

 <div style="text-align: center;"> <h1 style="margin: 0;">Council</h1> <h1 style="margin: 0;">Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div>	<b>Date:</b>	November 17, 2014
	<b>Agenda Item No.</b>	<b>20</b>
	<b>Roll Call No.</b>	<b><u>14-1771</u></b>
	<b>Communication No.</b>	<b><u>14-559</u></b>
	<b>Submitted by:</b>	<b>Phillip Delafield, Community Development Director</b>

## **AGENDA HEADING:**

Authorization for City Manager to sign Iowa Finance Authority (IFA) “Exhibit 5S, Local Government Contribution” For Low Income Housing Tax Credit (LIHTC) Project Applications.

## **SYNOPSIS:**

LIHTC applications are due to IFA on December 9, 2014. The IFA applications require the City to complete two exhibits including “Exhibit 5S-Local Government Contribution” that lists any financial support from the local government. This action authorizes the City Manager to sign an Exhibit 5S for each of five (5) projects listing any financial contribution and provide such exhibit to the developer for the application.

A summary of each project is at the end of this communication and staff will provide a spreadsheet briefly comparing each project.

1. Staff recommends that the City Council approve the resolution to sign an Exhibit 5S for each project acknowledging the use of tax abatement, tax increment financing, and any Enterprise Zone Credits available.
2. Council should send a letter to the IFA Board expressing the concerns about concentration of units in neighborhoods or along corridors where the infrastructure and pedestrian amenities, including schools, are not in conformance with the density proposed. The letter should also communicate that the City’s updated comprehensive plan and zoning ordinance is in the process of being updated over the next 18 months. During the plan’s development, analysis of locations and density of multi-family housing, priorities for infrastructure and pedestrian amenities, and resolution of land use conflicts will be proposed.

## **FISCAL IMPACT:**

Tax Abatement and Enterprise Zone Tax Credits and Sales Tax Refunds administered by the Iowa Economic Development Authority. Tax Increment Financing from Southridge TIF.

## **ADDITIONAL INFORMATION:**

IFA has an annual round to allocate 9% LIHTC throughout the state of Iowa. The Qualified Allocation Plan identifies required components and exhibits and awards points to projects according to a scoring system adopted by the IFA Board.

In the 2015 application round there are two (2) exhibits which are required to be completed by the City of Des Moines in order for a developer to have a complete application:

Exhibit 7B Zoning, is part of the threshold application. The Zoning Exhibit required in the LIHTC application is completed by staff and signed by SuAnn Donovan, Zoning Compliance Officer. Comments are written on the forms if a project needs a site plan or development plan approval by the Plan and Zoning Commission. The City also adds additional comments re the status of the project in review of multi-family housing design standards or other standards which must be met. A project is not required to be zoned correctly at the time of threshold application, however, the applicant (developer) must certify that the site will be zoned appropriately by the Carryover-Ten Percent Test Application due date.

Exhibit 5S, Local Financial Contribution, is a part of the threshold application and a part of the scoring. Under the 2015 Qualified Allocation Plan (QAP), “Local Financial Contribution” includes the value of any land or cash contribution, tax abatement, the equity value of previously approved Enterprise Zone Credits and value of previously approved Enterprise Zone Sales Tax Rebate, Tax Increment Financing, and any HOME or Community Development Block Grant funds. The contribution makes the project financially feasible as well as providing points for scoring. In the 2015 QAP, there are a maximum of 21 points in the category “Local Government Contribution”. A project will receive three (3) points for each full 1% of the total project costs contributed by a local government. A Polk County or Polk County Housing Trust Fund (PCHTF) contribution also counts for points in the Local Government contribution category, but PCHTF will complete their own form with an authorized signatory.

The QAP includes the following language, “A Local Government Contribution creates a presumption that the project is not in conflict with the local government’s community revitalization plan”. (2015 QAP Section 6.2.3. Community Revitalization Plan is undefined in the QAP). IFA encourages Developers to coordinate with Iowa communities regarding community revitalization plans, where applicable.

There are five (5) applications to be submitted for proposed projects located within the City of Des Moines for the 2015 round. Of the five (5) projects, four (4) target seniors (over 55) and one (1) is for families. The five (5) proposed projects are all new construction and total 292 total units. Each of the projects has a market rate component. Four (4) of the projects are requesting five (5) year tax abatement and the Southridge Senior Project is requesting a TIF contribution in lieu of tax abatement.

Two (2) project originally shared with City Council have withdrawn, Sunburst Apartments on SW 9<sup>th</sup> and the Griffin Building at 317 Grand Avenue in the downtown.

On October 6, 2014, the Council requested information regarding tax abatement and tax credit programs for multi-family housing projects and asked staff to report on the process the city uses to notify area schools of new multi-family projects. At Council workshops on October 20<sup>th</sup> and November 3<sup>rd</sup>, City staff presented information on adopted city planning documents that regulate the location and placement of housing and discussed the impact of LIHTC multi-family projects on Des Moines corridors and neighborhoods.

Council Members expressed particular concern that a commitment of tax abatement, based only on a housing use and physical design standards, created the presumption by IFA that the project is not in conflict with the local government’s community revitalization plan. The tax abatement is used in the

sources and uses for the project and allows the project to score points, even though the project has not been fully approved for tax abatement.

Council has previously set goals/guidelines by which to evaluate projects including:

- Compatible design with the neighborhood, including a density analysis
- Neighborhood Association input on the project
- Properly managed and maintained facility with amenities
- Support downtown & neighborhood revitalization efforts
- Target infill lots with connections to parks, schools and transit
- Avoid concentrations of assisted units

Developers are to be commended for the efforts they have made to provide affordable housing and amenities to their tenants. The design that goes into buildings as well as the management of LIHTC developments have improved over the past 20 years. Developers have also acknowledged City Council goals such as developing more units for our senior citizens and incorporating market rate units into a development. The City, neighborhoods, and stakeholders have been involved in considerable planning efforts and infrastructure investments made along several corridors, such as Ingersoll Avenue, over the past decade. The planning and investments need to occur along other corridors, prior to adding additional multi-family housing to ensure the needs of the residents are met.

Staff reviewed projects to determine if a project highly aligns, aligns, or does not align with the individual Council goals. Although somewhat subjective, the analysis attempts to measure how each project aligns with council goals.

#### 3714 Ingersoll Avenue

*Developer:* Newbury Living, Frank Levy, 3408 Woodland Avenue, Suite 504, West Des Moines, IA 50266

*Project Type:* New Construction of Senior Housing with commercial space on the first floor. Zoning letter will state needs a waiver to NPC density standard for 40 units.

*Number of Units:* 40, all 2-bedroom

*Area Median Gross Income (AMGI):*  $4 \leq 30\%$ ,  $12 \leq 40\%$ ,  $22 \leq 60\%$ , **2 at market rate**

*Management Company:* Newberry Living, 3408 Woodland Avenue, Suite 504, West Des Moines, IA 50266

*Neighborhood Action:* Developer contacted and attended meeting of North of Grand Neighborhood and will meet with them again on Friday November 14, 2014.

*Tax Abatement:* \$106,105

*Enterprise Zone Equity:* No

*Property Tax Designation:* Commercial Multiple

*Polk County Housing Trust Fund Application:* Yes

*Comments:* There are few assisted elderly units along the Ingersoll or Grand corridors. Pedestrian amenities and infrastructure for development is in place along Ingersoll. The tenants may make use of bus transportation and use the restaurants and grocery store nearby. The project is on the edge of a Qualified Census Tract and near higher income housing. This development highly aligns with the Council's stated goals.

#### MLK Crossing

*Developer:* Curly Top, Inc. Tim Mauro, President, 3512 Ingersoll Avenue, Des Moines, IA 50312

*Project Type:* New Construction of Senior Housing

*Number of Units:* 55, 31 1-bedroom, 24 2-bedroom

*Area Median Gross Income (AMGI):*  $3 \leq 30\%$ ,  $9 \leq 40\%$ ,  $33 \leq 50\%$ ,  $4 \leq 60\%$ , **6 at market rate**

*Management Company:* Seldin Company, Omaha, Nebraska

*Neighborhood Action:* Developer contacted and attended meetings of Prospect Park Neighborhood Association. Neighborhood supports the project.

*Tax Abatement:* \$339,300

*Enterprise Zone Equity:* No

*Property Tax Designation:* Commercial Multiple

*Polk County Housing Trust Fund Application:* Yes

*Comments:* There are no LIHTC projects within the immediate vicinity of the site, although there is an elderly project on Forest and MLK and a rehabilitated LIHTC near 30<sup>th</sup> and Douglas. The introduction of housing at this site will encourage revitalization and use of the restaurants and grocery stores along the corridor. This development aligns with the Council's stated goals.

#### South Ridge Senior - 1111 E. Army Post Road

*Developer:* Miller-Valentine Affordable Housing, LLC 9349 Waterstone Boulevard, Cincinnati, Ohio 45249, Pete Schwiegeraht, (513) 588-1617

*Project Type:* New Construction of Senior Housing - Zoning form includes a statement that the site plan must be approved.

*Number of Units:* 53 – 11 1-bedroom and 42 2-bedroom

*Area Median Gross Income (AMGI):*  $47 < 60\%$  **6 at market rate**

*Management Company:* Miller Valentine Group Property Management LLC 9349 Waterstone Boulevard, Cincinnati, Ohio 45249

*Neighborhood Action:* The site is not located within a recognized neighborhood organization's boundaries. However, the developer attended a meeting of the Somerset neighborhood organization and the neighborhood organization sent a letter of support.

*Tax Increment Financing:* \$512,817.46

*Enterprise Zone Equity:* No

*Polk County Housing Trust Fund Application:* Yes

*Property Tax Designation:* Commercial Multiple

*Comments:* The project will encourage development near the stores at Southridge and the Community College. This development aligns with the Council's stated goals.

#### Hilltop II - 3720 E. Douglas

*Developer:* James Conlin, Conlin Development Group LLC, 319 7<sup>th</sup> Street, Suite 500 Des Moines, Iowa 50309

*Project Type:* New Construction of Family Housing

*Number of Units:* 72 – 12, 1-bedroom units; 36, 2-bedroom units; 12, 3-bedroom units; 12, 4-bedroom

*Area Median Gross Income (AMGI):*  $4 \leq 30\%$ ,  $12 \leq 40\%$ ,  $48 \leq 60\%$ , **8 at market rate.**

*Management Company:* Conlin Properties, Inc., 319 7<sup>th</sup> 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:* \$478,243

*Enterprise Zone Equity:* \$139,000 Investment Tax Credit and \$120,000 Sale Tax Rebate

*Property Tax Designation:* Commercial Multiple

*Polk County Housing Trust Fund Application:* No

*Comments:* The development will add family units and the Des Moines Public Schools should be kept apprised of any impact the development may have on nearby schools. There is a need for infrastructure improvements and pedestrian amenities before additional housing is built. This may be

addressed through the Comprehensive Plan currently being updated. This development does not currently align with City Council goals.

**Melbourne IV Apartments - 5515 SE 14<sup>th</sup> Street**

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

*Project Type:* New Construction of Senior Housing

*Number of Units:* 72 – 36, 1-bedroom and 36, 2-bedroom

*Area Median Gross Income (AMGI):*  $8 \leq 30\%$ ,  $22 \leq 40\%$ ,  $34 \leq 60\%$ , **8 at market rate**

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

*Neighborhood Action:* Notified and held meeting with Easter Lake Neighborhood Association

*Tax Abatement:* \$225,975

*Enterprise Zone Equity:* \$169,120 Investment Tax Credit and \$80,588 Sales Tax Rebate

*Property Tax Designation:* Residential Condominium

*Polk County Housing Trust Fund Application:* No

*Comments:* There is a need for infrastructure improvements and pedestrian amenities before additional housing is built. This may be addressed through the Comprehensive Plan currently being updated. This development aligns with Council stated goals.

**PREVIOUS COUNCIL ACTION(S):**

Date: November 18, 2013

Roll Call Number: [13-1810](#)

Action: [City](#) Manager to sign Iowa Finance Authority form "5S Local Government Contribution" for 10 LIHTC Project applications to be submitted for funding in the 2014 round which includes preliminary commitment of \$200,000 of City HOME funds for 6<sup>th</sup> Avenue Flats and \$200,000 of City HOME funds for Christ the King Senior Housing II and a request for State HOME funds for Yeader Village. ([Council Communication No. 13-570](#)) Moved by Coleman to adopt. Motion Carried 6-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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