



Council Communication

Office of the City Manager

Date

November 6, 2006

Agenda Item No. 50B-M

Roll Call No. 06-

Communication No. 06-703

Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Resolutions regarding Low-Income Housing Tax Credit (LIHTC) applications for twelve (12) housing projects within the City of Des Moines. Resolution of Support for ten (10) applications. Resolution Denying Support for two (2) applications.

SYNOPSIS:

Council to approve or deny support for twelve (12) 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 IFA. A Council resolution of support gives the project an additional 10 points.

FISCAL IMPACT:

Amount: \$1,500,000 of Tax Increment Financing Funds for the Metro Lofts project and \$450,000 of HOME funds to be used for the following:

- \$250,000 for the Community Housing Initiatives project
- \$80,000 for the Preservation Rose project
- \$120,000 for the Highland Park Special Needs and Senior Housing Program project

Funding Source: Various funding sources as follows:

- \$1,500,000 - FY06-07 Operating Budget, page 98, Economic Development Improvements Account -- CMO100000, CP065, URR092
- \$450,000 - FY06-07 Operating Budget, page 356 City HOME Loan, funded through Home Investment Partnership (HOME) funds—Investor Owner, SP036, CDD4990,0 HOME 2006002

ADDITIONAL INFORMATION:

Number of Units/Projects Submitted

For 2007, there are twelve LIHTC projects submitted to the City of Des Moines that have requested support for their applications to be submitted to the Iowa Finance Authority (IFA).

Staff recommendation is to support ten (10) projects that total 443 units, 262 of which count toward the IFA cap. Although this is over the 144-unit allocation cap, each of the recommended projects support City Council goals. In addition, the projects are spread throughout the city in strategic points and balance renovation and new construction.

Conformance with Existing Housing Policy

All those submitting applications are developers of affordable housing either locally or throughout the Midwest. Each project appears to be feasible, however, four of the projects, Metro Lofts, Community Housing L.P., Preservation Rose, LLLP, and Highland Park Senior and Special Needs, LLP, require gap financing from State HOME and City HOME or TIF funds.

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 LIHTC projects, however, some developers and proposed management companies are new to the Des Moines market.

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

SUMMARY OF PROJECTS

South View Senior Apartments – 1720 SW 1st Street

Developer – Curly Top, L.L.C., John Mauro, President, 2611 Ingersoll Avenue, Des Moines

Project – New Construction of Senior Housing

Number of Units – 40 Total Units, 40 Affordable Units

Area Median Gross Income (AMGI) – 32 at 60% AMGI, 8 at 40% AMGI

Commitment to Affordability – 30 years

Management Company – Curly Top LLC, John Mauro, President, 2611 Ingersoll Avenue, Des Moines

Neighborhood Support – A letter of support was received from the McKinley School/Columbus Park Neighbors

Funding Support – None

IFA Set-a-side Category – None

Recommendation – Support

The project initiates a new multi-family project on a major corridor into the downtown. The infill parcel was recently created as a part of the improvement of Indianola Avenue and will encourage density in the central part of the city. Council is working with the developer on the sale of excess right-of-way in the vicinity. The site has also been reviewed for multi-family housing. The project will focus on elderly residents and will provide some services and program assistance.

Metro Lofts – 255 Vine Street

Developer – Sherman Associates Development, LLC, George Sherman, 233 Park Ave S., Minneapolis, MN

Project – New Construction of Mixed Income Housing

Number of Units – 111 Total Units, 44 Market Rate, 67 Affordable Units

Area Median Gross Income (AMGI) – 67 at 60% of AMGI

Commitment to Affordability – 50 years

Management Company – Sherman Associates Property Management

Neighborhood Support – A letter of support has been submitted from the Downtown Neighborhood Association

Funding Support – \$1.5 million of Tax Increment Funding

IFA Set-a-side Category – None

Recommendation – Support

The project initiates a new mixed income development on a key infill site in the downtown near other features including the Science Center and Vine Street lofts. The City has been working on the development of this site with Sherman Associates over the last year.

Deer Ridge V Apartments – 6000 Creston Avenue

Developer –Deer Ridge V, LP, James C. Conlin, President, Conlin Properties, 319 7th St., Suite 500 Des Moines

Project – New Construction of Affordable Family Housing

Number of Units – 72 Affordable Units

Area Median Gross Income (AMGI) – 57 at 60% AMGI, 15 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

IFA Set-a-side 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.

Willow Bend Apartments – 6116, 6700, 6800 SW 9th Street

Developer –Willow Bend, L.P., James C. Conlin, President, Conlin Properties, 319 7th St., Suite 500 Des Moines

Project – Rehabilitation of existing market rate housing

Number of Units – 60

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 – None

IFA Set-a-side Category – Preservation

Recommendation – No Support

This project does not further any of the goals adopted by the City Council for support of LIHTC projects.

Art House of Des Moines – 328 SW 5th Street (L & L Insulation Building)

Developer – Art House, L.P. J & T Development (Jay Treavor), 3551 N Jansen, Chicago IL

Project – Historic Renovation

Number of Units – 57 Total Units, 16 Market Rate Units 41 Affordable Units

Area Median Gross Income (AMGI) – 37 at 60% AMGI, 4 at 40% of AMGI

Commitment to Affordability – 40 years

Management Company – Vantage Property Management, Colorado

Neighborhood Support – A letter of support has been submitted from the Downtown Neighborhood Association

Funding Support – None

IFA Set-a-side Category – Historic Preservation

Recommendation – Support

This project will be an adaptive reuse of the L & L Insulation building and the shorter building to the north. It incorporates mixed income housing which is a goal of the City Council in downtown projects. The development will also utilize historic tax credits and will incorporate structured parking for residents.

This will be the Jay Treavor's first project in Des Moines although he has developed projects in Iowa. The developer intends the units to be "live-work" and will provide some services in cooperation with Art 316 located next door.

Stockbridge Apartments – 1815 High Street

Developer – Stockbridge LLC, Robert Mickle, Neighborhood Investment Corporation, 1600 Pleasant, Des Moines

Project – New Construction of Affordable Family Housing

Number of Units – 42 Affordable Units

Area Median Gross Income (AMGI) – 34 at 60% AMGI, 8 at 40% AMGI

Commitment to Affordability – 50 years

Management Company – Perennial Property Management Services

Neighborhood Support – A letter of support has been received from the Sherman Hill Neighborhood.

Funding Support – None

IFA Set-a-side Category – Non Profit Developer

Recommendation – Support

This project will be on a site that has been mostly vacant for over twenty years. The development will create additional housing units in an area near the downtown in the Housing Enterprise Zone. It will also complement the commercial and residential development occurring on the block bordered by Ingersoll, Martin Luther King Jr. Parkway and High Street.

The developer has asked for a commitment of \$165,000 of funding for the project. City staff is recommending against the city funding because two houses on the site are occupied and the city would be required to pay relocation benefits. In addition, from preliminary review of the pro forma, staff feels the gap could be restructured to eliminate the need for city funding.

Cherry Lane – 5 acres, 4500 block of Hubbell Avenue

Developer – Cherry Lane Company, LLP, Jon A. Coons, Broker, Aequitas Real Estate Group, 6165 NW 86th St., Johnston, IA

Project – New Construction of Affordable Housing

Units – 46 Affordable Units

Area Median Gross Income (AMGI) – 36 at 60% AMGI; 10 at 40% AMGI

Commitment to Affordability – 50 years

Management Company – Professional Property Management, Keith Danner President, Johnston, Iowa

Neighborhood Support – No Neighborhood Association in area

Funding Support – No request for City funds

IFA Set-a-side Category – None

Recommendation – No Support

This project does not further any of the goals adopted by the City Council for support of LIHTC projects.

By Roll Call 05-2687 at its November 7, 2005 meeting, this project was supported last year by the City Council because of its market for large families. The project will have ten-two bedroom units; 18-three bedroom units, and 18-four bedroom units. In addition, this year, the developer has conducted a market study which shows a strong need for large family affordable housing and will utilize high efficiency air conditioning/furnaces and other green building techniques. The developer has been involved in several projects in Des Moines including Maple Lane and 4041 Hubbell, and Hickory Grove 4010 E. 42nd Street.

The Southern Rose – 1005 Maury Street

Developer – The Southern Rose L.P., Richard Helgeson, 7519 E. Torrey Pt Circle, Mesa, AZ

Project – New Construction of Affordable Assisted Housing

Number of Units – 58

Area Median Gross Income (AMGI) – 34 at 60% AMGI; 24 at 40% AMGI

Commitment to Affordability – 50 years

Management Company – ECUMEN (largest non-profit provider of older-adult services in MN)

Neighborhood Support – No Neighborhood but the developer submitted a petition signed by nearby residents supporting the project

Funding Support – None

IFA Set-a-side Category – Affordable Assisted Housing

Recommendation – Support

This development will be located on Hawthorne Park, recently sold to the developer by the City of Des Moines. It is an infill site, which will be well used as housing. As an affordable assisted housing project, it does not count toward the IFA cap of 144 units for Polk County. The developer was a principal in the ROSE of Des Moines at MLK Parkway and Forest Avenue.

The Rose of East Des Moines - 1331 Idaho

Developer – Rose of East Des Moines Gregory McClenahan, EverGreen Real Estate Development Corp., 5212 Hope St., Prior Lake, MN

Project – New Construction of Affordable Assisted Housing

Number of Units – 64

Area Median Gross Income (AMGI) – 64 at 50% of AMGI

Commitment to Affordability – 50 years

Management Company – EverGreen Real Estate Development Corp. (same address as developer)

Neighborhood Support – Letter of support from Martin Luther King Neighborhood Association

Funding Support – None

IFA Set-a-side Category – Affordable Assisted Housing

Recommendation – Support

This development is built on vacant ground in the central part of the City on land that was used for parking by the Des Moines Public School System. The project has strong support from the neighborhood association. As an affordable assisted housing project, it does not count toward the IFA cap of 144 units for Polk County. The developer was a principal in the Rose of Des Moines at MLK Parkway and Forest Avenue.

Community Housing Initiatives – Scattered Site Duplex Renovation

Developer – Community Housing L.P., Community Housing Initiatives, Doug LaBounty, PO Box 473, Spencer, IA

Project – Purchase of duplex units from Des Moines Municipal Housing Agency and renovate

Number of Units – 44

Area Median Gross Income (AMGI) – 28 at 60% of AMGI, 8 at 50% of AMGI, 8 at 40% of AMGI

Commitment to Affordability – 50 years

Management Company – Community Housing Initiatives, Establishing a Des Moines office

Neighborhood Support – Some of the properties are not located in a recognized neighborhood, however, some units are located in the Greater Southside Neighborhood, McKinley Columbus Park Neighborhood, and Gray's Wood. The developer has not yet met with any of the neighborhood organizations.

Funding Support – \$250,000 HOME funds

IFA Set-a-side Category – Preservation of low income units, Non profit developer

Recommendation – Support

At its October 23, 2006 meeting by Roll Call 06-2053, the Des Moines Municipal Housing Agency Governing Board approved an action to begin negotiation with Community Homes. L.P: for the Disposition of 44 units. Community Housing L.P. is a part of Community Housing Initiatives (CHI), a non profit housing provider that has been active in the western part of the state. CHI has recently opened an office in Des Moines and hired staff to manage and maintain 34 units of housing purchased from the DMMHA. CHI has a successful history of renovating and managing affordable housing.

As preservation of existing low income housing, this project does not count toward the IFA Cap.

Preservation Rose – Scattered Site Single Family Renovation (For sale after 15 yrs. to homeowner.)

Developer – Preservation Rose, LLLP, John Lewis Community Services, Kate Ridge, Director, PO Box 3245 Davenport, Iowa

Project – Purchase of single family units from Des Moines Municipal Housing Agency and renovate.

The units will be used for rental for 15 years but will then be sold for homeownership.

Number of Units – 14

Area Median Gross Income (AMGI) – 14 @ 60% of AMGI

Commitment to Affordability – 15 years

Management Company – National Management Corporation, Clive, IA

Neighborhood Support – The units are scattered among five neighborhoods. Representatives of John Lewis spoke with or attended a meeting in the Drake Neighborhood, King Irving neighborhood, Mondamin Presidential Neighborhood, and River Bend Neighborhood. Cheatom Park did not return John Lewis' calls. The Drake Neighborhood Board voted to support the project. The King Irving Neighborhood voted to support the project. The Mondamin Neighborhood will not meet to support or not support the project until 11/16. Two members of John Lewis attended a River Bend meeting but the Board did not take action.

Funding Support – \$80,000 of HOME funds

IFA Set-a-side Category – Preservation of low income units, Non profit developer

Recommendation – Support

At its October 23, 2006 meeting by Roll Call 06-2054 the Des Moines Municipal Housing Agency Governing Board approved an action to begin negotiation with Preservation Rose, LLLP: for the Disposition of 14 single family units. The proposal from John Lewis Community Services is to operate a Rent to Own program through the LIHTC Program. The Iowa Rent to Own Program has been established as an incubator for homeownership through the LIHTC program. John Lewis Community Services will work with clients to help them escrow saving, clean up credit and learn practical homeownership skills to help them become a client. Local nonprofit, Home, Inc. will provide homeownership counseling and help in the selection of clients for the program. Another local nonprofit will help provide the physical skills necessary to obtain and maintain homeownership.

Residents may stay in the units for a number of years or may move into homeownership more quickly by finding another home. The resident will be able to use the money escrowed toward a down payment on the home of their choice. All the units will be sold at the end of fifteen years to homeowners.

John Lewis Community Services has a history of providing affordable housing in Davenport and is interested in beginning work in Des Moines. They are currently operating a successful Rent-to-own program in Davenport. As preservation of existing low income housing, this project does not count toward the IFA Cap

Highland Park Special Needs and Senior Housing Program—Renovation of DMMHA units at E. 9th and Douglas

Developer – Highland Park, LLLP, John Lewis Community Services, Kate Ridge, Director, PO Box 3245. Davenport, Iowa

Project – Purchase of duplex units from Des Moines Municipal Housing Agency for renovation and rental to seniors or persons with disabilities.

Number of Units – 15

Area Median Gross Income (AMGI) – 11 at 60% of AMGI

Commitment to Affordability – 50 years

Management Company – National Management Corporation, Clive, IA

Neighborhood Support – The Highland Park Neighborhood Assn. supports this project.

Funding Support – \$120,000 of HOME funds

IFA Set-a-side Category – Preservation of low income units, Non profit developer

Recommendation – Support

At its October 23, 2006 meeting by Roll Call 06-2052, the Des Moines Municipal Housing Agency Governing Board approved an action to begin negotiation with Highland Park Preservation, LLLP for the Disposition of 12 units (6 duplexes) located at E. 9th and Douglas Avenue. John Lewis has a history of providing affordable housing in Davenport and is interested in beginning work in Des Moines. As preservation of existing low income housing, this project does not count toward the IFA Cap

PREVIOUS COUNCIL ACTION(S):

Date: November 7, 2005

Roll Call Number: 05-2687

Action: Support of application by Cherry Lane Company, LLLP for new construction of 46 units of Family Housing on 5 acres in the 4500 block of Hubbell Avenue. Moved by Mahaffey to support application for low-income housing tax credit. Motion Carried 7-0.

Date: November 7, 2005

Roll Call Number: 05-2687

Action: Support of application by Curly Top LLC for construction of 40 units of Senior Housing at 1720 SW 1st Street. Moved by Vlassis to adopt. Motion Carried 7-0.

Date: November 7, 2005

Roll Call Number: 05-2684

Action: Support of application by James C. Conlin for new construction of 72 units of Family Housing at 6000 Creston Avenue. Moved by Vlassis to adopt. Motion Carried 7-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

All preliminary funding commitments will require additional Council actions.