

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	January 25, 2010
	Agenda Item No. 25 Roll Call No. <u>10-</u> Communication No. <u>10-025</u> Submitted by: Larry Hulse, Director Community Development	

AGENDA HEADING:

Resolutions regarding support for two Low-Income Housing Tax Credit (LIHTC) applications.

SYNOPSIS:

The two applications requesting support for LIHTC are:

1. Rehabilitation of Des Moines Street Village Apartments, located at 1415 Des Moines Street, and Stewart Park Apartments, located at 1401 Capitol Avenue. The project will request Enterprise Zone state tax credits as an additional layer of financing and tax abatement for the Local Contributing Effort.
2. Rehabilitation of Elmcrest Apartments, 423 & 433 E Philip Street, and 420 E McKinley Ave. The project will request no additional City financing other than tax abatement.

The Iowa Finance Authority (IFA) asks local governments if they support the project, have a preference for one project over others or if they oppose the project. City Council can support any of the LIHTC projects without providing a financing commitment or can choose to not support a project.

FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

Applications for 2010 LIHTC are due beginning January 15 and ending March 15, 2010.

Des Moines Street Village and Stewart Square Apartments–

Developer – East Des Moines Refi, LP. Ellen Higgins, Principal, CommonBond Communities, 328 Kellogg Boulevard West, St. Paul, MN 55102.

Project – Rehabilitation of Existing Family Housing

Number of Units – 60 Total Units all affordable to families below 60% of median income

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

Commitment to Affordability – 30 years

Management Company – CommonBond Communities

Neighborhood Action– Common Bond has contacted the Capitol East Neighborhood Association and a letter of support is being prepared. The letter of support will be available by the City Council meeting on January 25, 2010.

Funding Request – None beyond tax abatement. A verbal request for HOME funds was made to staff but all HOME funds were committed by City Council at the December 21, 2009 City Council meeting. If additional funds become available staff will contact CommonBond, review the project pro forma and reschedule for the City Council agenda.

Staff was contacted in December by Andrea Novak of CommonBond Communities concerning a LIHTC application for Des Moines Street Village and Stewart Square Apartments. The Des Moines Street Village Apartments and Stewart Square Park Apartments provide 60 two- and three-bedroom units. All of the units are affordable to residents earning 60% of the AMGI.

Stewart Park Apartments was constructed in 1992. The facility has 18 two-bedroom units ranging in size from 760 to 805 square feet and rent for \$650.

Des Moines Street Village was converted to housing in 1994 and was a part of the Capitol East Neighborhood Plan. It provides 36 two- and three-bedroom apartments and 6 three-bedroom townhomes. The two-bedrooms range in size from 768 to 864 square feet and rent for \$612. The three-bedroom apartments range in size from 945 to 1,048 square feet and rent for \$700 and the three-bedroom townhomes are 1,120 square feet and rent for \$795.

Proposed Rehabilitation Work

The project rehabilitation scope includes new appliances, interior finishes and updates to the project exterior, including roof replacement. CommonBond is anticipating a rehabilitation budget of \$30,000 to \$50,000 per unit. Sustainable measures to be installed include the use of environmentally-friendly building materials, water conserving toilets and fixtures, energy saving fluorescent lights and appliances and an efficient hot water system.

Tenants will not be displaced during the rehabilitation.

CommonBond Communities

CommonBond Communities has managed the two properties since 2007 and acquired the properties' General Partner Interest in 2009. The non-profit company is headquartered at 328 Kellogg Boulevard West, St. Paul, Minnesota 55102. City staff is working with Amanda Novak, a Senior Project Manager at the company. The General Partner of CommonBond for LIHTC purposes is called East Des Moines Refi, LP, at the same St. Paul address.

CommonBond has become the largest non-profit provider of affordable housing in the Upper Midwest, located in 45 cities in Minnesota, Wisconsin and Iowa. The company has net assets over \$89 million and manage or own 4,900 apartments and townhomes. Before moving into the Des Moines market, representatives from CommonBond met with staff from the Office of Economic Development and Community Development Departments on the City's housing needs.

As a non-profit housing provider, CommonBond offers supportive services on-site to the residents. The services include assistance finding employment, help with homework and help with financial stability. A combination of volunteer and paid staff provides the services to residents free of charge.

The Enterprise Zone designation will provide additional state credits and a reduction on sales tax. The site is located in a ten-year tax abatement area, however, improvements will not result in an increase of rents, so tax abatement will be minimal.

Staff Recommendation: On December 8, 2008, by Roll Call 08-2162, the City Council adopted criteria for Review and Support of LIHTC applications. This property is in support of those criteria. City Council should provide a letter of support for the rehabilitation of existing assisted units because CommonBond Communities is proposing to make substantial external and energy efficient improvements and the project is supported by the Neighborhood Organization.

Elmcrest Apartments

Developer – Elmcrest Apartments, L.P., James C. Conlin, President, Conlin Properties, 319 7th St., Suite 500, Des Moines, IA 50309 and Michael Barnes, 5700 University Ave, West Des Moines, IA 50266.

Project – Rehabilitation of existing market rate housing

Number of Units – 78 Affordable Units

Area Median Gross Income (AMGI) to be served – 78 at 60% AMGI

Commitment to Affordability – 30 years

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

Neighborhood Action – Conlin Properties has met with Magnolia Park Neighborhood Association and a letter of support is being prepared. The letter of support will be available by the City Council meeting on January 25, 2010.

Funding Request – None

Proposed Rehabilitation Work

The project will include the acquisition and rehabilitation of a market rate property of 78 units in three buildings. The buildings were built in 1990. The units consist of 15 one-bedroom units and 63 two-bedroom units.

Substantial improvements will be made to the three buildings, including: new vinyl siding; retention of the existing brick; work on the parking lots; and full interior renovation, including high efficiency toilets, faucets and shower heads, as well as, efficient water heaters and heating systems.

Conlin Development

James Conlin has been developing tax credit properties for 17 years, with 85% of those in the City of Des Moines. Conlin Properties, Inc., the Management Company, is headquartered in downtown Des Moines. All tax credit employees are nationally certified in affordable property management and are located in the Des Moines area.

Tenant services are provided on-site and include credit and financial literacy training, counseling, education for eventual homeownership, family counseling, rental training and computer training. An in-house employee does case management services at the property level. If any tenant has to be relocated, they will be moved to other Conlin properties.

The project will use approximately \$100,000 of tax abatement over 5 years (\$20,000 per year).

Staff Recommendation: On December 8, 2008, by Roll Call 08-2162, the City Council adopted criteria for Review and Support of LIHTC applications. This property is in support of those criteria. City Council should provide a letter of support for the rehabilitation of existing units because the developer is

making substantial improvements to the property and the project is supported by the Neighborhood Organization.

PREVIOUS COUNCIL ACTION(S):

Date: December 21, 2009

Roll Call Number: 09-2283 thru 09-2287

Action: Support and preliminary commitment of Home Funds on Applications to Iowa Finance Authority (IFA) of Low-Income Housing Tax Credits (LIHTC) on new construction for the following: (Council Communication No. 09-888). Moved by Hensley to adopt, and refer to the City Manager to work with other interested parties to perform a Market Study of Downtown housing. Motion Carried 7-0.

Date: July 27, 2009

Roll Call Number: 09-1332

Action: Amending 2008 Program Allocations and adopting 2009 Program Allocations for the Home Investments Partnerships Program (HOME). (Council Communication No. 09-499) Moved by Hensley to adopt. Motion Carried 7-0.

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.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

CommonBond properties may return to City Council if any additional HOME or CDBG funding is not spent.

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