



# Council Communication

Office of the City Manager

Date July 13, 2009

Agenda Item No. 38  
Roll Call No. 09-  
Communication No. 09-482  
Submitted by: Larry Hulse, Director  
Community Development Department

## AGENDA HEADING:

Resolution of support for an application to the Iowa Finance Authority requesting low income housing tax credits for the rehabilitation of 60 units of existing low income housing located at 1264 Cummins Road (Southridge Apartments) and resolution of support for an application to the Iowa Finance Authority requesting low income housing tax credits (LIHTC) for the rehabilitation of 72 units of existing low income housing located at 2201 E. Park Avenue (Lancaster Place Apartments).

## SYNOPSIS:

The Iowa Finance Authority (IFA) has reinstated awarding points for City Council approval of an LIHTC project. By Roll Call 08-2162 on December 8, 2008, the City Council approved criteria for review and support of LIHTC applications. The full text of the City Council's adopted criteria is included on Page 3 and 4 of this Communication. The rehabilitation projects at 2201 E. Park Avenue and 1263 Cummins Road are owned and managed by Dominion Development & Acquisition, LLC, 2355 Polaris Lane North, Suite 100, Plymouth MN 55447. (David Brierton, Principal) Dominion has requested a letter of support for the projects and the completion of a Zoning and Local Contributing Effort Forms.

## FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

## ADDITIONAL INFORMATION:

### Southridge Apartments 1264 Cummins Road

Developer –Dominium Development & Acquisition, LLC Principals David Brierton and Jack Safar, 2355 Polaris Lane North, Suite 100, Plymouth MN 55447. Dominion was formed in 1972 and is one of the largest apartment development and management companies in the Midwest. They own over 17,000 apartment units in 16 states. In addition to Lancaster and Southridge Apartments in Des Moines, they own 120 units at Fenway Manor, 1640 East Hull Ave., and 96 units at Sargent Park Apartments at 3604 E. Douglas.

Project – Rehabilitation of 60 units of existing low income rental housing

Number of Units –60 Total Units. All units are 2 bedrooms

Area Median Gross Income (AMGI) to be served – 60 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 – 15 years

Management Company – Dominion Management Services, LLC Jon R. Segner, CEO Dominion University has an in-house “university” in which 25 classes are taught in the Schools of Management, Marketing and Maintenance. Every employee receives training for competency for their job and career advancement. In addition, Dominion’s intranet provides site staff with immediate access to all policies, procedures and forms.

Tax Abatement - Dominion will not apply for tax abatement from the City of Des Moines. Because LIHTC projects are assessed on income rather than replacement value, Dominion does not anticipate that the improvements will increase the value of the property for property tax purposes.

Enterprise Zone Tax Credit Value - NA

Enterprise Zone Sales Tax Rebate- NA

Funding Request – None

Neighborhood Review - The South Park Neighborhood Association sent a letter of support for the improvement project and rehabilitation. The Association has requested that Dominion, as the management company, work with the Neighborhood Based Service Delivery Program and coordinate with Des Moines Police on the Multi Family Crime Free Housing Program.

### **Lancaster Place Apartments 2201 E. Park Avenue**

Developer – Dominion Development & Acquisition, LLC Principals David Brierton and Jack Safar, 2355 Polaris Lane North, Suite 100, Plymouth MN 55447. Dominion was formed in 1972 and is one of the largest apartment development and management companies in the Midwest. They own over 17,000 apartment units in 16 states. In addition to Lancaster and Southridge Apartments in Des Moines, they own 120 units at Fenway Manor, 1640 East Hull Ave., and 96 units at Sargent Park Apartments at 3604 E. Douglas.

Project – Rehabilitation of 72 units of existing low income rental housing

Number of Units – 72 Total Units. All units are 2 bedrooms

Area Median Gross Income (AMGI) to be served – 72 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 – 15 years

Management Company – Dominion Management Services, LLC Jon R. Segner Dominion University is a in-house “university in which 25 classes are taught in the Schools of Management, Marketing and Maintenance. Every employee receives training for competency for their job and career advancement. In addition, Dominion’s intranet provides site staff with immediate access to all policies, procedures and forms.

Tax Abatement - Dominion will not apply for tax abatement from the City of Des Moines. Because LIHTC projects are assessed on income rather than replacement value, Dominion does not anticipate that the improvements will increase the value of the property for property tax purposes.

Enterprise Zone Tax Credit Value - NA

Enterprise Zone Sales Tax Rebate- NA

Funding Request – None

Neighborhood Review - Lancaster Place Apartments are not located within a recognized neighborhood boundary.

### **Evaluation of Southridge Apartments and Lancaster Apartments with City Council Criteria:**

The developer proposes to provide \$25,000 per unit in rehabilitation. The scope includes: new hardi-plank siding, re-roof with 30 year dimensional shingles, new windows, improve the parking lot, redo the common areas including new carpet, paint & energy-efficient light fixtures, replace boilers with high efficiency units, new kitchen cabinets and countertops, new Energy Star Appliances. These are substantial improvements which should make a difference to the families living in the units and to the neighborhood appeal.

### **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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