clients and maintain the units. The properties will all pay

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property taxes after the abatement period is complete.

Bethphage provided information to staff documenting its experience in providing housing to individuals with disabilities. Bethphage recently added a housing component to its organizational structure. This department is responsible for the development and management of all housing projects. Bethphage's staff assist individuals served in finding housing, budgeting to meet rent obligations, homeownership, applying for Section 8 and other housing assistance.

Bethphage also requires accreditation of each eligible program by the Council on Quality and Leadership in Supports for People with Disabilities or the Rehabilitation Accreditation Commission, both nationally recognized accreditation agencies.

Under the housing components of the agency, Bethphage has a compliance division to oversee the various affordable housing projects. Bethphage has worked with the U.S. Department of Housing and Urban Development (HUD) and the various funding entities to maintain this housing in a manner that is aesthetically pleasing as well as safe, clean, and comfortable. Bethphage has received a compliance rate of 98a and 97a on their recent compliance reports from HUD for their properties in Nebraska. Their tax credit project was cited for two minor compliance findings—a missing doorstep and a missing aerator on a sink.

Bethphage has policies and procedures to ensure the compliance of these projects. These include a maintenance reserve of \$675 annually and a \$250 replacement reserve annually.

Review Under City's Policy

The Affordable Housing Policy included in the Des Moines 2000 Housing Plan directs the review of design, management services, and appropriate amenities on LIHTC projects prior to supporting a project. The plan also directs that assisted housing should guarantee a variety of housing opportunities in all areas of the city and not concentrate in a few areas. Lastly, if located within a recognized neighborhood, the policy directs the developer to meet with the neighborhood association.

The proposal to build eight units of low-income scattered site housing is in conformance with the City's 2000 Housing Plan under the following review.

- Staff has not yet reviewed the design of the units. Bethphage has hired an architect and has committed to working with staff on the design and site plan.
- The project will be managed by Bethphage that has a long record of providing services to developmentally disabled. The four properties in Des Moines currently owned by Bethphage are well run and have no findings with the Neighborhood Inspection Division.
- Staff has not yet reviewed the physical amenities of the site.

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- The units are proposed to be built in Census Tracts 42, 47, and 53. The duplex to be built in Census Tract 42 (2001 SW 9th) is within a low- to moderate-income census tract under 1990 HUD data. The four-plex to be built in Census Trace 53 (4150 Maple) is also within a low-income census tract under 1990 HUD Data. The duplex to be built in Census Tract 47 (6900 SW 9th) is located within a block group that is low- to moderate-income but the majority of the census tract is not low-income. Staff believes that the scattered site approach does spread the housing throughout the community and will not concentrate units in any one neighborhood.
- The duplex at 2001 SW 9th Street is located within the Indianola Hills Neighborhood. Representatives of Bethphage met with the neighborhood on Tuesday evening, November 12, and no concerns were expressed. The site at 4150 Maple is located within the Valley High Manor Neighborhood. Bethphage just secured the site and has not had time to meet with the neighborhood organization, but will do so in the future.

Additional Reviews

Staff has also reviewed each of the properties for zoning and eligibility for tax abatement and will be preparing IFA Exhibit 5h.

Each of the sites is eligible for five-year tax abatement. A copy of IFA Exhibit 4d that verifies tax abatement as a City contribution to the project of \$40,000 for five years is attached to the roll call.

The City will also commit \$109,000 of HOME funds or \$13,625 per unit. Bethphage is working closely with the Iowa Equity Fund on developing the pro forma. Staff has reserved this money for the Bethphage Project but needs to review the pro formas before committing the funds. Language will be inserted into the IFA letter that states the commitment of funds is conditional upon a gap analysis as required in the Neighborhood Conservation Services Administrative Handbook.

