



Agenda Item:

35 B-H

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 11/08/04

Communication

No.: 04-572

Agenda Item Type: Resolution of support for four (4) projects

Roll Call

No.:

Resolution of denying support for three (3) projects

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Recommendations regarding Low-income Housing Tax Credit applications for seven (7) housing projects within the City of Des Moines

SYNOPSIS—

Council to support or deny support for seven (7) low-income housing tax credit applications to be submitted to the Iowa Finance Authority (IFA). The Council resolution is needed for a complete application to the IFA. A Council resolution of support gives the project an additional 10 points.

FISCAL IMPACT—

The City's financial support includes preliminary approval of assistance for the following three projects:

4th and Court Apartments - 312 Court Avenue (Included on the November 8th Council agenda concerning 4th and Court)

\$239,984 HOME

\$983,333 TIF

\$976,047 On-going TIF funds

\$615,000 Contribution of land

Crane Building – 1440 Walnut –

\$500,000 Community Development Block Grant Funds
Anawim Housing – Vicinity of 13th and Forest Avenue (Included on the November 8th Council agenda concerning allocation of federal CDBG and HOME funds)

\$160,000 of Community Development Block Grant Funds for renovation of 9 City of Des Moines, Department of Housing owned units

All projects will receive either five- or ten-year tax abatement based on their location within the city.

RECOMMENDATION—

APPROVAL OF SUPPORT FOR THE FOLLOWING PROJECTS:

- 4th and Court Apartments, 312 Court Avenue
- Crane Building, 1440 Walnut Avenue
- Deer Ridge IV Apartments, 6009 Creston Avenue, Bldgs C & D
- Parkside East IV Apartments 3560 East Douglas Ave., Bldg E

DENY SUPPORT FOR THE FOLLOWING PROJECTS

- Anawim Housing, Vicinity of 13th and Forest Avenue
- Cherry Lane, 4500 block of Hubbell Avenue
- Hawkeye Transfer Lofts, 340 SW 5th Street

BACKGROUND—

Proposed Projects

All those submitting applications are developers of affordable housing either locally or throughout the Midwest. Each project appears to be feasible. Because the Iowa Finance Authority may set a cap of 144 units for family housing in Polk County, however, staff recommendation includes support for only those projects that best meet City Council goals. The Iowa Finance Authority did invoke a cap of 144 units last year.

Conformance with existing Housing Policy

Each application contained adequate information to illustrate that the development teams are capable of developing new or renovating historic structures into affordable housing. Each management company at least minimally appears to be able to manage Low Income Housing Tax Credit Projects; however, some developers have a much stronger record in the local affordable housing market.

All developers, with the exception of Anawim Housing, submitted sketches, design specifications and site plans of the proposed buildings that appeared to be compatible with surrounding neighborhoods. The increase in IFA design guidelines has assured that the developments include brick and well-constructed doors, windows, and roofs. Each development pro forma contained adequate project reserves and maintenance information.

4th and Court Apartments– 312 Court Avenue

Developer – Court Avenue Partners II, LP. Partnership between BH Equities and Hubbell Realty Company. Harry Bookey, Des Moines, and James Hubbell III, Des Moines.

Project – New Construction of Mixed-Income Housing

Number of Units – 52 Total Units, 26 Affordable Units

Area Median Gross Income (AMGI) – 10 at 60% AMGI, 16 at 50% AMGI

Commitment to Affordability – 50 years

Management Company – BH Management Services, Inc. Des Moines Firm, Harry Bookey, President

Neighborhood Support – Letter of support from Downtown Neighborhood

Funding Support – City will preliminarily commit \$239,984 of HOME funds. Developer will request \$800,000 of State Funds. City has additional TIF dollars and land preliminarily committed.

Special IFA Category – None

Recommendation – Support

The project initiates a new building for a mixed-income housing development in the downtown. This is an important site in the downtown and the five-story building will complement the historic architecture along Court Avenue. The City Council has also committed to additional funding for the site.

Crane Building - 1440 Walnut

Developer – MDI Limited Partnership #86, Metro Plains Inc., St. Paul, Minnesota, Gary Stenson, President

Project – Renovation of historic building to mixed-income housing

Number of Units – 31 Total Units, 16 Affordable Units

Area Median Gross Income (AMGI) – 3 at 60% AMGI, 13 at 50% AMGI,

Commitment to Affordability – 50 years

Management Company – Garsten/Perennial, St. Paul, Minnesota Firm

Neighborhood Support – Letter of support from Downtown Neighborhood

Funding Support – Preliminary support of \$500,000 of CDBG funds

Special IFA Category – National Register of Historic Places Building

Recommendation – Support

The project rehabilitates a building listed on the National Register of Historic Places into a mixed-income housing development in the downtown. The developer has changed the project to promote the City's criterion of mixed-income housing in the downtown. Renovation of this building will anchor development in this part of the downtown.

Parkside East IV Apartments – 3560 East Douglas Ave. Building E

Developer – Parkside East IV Limited Partnership, James C. Conlin, President Conlin Properties, Inc., Des Moines

Project – New Construction of Affordable Housing

Number of Units – 30 Affordable Units

Area Median Gross Income (AMGI) – 24 at 60% AMGI, 6 at 40% AMGI

Commitment to Affordability – 50 years

Management Company – Conlin Properties, Inc. James C. Conlin, President, Des Moines

Neighborhood Support – No Neighborhood Association in area
Funding Support – No request for City funds
Special IFA Category – None

Recommendation – Support

This is the final phase of a development at this site by Conlin Development. It is an infill site that was consistently overlooked by other developers. Mr. Conlin's development and management of LIHTC projects has consistently been among the best in Des Moines. Its location near the renovated Brubaker elementary school makes it an excellent location for family housing.

Deer Ridge IV Apartments – 6009 SW Creston Avenue

Developer –Deer Ridge IV Limited Partnership, James C. Conlin, President Conlin Properties, Des Moines

Project – New Construction of Affordable Housing

Number of Units – 60 Affordable Units

Area Median Gross Income (AMGI) – 48 at 60% AMGI, 12 at 40% AMGI

Commitment to Affordability – 50 years

Management Company – Conlin Properties, Inc. James C. Conlin, President, Des Moines

Neighborhood Support – No Neighborhood Association in area

Funding Support – No request for City funds

Special IFA Category – None

Recommendation – Support

This is the final phase of a development at this site by Conlin Development. It is an infill site that was consistently overlooked by other developers. Mr. Conlin's development and management of LIHTC projects has consistently been among the best in Des Moines.

13th and Forest Development – SW corner of 13th and Forest, and scattered site in King-Irving

Developer – Anawim Housing, Sister Stella Neil Executive Director, Des Moines

Project – New Construction of seven (7) affordable housing units and acquisition of nine (9)

Public Housing Units in King-Irving Neighborhood for renovation and rental to low-income families.

Number of Units –16 Affordable Units

Area Median Gross Income (AMGI) –16 units at 50% AMGI

Commitment to Affordability – 50 years

Management Company – Anawim Housing, Des Moines Firm

Neighborhood Support – Neighborhood did not take action at meeting on November 1, 2004

Funding Support – Developer may request State HOME Funds; Council may commit allocation of CDBG funds to Anawim Housing for the project at its November 8, 2004 meeting.

Special IFA Category – Nonprofit Developer

Recommendation – Deny Support

Anawim has not been able to provide adequate information concerning the design, specifications and locations of all their new housing units. The King-Irving Neighborhood organization was unable to take an action to support or deny the application because of questions concerning the location and design of the development. For this reason, Anawim has an incomplete application

submitted to the City. Anawim may have additional information to submit at the Council meeting.

The proposed new development is not in conformance with the City's Affordable Housing Policy for low-density areas. Five units of the new construction are to be located within a C-1 zoning classification that is adjacent to an R1-60 designation. The policy recommends that assisted housing be limited to 20% of a block face. Because of previous low-income housing tax credit development along 13th Street and 13th Street Place, the proposed new construction of assisted housing will exceed 20% of the block face. Council could vary from that policy if Anawim submitted additional information on management and design.

Lastly, Anawim has not been able to present to Community Development staff that it has a commitment from the City's Department of Housing to purchase 9 units of single family housing for renovation and rent. That information may be available by the City Council meeting on November 8th but is not available for the submittal of this Council Communication.

Cherry Lane – 5 acres, 4500 block of Hubbell Avenue

Developer – Cherry Lane Company, LLLP, Jon A. Coons, Broker, Aequitas Real Estate Group, Johnston, IA

Project – New Construction of Affordable Housing

Units – 52 Affordable Units

Area Median Gross Income (AMGI) – 32 at 60% AMGI, 11 at 40% AMGI

Commitment to Affordability – 50 years

Management Company – National Management Corporation, Roger Langpaul President, Clive, Iowa

Neighborhood Support – No Neighborhood Association in area

Funding Support – No request for City funds

Special IFA Category – None

Recommendation - Deny Support

IFA may impose a 144-unit cap for Polk County. If the Council were to support the project, the total number of units supported will exceed the cap. The Council needs to limit its support if it wants to have an impact on the projects funded in Des Moines.

The construction of the project will provide affordable housing but does not support any the additional goals that have been adopted by City Council as criteria. This is in a newly annexed part of the City.

Hawkeye Transfer Building – 340 SW 5th

Developer – Des Moines Housing Partners, L.P., Garrison Development, Prairie Village, Kansas, Garrison Hassenflu, President

Project – Renovation of historic building to affordable housing

Units – 52 Affordable Units

Area Median Gross Income (AMGI) – 41 at 60% AMGI, 11 at 40% AMGI,

Commitment to Affordability – 50 years

Management Company – Garsten/Perennial, St. Paul, Minnesota Firm

Neighborhood Support – Letter of support from Downtown Neighborhood

Funding Support – No City funding support

Special IFA Category – National Register of Historic Places Building

Recommendation: Deny support

This is a good project, but support for the project will exceed the 144-unit cap that may be imposed by IFA. The project does not incorporate mixed-income housing, as does the Crane Building development. The City has committed no funds other than tax abatement to this project.