



# Council Communication

Office of the City Manager

Date

January 5, 2009

Agenda Item No. 24  
Roll Call No. 09-  
Communication No. 09-013  
Submitted by: Larry Hulse, Director  
Community Development Department

## AGENDA HEADING:

Resolution approving support for an application to the Iowa Finance Authority for low income housing tax credits for development of 140 units of affordable housing at 2 SW 9<sup>th</sup> Street to be developed and operated by the YMCA Supportive Housing Project.

## SYNOPSIS:

The Iowa Finance Authority (IFA) has reinstated awarding points for City Council approval of a LIHTC project. By Roll Call 08-2162 on December 8, 2008, the City Council approved criteria for review and support of LIHTC applications. The YMCA of Greater Des Moines is requesting City Council support for a LIHTC project that will allow the existing transitional housing facility to relocate to the Polk County Interim Jail building at 2 SW 9<sup>th</sup> Street.

## FISCAL IMPACT:

Amount: \$387,991

Funding Source: HUD/Supportive Housing Program 2007-08 Operating Budget, Page 105, SP039 CDD049900

## ADDITIONAL INFORMATION:

### YMCA Men's Transitional Housing – 2 SW 9<sup>th</sup> Street

Developer and Operator/Manager – YMCA a nonprofit housing provider

Project – Conversion of Interim Jail Facility to 140 single room units with shared kitchen, dining, recreational restroom facilities.

Number of Units –140 Total Units

Area Median Gross Income (AMGI) to be served – 128 units at 60% AMGI, 12 units at 40% AMGI

Commitment to Affordability – 30 years

Management Company – YMCA Supportive Housing Project, existing non profit housing provider with existing staff.

Neighborhood Action – The YMCA has not made a formal presentation to the Downtown Neighborhood Association at this time. The DNA has a meeting scheduled for January 22<sup>nd</sup> on LIHTC projects proposing to develop in the downtown. The YMCA will request to be on that agenda.

Tax Abatement – Ten Years, \$328,000

Enterprise Zone Tax Credit and Sales Tax Revenue: 115,000

Funding Request – The City’s Housing Services Division currently has a letter into the HUD Omaha office asking for an amendment to the 2007 SHP grant award to change \$387,991 from the CISS project to the new YMCA transitional housing project.

Further Description of Project:

The proposal is a relocation of the existing Transitional Housing Facility currently located at the River Front YMCA to the Polk County Interim Jail Building. Several issues exist with the building creating substantial problems with continuing a residential facility at this site. The facility does not meet current fire codes which creates a risk management concern for insurance carrier. The facility was not built with air conditioning and is unable to be air conditioned short of window units in each room which is not a feasible solution. This creates not only an uncomfortable situation during the summer months, but is also a risk for residents with various health conditions. The fact that sleeping rooms begin on the third floor creates a challenge for men with physical disabilities. In the event of a fire, the elevators shut off, and wheelchair bound individuals may not be able to evacuate the building.

The Board and staff of the YMCA are trying to open a new facility by the end of 2009 and are attempting to get their financing completed as soon as possible. They are worried that any of the issues identified will cause the existing facility to be shut down and residents will have to be evicted. The Iowa Finance Authority staff has asked that the application be submitted as early as possible in January in order that it can be on the IFA Board agenda in February.

The Polk County Board of Supervisors acted on October 28, 2008 to execute a letter of intent between Polk County and the YMCA of Greater Des Moines for the purpose of conveying to the YMCA a leasehold interest in the real property and improvements located at 2 SW 9<sup>th</sup> Street. The letter of intent finds that the operation of the YMCA Transitional Housing Program to be a public purpose in full accord with Iowa Code section 331.361(4) and applicable case law.

Each resident at the YMCA program is provided with a case manager with the goal of transitioning the individual into independent living within two years. There are, however, many residents that need permanent supportive housing and will probably not be able to ever live independently. The average occupancy as been between 140 to 150 residents per day for the last few years, although that number has increased over the past month. The same programs will continue at the new facility.

**Evaluation of YMCA Supportive Housing with City Council Criteria:**

Concentration/isolation of Units: The project is located within two blocks of market-rate rental and owner-occupied housing. This includes the Mulberry Lofts 112 11<sup>th</sup> Street and 111 City Lofts at 111 10<sup>th</sup> Street. In addition, there is existing LITHC assisted housing units at 10<sup>th</sup> Street Lofts, 110-112 10<sup>th</sup> Street and additional SRO units at the corner of 10<sup>th</sup> and Cherry.

Needs identified in City’s Consolidated Plan: The need for transitional housing with supportive services is identified in the Supportive Housing Plan submitted to HUD annually for funding programs.

Infill Parcel with Connectivity to Neighborhood: The application involves the redevelopment of a building that has been used as an interim jail since 1996. The site is located on the southern edge of the downtown with easy access to employment and bus routes. It is within walking distance of many services.

City Initiated Project – This is not a site for which the City has entered into an urban renewal, development, however, the City has worked closely with the YMCA Transitional Housing project by providing Supportive Housing Funds for operation in the past.

Energy Efficiency – The rehabilitation will incorporate energy savings projects per the IFA guidelines.

**Recommendation:** The use of LIHTC for the relocation of the YMCA transitional housing facility is in substantial conformance with the City Council Criteria with the exception that it has not been reviewed by the Downtown Neighborhood Association. The project is a relocation of an existing transitional housing project within the Downtown Neighborhood. The YMCA has worked extensively with the downtown businesses community and is working to schedule a time to present to the Downtown Neighborhood Association. There is an identified need for transitional housing and there are timing pressures created by problems with the existing YMCA building. Staff recommends a letter of support be sent to the Iowa Finance Authority for the use of LIHTC for the YMCA Transitional Housing Project at 2 SW 9<sup>th</sup> Street.

### **Criteria and Process for Review and Support of LIHTC applications Adopted by Roll Call 08-2162 on December 8, 2008**

Review Process: Before City Council reviews the projects, the developer should attend a pre-application meeting with City staff to ensure that the zoning and physical infrastructure is adequate for the development. A general neighborhood meeting should be held with a recognized neighborhood organization with adequate information to allow the neighborhood to make comments on the project's ability to address design, management services and amenities prior to City Council action.

- Only support projects that contain 100% assisted units, if they are located near market rate rental or owner-occupied housing to avoid concentration of assisted units. Within census tract 51 (downtown) support projects where there is existing or potential for market rental or owner-occupied housing within a two block radius of the projects to avoid isolation of assisted housing projects.
- Support projects that meet the housing needs identified in the City's Consolidated Plan, including rental units for families below 50% of median income and three bedroom or larger units.
- Support projects that develop on an infill parcel with connectivity into a neighborhood including a link to schools. Infill is defined as a Brownfield site, a location that includes demolition of a non historic dilapidated building, property that has previously been developed, or centrally located site available for development because of infrastructure improvements. Projects on a commercial corridor should develop links to neighborhoods or pedestrian areas to gain City Council support.
- Support projects for which City Council has entered into development agreements or has authorized staff to begin negotiation including sale of land or commitment of funding. Council should support all projects to which it may support through land contribution, Tax Increment Fund dollars, or federal allocation dollars.
- Support projects that certified by LEEDS (Leadership in Energy and Environmental Design) or other resource sustainable program and/or utilize energy saving technology such as geothermal heating and cooling.

- For rehabilitation of existing assisted or market units, support projects that make substantial external and energy efficient improvements including the use of brick on the outside, conformance with the city's landscape standards and energy efficient heating and cooling systems.

In 1994, the City Council amended the City's Comprehensive Plan to institute guidelines for reviewing LIHTC or any other programs that provide new construction funding for rental housing designed for persons under 80% of median income. The overall goal is that affordable housing be spread equally through the community and not concentrated in any one area of the city. The comprehensive plan also includes the following criteria to evaluate proposals:

- The development's design should be sensitive to and compatible with the character of the surround neighborhood;
- The management services must be adequate and responsive to the needs of low income tenants.
- Appropriate amenities, including storage facilities for toys and other large items, are provided, and
- A recognized neighborhood organization has been given the opportunity to comment on the project's design, management services, and amenities.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: December 8, 2008

Roll Call Number: 08-2162

Action: Adopting criteria for City Council Review and Support of Low-Income Housing Tax Credit (LIHTC) Applications. (Council Communication No. 08-729) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: October 27, 2008

Roll Call Numbers: 08-1900 through 1908

Action: Applications to Iowa Housing Finance Authority requesting low-income housing tax credits for the following: (Council Communication No. 08-650) Moved by Kiernan to adopt Motions carried 7-0, except 1905 carried 6-0, Council Member Hensley declares a conflict of interest and abstains from voting.

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

None, unless additional financial assistance is requested from the City of Des Moines

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