

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 3, 2012
	Agenda Item No.	23, 36A, 37A
	Roll Call No.	<u>12-1842</u>
	Communication No.	<u>12-595</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Authorization for City Manager to sign Iowa Finance Authority (IFA) form "5S Local Contributing Effort" for each of Fourteen (14) Low Income Housing Tax Credit (LIHTC) Project applications to be submitted for funding in the 2013 funding round.

SYNOPSIS:

LIHTC applications are due to IFA on December 10, 2012. The IFA applications require the City to complete several forms including "Form 5S-Local Contributing Effort" that documents any monetary support from the local government. Monetary support includes Tax Abatement and Enterprise Zone credits/tax rebate and any reduction in land costs. It also includes any support from the Polk County Housing Trust Fund. This action authorizes the City Manager to sign a form for each project

FISCAL IMPACT: NONE

Amount: \$250,000 of HOME for Christ the King Project
NA for other projects

Funding Source: The City's contributing effort is limited to five or ten year tax abatement if the development meets tax abatement standards and any funding that results from location within a designated Enterprise Zone.

For the Christ the King Project - HOME Investment Partnership (HOME) Funds, SP036, CDD 049900, FY 2011 Recommended Operating Budget.

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 14 applications to be submitted for projects located within the City of Des Moines. The 14 proposed projects include six (6) rehabilitation projects that total 371 assisted units and nine (8) new construction projects which total 442 assisted units and 28 market units. IFA may limit the number of units in Polk County to 144 units under the 2013 Qualified Allocation Plan (QAP).

All projects have a commitment of affordability of 30 years. For the past two years there has been a reduction in HOME funds from the federal government. Because of this reduction, staff has not been recommending City HOME funds for any of these projects. Due to the Christ the King II project not being eligible for Enterprise Zone Tax Credits and Rebate as first determined, staff is recommending City HOME funds for this project only. All projects are able to apply for State HOME funds.

The projects will receive no additional points for City support of the project. Tax Abatement and Enterprise Zone credits, and HOME funds do contribute points to the application as a form of local contributing effort. However, staff will supply all needed forms to the developer after City staff review.

Developers notified recognized neighborhoods concerning their projects and offered to meet with the organization, if requested.

Legacy Park - Six (6) duplexes in the 1300 block of 8th and 9th Streets and 25 single family units at 13th and Forest

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

Program Number of Units: 37 total; 33 rehabilitation and 4 new construction of four units

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, Iowa 50311-3220, Russ Frazier, President

Neighborhood Action: Russ Frazier attended meetings of both the River Bend and King-Irving Neighborhoods. Neither neighborhood sent a letter of support or objection.

Tax Abatement: \$60,000

Property Tax Designation: Residential (Scattered Single Family and Duplex units)

Enterprise Zone Credits: \$86,244 Investment Tax Credit and Sales Tax Rebate \$27,593

Bailey Court - 603 Allison (Five (5) historic buildings at Sixth and Hickman)

Developer: Jack Hatch - Hatch Development Group 1312 Locust Street Des Moines, Iowa 50309

Project Type: Historic Rehabilitation

Number of Units: 51

Area Median Gross Income (AMGI): All below 60% of Median Income

Management Company: Perennial Properties, Sonja Roberts, Principal, 696 18th Street, Des Moines, Iowa 50314

Neighborhood Action: Representatives of the developer attended the River Bend Neighborhood Association meeting which has supported the project as reported in a newspaper article and the president supported verbally to City staff.

Tax Abatement: \$529,970

Enterprise Zone Credits: \$121,213 Investment Tax Credit and \$50,000 Sales Tax Rebate

Property Tax Designation: Commercial Multiple

Bloomsbury Village Apartments - 1440 East Grand

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

Project Type: Rehabilitation of Existing Section 42 Family Housing

Number of Units: 30 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, Minnesota 55102

Neighborhood Action: A letter of support was been received from the Capitol East Neighborhood Association in early 2011.

Tax Abatement: \$137,820

Enterprise Zone: \$231,265 Investment Tax Credit and \$60,000 Sales Tax Rebate

Property Tax Designation: Commercial Multiple

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.

Liguitti Tower – 555 Fifth Avenue

Developer: LT Associates, L.P. Frank Levy, Newbury Companies, 3408 Woodland Avenue, West Des Moines, Iowa 50266

Project Type: Rehabilitation of Existing Senior Housing

Number of Units: 139

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, Iowa 50266

Neighborhood Action: The developer contacted the Downtown Neighborhood Association which did not respond. In 2011 the developer presented the Elsie Mason project to DNA.

Tax Abatement: None, but will begin to pay property taxes.

Enterprise Zone Credits: \$1,369,771 Investment Tax Credit and \$100,000 Sales Tax Rebate.

Property Tax Designation: Residential Condominium, property is currently tax exempt

Douglas Woods II – 2800 Douglas Avenue

Developer: James Conlin, Conlin Development Group LLC., 319 7th Street, Suite 500, Des Moines, Iowa 50309

Project Type: Rehabilitation of Former Section 42 Apartments

Number of Units: 55 (54 assisted, plus one (1) on-site manager)

Area Median Gross Income (AMGI): All below 60%

Management Company: Conlin Properties, Inc., 319 7th Street, Suite 500, Des Moines, Iowa 50309

Neighborhood Action: Letter of Support from Prospect Park Neighborhood Association

Tax Abatement: \$110,000

Enterprise Zone Credits: Not within an Enterprise Zone

Property Tax Designation: Commercial Multiple

Southbrook Green III - 1516 Evergreen

Developer: James Conlin, Conlin Properties, Inc. 319 7th Street, Suite 500, Des Moines, Iowa 50309

Project Type: Rehabilitation

Number of Units: 61 (60 assisted, plus one (1) on-site manager)

Area Median Gross Income (AMGI): All below 60%

Management Company: Conlin Properties, Inc. 319 7th Street, Suite 500, Des Moines, Iowa 50309

Neighborhood Action: E-Mail of Support from the Pioneer Park Neighborhood Association

Tax Abatement: \$105,000

Enterprise Zone: Not within an Enterprise Zone
Property Tax Designation: Commercial Multiple

3201 Forest Avenue

Developer: Rob Knudsen, Fuller Road, West Des Moines, Iowa 50265

Project Type: New Construction of one (1) and two (2) bedrooms

Number of Units: Up to 48 units dependent upon site plan approval

Area Median Gross Income (AMGI): 38 below 60%, 10 Market Rate

Management Company: Seldin Company, 16910 Frances St, Ste 200, Omaha, Nebraska 68130

Neighborhood Action: Developer met with Drake Neighborhood Association. The neighborhood sent a letter of support for the rezoning but asked for mixed income housing for which the developer has complied.

Tax Abatement: \$265,838

Requesting Designation of an Enterprise Zone, if designated: \$338,890 Investment Tax Credit and \$102,857 Sale Tax Rebate

Property Tax Designation: Commercial Multiple

Christ the King II – 5602 SW 9th Street

Developer: Christ the King Senior Housing Services, 5602 SW 9th Street, Des Moines, Iowa 50315

Project Type: Senior

Number of Units: 25 – All will be two (2) bedroom

Area Median Gross Income (AMGI): 2 < 30%, 5 < 40% and 18 < 60%

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

Neighborhood Action: Developer spoke with Watrous South and Fort Des Moines Neighborhood Association, Neither neighborhood reported any issues.

Tax Abatement: \$162,500

Requesting Designation of an Enterprise Zone Not Eligible for Enterprise Zone

HOME funds: \$250,000

Property Tax Designation: Commercial Multiple

It was believed that the project would qualify for Enterprise Zone Tax Credits and Rebate. It has been determined that the site does not qualify for Enterprise Designation so the City does have \$250,000 of HOME funding available to fill the hole created by the planned Enterprise Zone credits.

Hilltop I – 3720 E. Douglas

Developer: James Conlin, Conlin Development Group LLC. 319 7th Street, Suite 500 Des Moines, Iowa 50309

Project Type: New Construction of Family housing

Number of Units: 36 – One (1), two (2) and three (3) bedroom units

Area Median Gross Income (AMGI): All below 60%

Management Company: Conlin Properties, Inc. 319 7th Street, Suite 500, Des Moines, Iowa 50309

Neighborhood Action: Developer contacted and attended meetings of surrounding neighborhoods and adjacent properties, including NE Neighbors and Friends, Sheridan Gardens, and Greater East Side. Minutes of the meetings and sign-in sheets were submitted.

Tax Abatement: \$230,569

Requesting Designation of an Enterprise Zone, if designated: \$138,824 Investment Tax Credit and \$72,000 Sale Tax Rebate

Property Tax Designation: Commercial Multiple

Hilltop II – 3720 E. Douglas

Developer: James Conlin, Conlin Development Group LLC. 319 7th Street, Suite 500 Des Moines, Iowa 50309

Project Type: New Construction of Family housing

Number of Units: 72 – One (1), two (2) and three (3) bedroom units

Area Median Gross Income (AMGI): All below 60%

Management Company: Conlin Properties, Inc. 319 7th Street, Suite 500, Des Moines, Iowa 50309

Neighborhood Action: Developer contacted and attended meetings of surrounding neighborhoods and adjacent properties, including NE Neighbors and Friends, Sheridan Gardens, and Greater East Side.

Minutes of the meetings and sign in sheets were submitted.

Tax Abatement: \$456,085

Requesting Designation of an Enterprise Zone, if designated: \$162,000 Investment Tax Credit and \$120,000 Sale Tax Rebate

Property Tax Designation: Commercial Multiple

Hilltop Senior– 3720 E. Douglas

Developer: James Conlin, Conlin Development Group LLC. 319 7th Street, Suite 500 Des Moines, Iowa 50309

Project Type: New Construction of Senior Housing

Number of Units: 62 – One (1) and two (2) bedroom units

Area Median Gross Income (AMGI): All below 60%

Management Company: Conlin Properties, Inc. 319 7th Street, Suite 500, Des Moines, Iowa 50309

Neighborhood Action: Developer contacted and attended meetings of surrounding neighborhoods and adjacent properties, including NE Neighbors and Friends, Sheridan Gardens, and Greater East Side.

Minutes of the meetings were submitted.

Tax Abatement: \$312, 597

Requesting Designation of an Enterprise Zone, if designated: \$108,108 Investment Tax Credit and \$80,000 Sales Tax Rebate

Property Tax Designation: Commercial Multiple

Broadway Heights - 4282 East 50th Street

Developer: Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, Iowa 50266

Project Type: New Construction of Family Housing

Number of Units: 65 – One (1), two (2) and three (3) bedroom units, dependent upon Site Plan Approval

Area Median Gross Income (AMGI): All below 60%

Management Company: Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, Iowa 50266

Neighborhood Action: Not located within a recognized neighborhood. The developer met with adjacent property owners concerning the rezoning and the financing of the project. Several property owners objected to the project.

Tax Abatement: \$309,137

Enterprise Zone Credits: \$163,373 Investment Tax Credit and \$57,993 Sales Tax Rebate

Property Tax Designation: Residential Condominium

Melbourne III – 5515 SE 14th Street

Developer: Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, Iowa 50266

Project Type: New Construction of Family Housing
Number of Units: 65 – One (1), two (2) and three (3) bedroom units
Area Median Gross Income (AMGI): All below 60%
Management Company: Hubbell Realty Company, 6900 Westown Parkway, West Des Moines, Iowa 50266
Neighborhood Action: Notified and received response from Easter Lake Neighborhood Association
Tax Abatement: \$262,598
Enterprise Zone Credits: \$231,922 Investment Tax Credit and \$85,642 Sales Tax Rebate
Property Tax Designation: Residential Condominium

Gray’s Landing (River Point West LLC) – 406 SW 9th Street

Developer: George Sherman, Sherman Associates Development LLC, 233 Park Avenue South, Ste 201, Minneapolis, Minnesota 55415
Project Type: New Construction
Number of Units: 90 units of efficiency; One (1), two (2) and three (3) bedroom apartments
Area Median Gross Income (AMGI): 72 below 60% of median, 18 market rate units
Management Company: Sherman Associates Development LLC, 233 Park Avenue South, Ste 201, Minneapolis, Minnesota 55415
Neighborhood Action: The developer notified the Downtown Neighborhood Association via e-mail. The neighborhood did not respond.
Tax Abatement: \$775,000
Enterprise Zone Credits: \$476,732 Investment Tax Credit and \$175,000 Sales Tax Rebate
Property Tax Designation: Commercial Multiple

PREVIOUS COUNCIL ACTION(S):

Date: January 23, 2012

Roll Call Number: [12-0090](#)

Action: [City](#) Manager to sign Iowa Finance Authority form "5S Local Contributing Effort" for 12 Low-Income Housing Tax Credit Projects and send letter of support for waiver of maximum per unit development costs for adaptive reuse properties eligible for listing on the National Register of Historic Places. ([Council Communication No. 12-036](#)). Moved by Hensley to adopt; refer to the City Manager to send a letter to IFA indicating the Council’s concern regarding inconsistencies in the taxable status of the projects. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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