

**CITY COUNCIL
COMMUNICATION:**

02-594

AGENDA:

NOVEMBER 18, 2002

SUBJECT:

DM/HAWTHORNE
GROVE, LLP –
LOW INCOME
HOUSING TAX
CREDIT
APPLICATION FOR
50 UNITS OF
HOUSING FOR
ELDERLY

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JIM GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

ITEM 72

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

SYNOPSIS —

Withhold support for a low-income housing tax credit application from DM/Hawthorn Grove, LLLP, for new construction of 50 units of elderly housing for large families at 4287 Hubbell Avenue. The consultant for the project is Jeffrey Voorhees, National Consulting Alliance.

FISCAL IMPACT —

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

RECOMMENDATION —

Deny support for new construction of a 50 unit low income housing tax credit project for elderly at 4287 Hubbell Avenue.

BACKGROUND —

Proposed Project

This project is an application to Iowa Finance Authority (IFA) for the construction of 50 units of affordable housing for elderly families to be built at 4287 Hubbell Avenue. The project will be named the Hawthorne Grove Apartments.

The property is currently outside the Des Moines city limits, but the City Council voted by Roll Call Numbers 02-2551 and 02-2552 to annex this land as a part of a voluntary annexation at its October 21st City Council meeting. It will be a part of the voluntary annexation to be considered on November 14 by the City Development Board. If the City Development Board approves the annexation it can be recorded within two weeks of their action.

The owner of the property is DM/Hawthorn Grove, LLLP, an Iowa Limited Liability Limited Partnership. V.S. Investment L.C. (Daniel Venter, President, and Kevin Venter, Vice President, 6500 Beaver Drive, Johnston, Iowa), an affiliate of Venter Spooner Inc., will serve as the sole general partner. Both Daniel Venter and Kevin Venter submitted their resume to staff that included a great deal of construction experience. DM/Hawthorn Grove, LLLP, has asked the city 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.

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The project will contain 36 one-bedroom units, 4 two-bedroom units, 5 three-bedroom units and 5 four-bedroom units. The one and two bedroom units will be in one two-story elevator building. The three and four bedroom units will be in separate cottages with no more than four units per building.

The project will be primarily marketed toward persons age 55 or older, but the three and four bedroom units will be designed and targeted for families where one or more members of the family has some type of physical disability. These 10 large units will be marketed to this special needs group, but if demand should prove insufficient, the units could be rented to older persons or families without disabilities. In keeping with the policies established, the developer specifically does not want to develop a project specifically for only handicapped persons. Instead, they want to develop a community that provides a diversity of family types.

The Project will provide supportive services for those residents classified as "older persons" which is defined as projects where 80% or more of the units are occupied by persons 55 years of age and older. These services for older persons will include housekeeping, linen services, and one hot meal per day on an ala cart basis. The project will provide a part time service coordinator to oversee these efforts.

National Management Corporation (Roger Langpaul, President and CEO) will manage the project, in addition to its ownership through a subsidiary company. This is a Clive based company that has been involved in the affordable housing industry for over 15 years. They currently operate over 150 affordable housing projects in the State of Iowa plus have management experience in a variety of market rate and assisted housing developments. The Company previously submitted resumes and a profile of their company.

The Hawthorn Grove Apartments will have 50 units of housing, 8 one-bedroom units will be reserved for those below 40% Area Median Gross Income (AMGI). The other 42 units will be reserved for persons and families below 50% AMGI. The project will have a 50-year commitment to affordable housing.

Hawthorn Grove Apartments has budgeted approximately \$29,000 per year for maintenance or \$583 per unit. The Hawthorn Grove project has budgeted \$10,000 per year for replacement reserves or \$200 per unit. This amount is budgeted to increase 3.5% 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 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 50 units of low-income elderly housing is in conformance with the City's 2000 Housing Plan under the following review:

- The units are designed by Architects Wells Kastner and Shipper (AWKS) and National Consulting Alliance. The project is designed to meet the needs of the site. This project will use brick and/or stone on not less that 60% of the gross exterior walls.
- The property will be managed by National Management Corporation. National Management Corporation's home office is located in Clive, Iowa. 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 E. Cleveland, Kenwood Apartments at 5345 SE 5th, Rosewood Apartments, 221 SE McKinley, and Woodland Heights, 630 and 636 22nd Street. A full time manager will be on site for the project.
- The project will provide supportive services for those residents classified as older persons including such providers as Aging Resources of Central Iowa, Consumer Credit Counseling and Des Moines Pastoral Counseling Center.
- 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.
- The property is located within Census Tract 106 in the County. Staff does not have information as to whether this is a low and moderate income census tract.

Additional Reviews

Staff has also reviewed the property for zoning and eligibility for tax abatement. The property and its proposed use has not been reviewed by the Plan and Zoning Commission. The City's 2020 Community Character Plan shows the area as low-density residential. If annexed it will come into the city zoned as Agricultural land.

IFA Exhibit 5h that provides information on zoning will be completed after the action of the City Development Board on November 14 and submitted to Council prior to the November 18 meeting.

The property is eligible for five-year tax abatement if it is annexed. Attached to the roll call is a copy of the IFA Exhibit 4d that verifies tax abatement as a city contribution to the project. The developer estimates that the tax abatement will equal approximately \$292,000 over five years. Tax Abatement will be extended for residential development if the annexation is approved.

Recommendation

	<p>There are six different applications totaling 222 units in this round for LIHTC projects. Des Moines Municipal Statistical Area (Polk, Warren, and Dallas counties) is only allocated 144 units of housing under Iowa Finance Authority's Plan. Because of the outstanding land use and zoning issues on this property, and uncertainty about the actions of the City Development Board, staff would recommend that the Council show preference to the other projects and not support the 50 units of housing at 4287 Hubbell Ave.</p>
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