

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 23, 2012
	<b>Agenda Item No.</b> 19 <b>Roll Call No.</b> [ _____ ] <b>Communication No.</b> <u>12-036</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

Authorization for City Manager to sign Iowa Finance Authority form "5S Local Contributing Effort" for each of 12 Low Income Housing Tax Credit Projects and send letter of support for waiver of maximum per unit development costs for properties eligible for listing on the National Register of Historic Places.

**SYNOPSIS:**

Low Income Housing Tax Credit (LIHTC) Applications are due to the Iowa Finance Agency (IFA) on February 3, 2012. IFA has eliminated the 20 points received by projects for support of the municipal government. However, the applications still require the City to complete several forms including "Form 5S-Local Contributing Effort" documenting the monetary support from the local government. Monetary support includes Tax Abatement and Enterprise Zone credits/tax rebate and any reduction in land costs. This action authorizes the City Manager to sign a form for each project.

**FISCAL IMPACT:**

Amount: \$400,000 for Southern Meadows

Funding Source: Community Development Block Grant (CDBG), Neighborhood Stabilization Program (NSP3) funds contracted by the Iowa Department of Economic Development (IDED).

**ADDITIONAL INFORMATION:**

City staff works with LIHTC developers to review applications for zoning and land use compliance, tax abatement, Enterprise Zone credits, and availability of utilities. As a part of the City's review, developers must attend a pre-application meeting to identify needed Plan and Zoning or Board of Adjustment action and building permit issues.

This year there are 12 applications to be submitted for projects located within the City of Des Moines. The 12 proposed projects total 272 units of new construction, 55 units of adaptive re-use units and 371 units for rehabilitation. IFA may limit the number of units in Polk County to 144 unit under the 2012 Qualified Action Plan (QAP)

The market for selling the tax credits has improved but has not recovered to its pre-2007 levels. Developers are estimating the credits will sell between 80 to 90 cents on the dollar.

All projects have a commitment of affordability of 30 years with the exception of the Rental to Ownership Savings Equity or ROSE Program which is a 20 year commitment.

The City of Des Moines has annually made a commitment of HOME funds to proposed LIHTC projects of around \$400,000 total in the past several years. Because of the reduction in HOME funds from the federal government, staff is not recommending that any project receive city HOME funds. This does not eliminate the ability of projects to apply for State HOME funds. IFA received a reduction in their funds of 38% and will obviously supplement many fewer projects.

The projects will receive no additional points for City support of the project. However, staff will supply all needed forms and has assembled information on each project for the City Council review.

**Bloomsbury Village Apartments - 1440 East Grand and  
Stewart Park Townhomes - 1430-1436 Capitol Avenue**

Developer – CommonBond Communities, Ellen Higgins, Principal, CommonBond Communities, 328 Kellogg Boulevard West, St. Paul, MN 55102. Jen Oscarson Housing Development Manager

Project Type – Rehabilitation of Existing Section 42 Family Housing

Number of Units – 40 Total Units

Area Median Gross Income (AMGI) to be served – All 40 units < 40%, 50% and 60% AMGI

Management Company – CommonBond Communities 328 Kellogg Boulevard West, St. Paul, MN 55102

Neighborhood Action – A letter of support was been received from the Capitol East Neighborhood Association in late 2010.

Tax Abatement – None

Enterprise Zone - \$231,265 (10% Credit) and \$60,000 Sales Tax Rebate

Property Tax Designation – Multi-family Residential

CommonBond operates 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. 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.

**Elsie Mason Manor - 413 5th Avenue**

Developer – EMM Associates, L.P. Frank Levy, Newbury Companies, 3408 Woodland Avenue, West Des Moines, 50266 and Phoenix Family Housing Corporation of Kansas City, Missouri

Project Type – Rehabilitation of Existing Senior Housing

Number of Units – 150 Total Units

Area Median Gross Income (AMGI) to be served – All units affordable to older persons < 60% AMGI but many will be < 30% AMGI

Management Company – Newbury Management Company, 3408 Woodland Avenue West Des Moines, 50266

Neighborhood Action – The project was presented to the Downtown Neighborhood Association in 2011.

Tax Abatement – None but will begin to pay property taxes.

Property Tax Designation – Residential Condominium

Enterprise Zone Credits: \$938,771 (10% Credit) and \$50,000 Sales Tax Rebate.

**Legacy Park - Six duplexes in the 1300 block of 8<sup>th</sup> and 9<sup>th</sup> Streets  
and 25 single family units at 13<sup>th</sup> and Forest for the Rent to Ownership Savings Equity  
Program**

Developer – Anawim Housing, 2024 Forest Avenue, Suite 101, Des Moines, IA 50311-3220, Russ Frazier, President

Project Type –Rehabilitation of existing Section 42 family housing plus new construction for the Rental to Ownership Savings Equity or ROSE Program

Number of Units –37 total 33 rehabilitation and 4 new construction

Area Median Gross Income (AMGI) to be served –1< 30% AMGI, 3< 50% AMGI, 30< 60% AMGI

Management Company – Anawim Housing, 2024 Forest Avenue, Suite 101, Des Moines, IA 50311-3220, Russ Frazier, President

Neighborhood Action–The River Bend and King-Irving Neighborhoods will be notified

Tax Abatement – \$57,103.

Property Tax Designation – Residential Single Family and Duplex units

Enterprise Zone Credits are requested

**2714 Ingersoll - 2714 Ingersoll Avenue**

Developer – Frank Levy, Newbury Companies, 3408 Woodland Avenue, West Des Moines, 50266

Number of Units –22

Project Type Rehabilitation of Market Rate Housing (Currently vacant building)

Area Median Gross Income (AMGI) to be served –5 units <40%, 17units <60%

Management Company – Frank Levy, Newbury Companies, 3408 Woodland Avenue, West Des Moines, 50266

Neighborhood Action–Developer has met with representatives of Restoration Ingersoll

Tax Abatement –Not requested

Property Tax Designation –Residential Multi-Family

Enterprise Zone Credits: \$93,791 (10% Credit) and \$15,000 Sales Tax Rebate.

**Plymouth Place - 4111 Ingersoll**

Developer – Frank Levy, Newbury Companies, 3408 Woodland Avenue, West Des Moines, 50266 with Plymouth Place, Inc.

Project Type: Rehabilitation of Existing Senior Housing

Number of Units –131 total units, 111- affordable units

Area Median Gross Income (AMGI) to be served –7 units <30%, 26 units <40%, 77 units <50% 17 units no income restriction

Management Company –Plymouth Place Inc., the project is “self-managed” and intends to continue this arrangement.

Neighborhood Action–Developer has met with the North of Grand Neighborhood and members of Restoration Ingersoll

Tax Abatement –None but development will begin to pay taxes

Property Tax Designation – Residential Cooperative

Additional Comment: The building has been submitted for listing in the National Register of Historic Places and will apply for state and national historic tax credits.

**Melbourne Apartments - 5515 SE 14th Street Buildings D& I**

Developer – Melbourne Apartments II, LLLP. The general partner will be Melbourne II, LLC, a wholly owned subsidiary of Hubbell Realty Company.

Project Type – New Construction, two buildings

Number of Units –62 Affordable Units

Area Median Gross Income (AMGI) to be served – 62 units < 60% AMGI  
Management Company – Hubbell Management Company  
Neighborhood Action – The developer notified the President of the Easter Lake Neighborhood Association.

Tax Abatement – \$280,000 over five years  
Property Tax Designation – Residential Condominium  
Enterprise Zone Credits \$165,000 Tax Credit and \$69,038

**McKinley Crest 1801 McKinley**

Developer –Anawim Housing, 2024 Forest Avenue, Suite 101, Des Moines, IA 50311-3220, Russ Frazier, President

Project Type –Development of townhomes and a multi-family building for family housing , 1 and 4 bedrooms in the multi-family building and the town houses will be three bedroom units

Number of Units –66

Area Median Gross Income (AMGI) to be served –66 units <60%

Management Company –Anawim Housing

Neighborhood Action–Anawim will communicate with the Watrous South Neighborhood Association and seek their approval

Tax Abatement – \$226,587

Property Tax Designation – Residential Condominium

**Southern Meadows – 2800 SE 8<sup>th</sup> Street**

Developer –Hatch Development Company, 1312 Locust Street Des Moines, IA 50309-2920, Jack Hatch and Ryan Galloway

Project –Rental to Ownership Savings Equity or ROSE Program

Number of Units –38

Area Median Gross Income (AMGI) to be served –

Management Company –Perennial Properties 696 18th St Des Moines IA, 50314, Sonja Roberts

Neighborhood Action– Indianola Hills has been actively involved in reviewing the development of the site for the ROSE Program

Tax Abatement – \$156,121

Property Tax Designation – Multi-family residential

Enterprise Zone Credits are requested: \$135,415 (10% Credit) \$71,000 Sales Tax Rebate

Additional Subsidies: NSP commitment of \$400,000. and Land contribution: valued at \$466,500 (Appraised value minus payment of \$43,500.)

**Randolph Apartments – 204 4<sup>th</sup> Street**

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

Project Type–Adaptive Reuse of existing Randolph Hotel and adjacent two buildings

Number of Units –55

Area Median Gross Income (AMGI) to be served –11 units <40%, 30 units <60% 14 units no income restriction

Management Company – Sherman Associates Management Company 233 Park Ave S., Minneapolis, MN

Neighborhood Action–Project was presented to Downtown Neighborhood in 2007. Current developer will notify downtown neighborhood association

Property Tax Designation – Multi-Family Residential

Enterprise Zone Credits \$165,000 (10% Credit) \$83,000 Sales Tax Rebate

Special Request – The Randolph Hotel and adjacent buildings are in particularly poor condition and the cost to bring up to code may be more than allowed under the Low Income Housing Tax Credit Program. Sherman Associates has asked that the City send a letter of support for the waiver. By Roll Call 11-1848 on November 7, 2011 City Council sent a letter expressing to the Iowa Finance Authority with concern about the development cost caps. A letter concerning the maximum per unit development is consistent with the previous letter.

**Franklin Field Senior Apartments – 5300 Franklin Avenue, Des Moines, IA 50311**

Developer – Tim Mauro

Project – New Development of Senior Housing

Number of Units –40 units

Area Median Gross Income (AMGI) to be served –8 units <40% and 32 units < 60%

Neighborhood Action– Waveland Park Neighborhood Organization has been notified of the project

Tax Abatement –\$210,000 over 5 years

Property Tax Designation – Multi-family residential

**Baker Creek Senior Living I - Approximately 10 acres located at the NE 46<sup>th</sup> Street and Hubbell Avenue**

Developer – BJ Baker, Baker Group 4200 Hubbell Avenue, Des Moines IA and Mike Nelson, Nelson Construction

Project Type: New Construction of Senior Housing

Number of Units –33

Area Median Gross Income (AMGI) to be served –2 units <30%, 7 units<40% 24 units < 60% AMGI

Management Company – Anawim Housing, 2024 Forest Avenue, Suite 101, Des Moines, IA 50311-3220, Russ Frazier, President

Neighborhood Action–No Recognized Neighborhood

Tax Abatement –\$449,757

Property Tax Designation – Multi-Family Residential

Enterprise Zone Credits \$162,145 (10% Credit) \$45,000 Sales Tax Rebate

**Baker Creek Senior Living II - Approximately 10 acres located at the NE 46<sup>th</sup> Street and Hubbell Avenue**

Developer – BJ Baker, Baker Group 4200 Hubbell Avenue, Des Moines IA and Mike Nelson, Nelson Construction

Project Type: New Construction of Senior Housing

Number of Units –33

Area Median Gross Income (AMGI) to be served –2 units <30%, 7 units<40% 24 units < 60% AMGI

Management Company – Anawim Housing, 2024 Forest Avenue, Suite 101, Des Moines, IA 50311-3220, Russ Frazier, President

Neighborhood Action–No Recognized Neighborhood

Tax Abatement –\$449,757

Property Tax Designation – Multi-Family Residential

Enterprise Zone Credits \$162,145 (10% Credit) \$45,000 Sales Tax Rebate

**PREVIOUS COUNCIL ACTION(S):**

Date: November 7, 2011

Roll Call Number: 11-1848

Action: [Communication](#) from the City Manager regarding changes in Iowa Finance Authority's (IFA) Qualified Allocation Plan (QAP) for 2012 Low-Income Housing Tax Credit round. **Moved by Hensley to receive and file, and authorize the Mayor to send a letter on behalf of the City Council to IFA outlining the City's concern that the changes will adversely affect development in Des Moines; refer to the City Manager to communicate with IFA the City's desire to have a mechanism for the City to have input. Motion Carried 7-0.**

Date: February 28, 2011

Roll Call Number: 11-0381 thru 11-0399

Action: Support of applications to the Iowa Housing Finance Authority requesting Low-Income Housing Tax Credits as follows: ([Council Communication No. 11-142](#))

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

None unless additional action need for Enterprise Zone commitments.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).