

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	April 6, 2009
	Agenda Item No. 37 Roll Call No. 09- Communication No. <u>09-208</u> Submitted by: Larry Hulse, Community Development Department Director	

AGENDA HEADING:

Resolution of support for an application to the Iowa Finance Authority requesting low income housing tax credits for development of 70 units to be located at 7400 Meadowland Drive.

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 Low Income Housing Tax Credit (LIHTC) applications. The 70 unit project to be located at 7400 Meadowland Drive, and developed by Aslan Hallmark Development, Gregory Evans, 1031 Zorn Avenue, Suite 1400, Louisville, KY 40207 promotes three and four bedroom units, a need identified in the City Consolidated Plan and does not violate other criteria adopted.

FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

The full text of the City Council’s adopted criteria is included on Page 3 of the Communication.

Hallmark Meadowlands Apartments

Developer –Aslan Hallmark, President Greg Evans, 1031 Zorn Avenue, Suite 1400, Louisville, KY 40207. Aslan Hallmark has been developing properties in the Southeastern United States since 1996. They are looking at this project in the Meadowlands Planned Unit Development (PUD) because they want to expand their workforce rental housing into the Midwest. The company was ranked #17 in Affordable Housing Finance Magazine’s 2008 List of Top 50 Affordable Housing Developers.

Project – Construction of 70 units of rental housing

Number of Units –70 Total Units.

Area Median Gross Income (AMGI) to be served – 70 units at 60% AMGI

Income Limits for 60% of Area Median Gross Income
1 person household - \$28,560

2 person household - \$32,640

3 person household - \$36,720

4 person household - \$40,250

Commitment to Affordability – 50 years

Management Company – National Management Corporation, Nancy Wood President, 12289 Stratford Drive, Clive, Iowa. National Management Corporation manages one of the existing Low Income Housing Developments in the Meadowlands PUD.

Neighborhood Action – No Neighborhood Association, adjacent to Hillsboro Neighborhood

Tax Abatement – Five Years, Total Value \$486,821

Enterprise Zone Tax Credit Value - NA

Enterprise Zone Sales Tax Rebate- NA

Funding Request – None

Evaluation of Hallmark Meadowlands with City Council Criteria:

Concentration/isolation of Units: The Hallmark Meadowlands is to be constructed in the Meadowland PUD. To date there have been five separate residential developments that have been built or are under construction in that PUD, including two Low Income Housing Tax Credit Projects:

60 unit Market Rate under development, intended for owner-occupants

74 unit Market Rate development, intended for owner-occupants (Built)

58 unit Market Rate development, intended for owner-occupants (Built)

192 Market Rate units

48 unit Low Income Housing Tax Credit Development (The Meadows) Built 2001/2002

50 unit Low Income Housing Tax Credit Development (Lyn Crossing) Built 2003/2004

70 unit PROPOSED Low Income Housing Tax Credit Development

168 Low Income Housing Tax Credit Units

One parcel at Meadowlands remain vacant for future development

One parcel at Meadowlands is designated for commercial development

There are market rate developments within proximity of the LIHTC units. If the Hallmark Meadowlands LIHTC project is approved and built, approximately 47% of the units would be designed for low income rental. The future development of the vacant parcel in the Meadowlands PUD could raise or lower that percentage depending on the proposed housing type. A concentration is difficult to define but staff would find that a concentration does not exist if the percentage is under 50% of the PUD development. If City Council supports the Hallmark Meadowlands, any additional LIHTC project at this site would represent a concentration.

Needs identified in City's Consolidated Plan:

The bedroom configuration of the development is

20 – 2 (two) bedrooms) and one bath

25 – 3 (three) bedrooms and 1.5 baths

26 – 4 (four) bedrooms with 2 baths.

The three and four bedroom units are identified as a need in the Consolidated Plan. There are no units set aside for very low income families which is a need identified in the Consolidated Plan.

Infill Parcel with Connectivity to Neighborhood: The parcel will be connected to the PUD but would not be considered an infill parcel. It has never been previously developed.

City Initiated Project – This is not a site for which the City has entered into an urban renewal, development or funding agreement.

Energy Efficiency – The project will meet or exceed Energy Star standards and have a HOME Energy Rating Systems Index of 80 or less based on the 2006 International Energy Conservation Code.

Staff Recommendation: The project only actively supports one of the City Council criteria but does not violate any of the criteria. The development does provide three and four bedroom units, a need identified in the City's consolidated plan. The Meadowlands PUD will be less than 50% for low income rental development if the Hallmark Meadowlands Project is built. The project is in conformance with the City Council criteria and staff would recommend support of the project to enable the project to receive ten points for the application.

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 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.

Maximum Income Limits of 60% Area Median Income

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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