

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	May 7, 2012
	<b>Agenda Item No.</b>	<b>30</b>
	<b>Roll Call No.</b>	[ _____ ]
	<b>Communication No.</b>	<b><u>12-210</u></b>
	<b>Submitted by:</b>	<b>Phillip Delafield, Community Development Director</b>

**AGENDA HEADING:**

Approving Execution of HOME Contracts for \$195,000 with Silver Oaks Associates, L.P. for the Construction of 39 units of Housing for Persons over 55 years of age to be built at 979 Oakridge Drive.

**SYNOPSIS:**

On June 13, 2011, by Roll Call 11-0999, the City Council approved a \$195,000 HOME loan for Silver Oaks Associates, L.P. The project had received an allocation of Low Income Housing Tax Credits at the May 2011 meeting of the Iowa Finance Authority Board. A gap in financing to build and provide the housing was to be filled with \$195,000 of City HOME funds and \$780,000 of State HOME funds. The State HOME funds have since been increased to \$877,000. The project has taken this long to complete financing and execute documents because of value engineering issues with the site.

**FISCAL IMPACT:**

Amount: \$195,000

Funding Source: HOME Investment Partnership (HOME) Funds, SP036, CDD049900, FY2012-13 Operating Budget, page 57.

**ADDITIONAL INFORMATION:**

This is a low income housing tax credit project for seniors that will receive funding from LIHTC equity, Enterprise Zone funds, State and City HOME funds, as well as, ten year tax abatement.

**Silver Oaks (Oakridge Phase III)**

Developer – Oakridge Neighborhood Services, Teree Caldwell-Johnson, President  
 Consultant, Frank Levy, Newbury Companies, 3408 Woodland Avenue West Des Moines, Iowa, 50266  
 Signature for Silver Oaks L.P., Becky Miles-Polka, Vice President  
 Property Management Company – Oakridge Neighborhood Services, Teree Caldwell-Johnson, President

The project is the new construction of a 39 unit building for persons over 55 years of age. The site is located at 979 Oakridge Drive, which was previously the site of Primary Health Care. It is across the street, directly north and east of the Homes of Oakridge Community. The existing building will be torn down and replaced with 39 units; 16 two-bedroom and 23 one-bedroom units.

The development should be a natural transition for aging individuals and couples currently living in the Homes of Oakridge, providing a good environment for the older persons and freeing up units for families in the Oakridge apartments. The building will have underground parking. The building will also incorporate 3,000 square feet for four (4) pre-school classrooms.

Costs: The project has a total development cost of \$6,800,421. The project will receive a HOME loan from IFA of \$877,000 and a HOME loan from the City for \$195,000. The City’s loan will be at a 1% interest rate with interest only to be paid during the first 30 years. The owner may refinance or make a balloon payment in year 30. The project will also utilize Enterprise Zone funding and a deferred loan from the developer and ten year tax abatement to fill the gap from the tax credit equity.

Rents and Income Limits: The City of Des Moines will have five (5) designated HOME units. The Iowa Finance Authority will have six (6) HOME units. These units will require HOME income and rent restrictions for 20 years.

Use of Funds		Sources of Funds	
<b>Total</b>	<b>\$6,800,421</b>	<b>Total</b>	<b>\$6,800,421</b>
Construction- EZ Credit	\$4,185,000	HOME Loan City of Des Moines	\$ 195,000
Geo Thermal	\$850,000	HOME Loan IFA	\$ 877,000
Construction Contingency	\$ 256,250	EZ Credit	\$ 196,737
Furnishings	\$ 35,000	Deferred Developer Fee	\$ 30,034
Architect & Engineering Surveys	\$ 235,000	Syndication Equity	\$5,501,650
Financing Fees	\$192,500		
Studies	\$ 30,000		
LIHTC Related Fees	\$ 79,005		
Fent-up	\$ 10,000		
Title and Real Estate	\$ 55,000		
Accounting	\$ 20,000		
Developer fee	\$675,000		
Operating Reserve	\$138,166		
Misc.	\$ 39,500		

**PREVIOUS COUNCIL ACTION(S):**

Date: June 13, 2011

Roll Call Number: [11-0999](#)

Action: City HOME Funds for the following: ([Council Communication No. 11-345](#)) (A) Silver Oaks Associates, LP for a Low-Income Housing Tax Credit on the construction of 39 units of senior housing at 979 Oakridge Drive, \$195,000. Moved by Moore to adopt. Motion Carried 7-0.

Date: February 28, 2011

Roll Call Number: [11-0391](#)

Action: Support of applications to the Iowa Housing Finance Authority requesting Low-Income Housing Tax Credits as follows:

Oakridge Neighborhood Services for construction of 37 units at 979 Oakridge Drive. Approve support. Moved by Hensley to adopt. Motion Carries 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Neighborhood Revitalization Board

Date: December 1, 2011

Resolution Number: Approval

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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