

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	November 23, 2015
	<b>Agenda Item No.</b>	<b>58</b>
	<b>Roll Call No.</b>	<b><u>15-2022</u></b>
	<b>Communication No.</b>	<b><u>15-612</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 and for the Mayor to sign a separate letter updating the Iowa Finance Authority on PlanDSM and its impact on identifying multi-family housing sites.

**SYNOPSIS:**

LIHTC applications are due to IFA on December 7, 2015. The IFA application requires the City to complete "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 that lists 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. Four (4) of the projects are new construction and one (1) is rehabilitation. Only one (1) project is designated for family housing.

1. Staff recommends that the City Council approve the resolution to sign an Exhibit 5S for each project acknowledging either no contribution or the use of tax abatement and/or and any Enterprise Zone Credits available. The Manager is approved to sign the document showing the value of tax abatement for any project outside the Targeted Multiple Family Residential Area only if the applicant has declared an intent to commence construction on or before December 31, 2015 to qualify for tax abatement in accordance with the Third Restated Urban Revitalization Plan for the Citywide Urban Revitalization Area.
2. Council should send a letter to the IFA Board explaining the progress on the City's Comprehensive Plan, PlanDSM, and changes made to the Citywide Tax Abatement as it impacts new multi-family development. The City is currently evaluating locations and density for multi-family housing throughout the City as a part of the PlanDSM's future land use map and proposed zoning ordinance. From those evaluations budget priorities for infrastructure and pedestrian amenities will evolve.

**FISCAL IMPACT:**

Amount: NA

Funding Source: Tax Abatement for four (4) projects

**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. For 2016, nine (9) projects were originally submitted, but four (4) have withdrawn before submitting to IFA. Of the projects withdrawing, three (3) were impacted by being unable to meet the tax abatement requirement for projects outside the Targeted Multiple Family Residential Area of obtaining necessary permits and commencing construction prior to December 31, 2015.

In the 2016 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 Political Jurisdiction Certification” (Zoning and Site Issues), is part of the threshold application but not a part of scoring. Exhibit 7B 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 regarding 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 2016 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 helps with financing 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 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, if any.

At City Council workshops in 2015, Council Members expressed concern that a commitment of tax abatement, based only on a housing use and City imposed physical design standards, created the presumption by IFA that the project is not in conflict with the local government’s community revitalization plan. The location of the projects may not reflect City budgets or priorities for infrastructure and pedestrian amenities. Any conflicts cannot be resolved until the completion of the PlanDSM and its implementation through new budget priorities for pedestrian amenities and traffic control along corridors.

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; and
- 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 building design and the management of LIHTC developments have improved over the past 25 years. Developers have also acknowledged City Council goals such as developing more units for senior citizens and incorporating market rate units into a development.

Staff reviewed each of the projects to determine if a project 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.

#### 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 Total: 36 1-bedroom and 36 2-bedroom

Area Median Gross Income (AMGI): 4 ≤ 30%; 12 ≤ 40%; 48 ≤ 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 Assoc. Re-notified in October 2015

Tax Abatement: \$321,364 5-year 100%. The developer has declared an intent to timely commence construction to qualify for tax abatement.

Enterprise Zone Equity: \$174,248 Investment Tax Credit and \$82,006 Sales Tax Rebate

Property Tax Designation: Residential Condominium

Polk County Housing Trust Fund Application: No

#### Melbourne Phase IV Senior – Aligns with City Goals:

- Design - A LIHTC award will complete the full-build out of this site and is compatible with tax abatement requirements. Because of the creation of a condominium regime, the project does pay less in property taxes than other projects for a few years after abatement.
- Neighborhood Association – Easter Lake is not opposed to completion of the project as Senior Housing.
- Amenities - include washer/dryers in every apartments and residents will have free access to computers and exercise equipment. Apartments are wired for high speed Internet, phone service, and cable or satellite television service.
- Revitalization - Provides households to shop along E. 14<sup>th</sup> Street and support the corridor. Minimal revitalization impact on adjacent residential areas.
- Connections - The development is located adjacent to sidewalks and residents will be able to access the DART bus system near the apartments. Residents can walk to Wal-Mart and many other big-box and smaller retail stores and restaurants along E. 14<sup>th</sup> Street.
- Concentration - The site will consist of 295 units of family and senior housing. The development is not located within a ½ mile of other large LIHTC developments.

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 Total: 12 1-bdrm units; 36 2-bedroom units; 12 3-bedroom units; 12 4-bedroom

Area Median Gross Income (AMGI): 4 ≤ 30% 12 ≤ 40%, 48 ≤ 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 Fairmont Park, Sheridan Gardens, and Douglas Acres. Minutes of the meetings and sign-in sheets were submitted.

Tax Abatement: \$498,195 5-year 100%. The developer has declared an intent NOT to timely commence construction to qualify for tax abatement.

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

Property Tax Designation: Commercial Multiple

Polk County Housing Trust Fund Application: No

Hilltop II –Does not fully align with all City goals for housing development in 2016 and 2017 because of impacts on neighborhood revitalization due to traffic and safety concerns and the concentration of multiple-family rental units:

- Design - A LIHTC award will complete the full-build out of this site and the design is compatible with tax abatement requirements.
- Neighborhood Residents have raised concerns about the development although no association sent a letter to staff opposing the project. Conlin Development met with three (3) neighborhood associations this year and last year.
- Amenities include Community Center, exercise area and equipment, garden space and bike-racks. Conlin Development works closely with the Des Moines Police Department and participates in the Crime-Free Multi-family Housing Program.
- Revitalization - A traffic study on the Hubbell Corridor between E. 33<sup>rd</sup> and E. 38<sup>th</sup> street, with an emphasis on the safety issues at Hubbell and E. Douglas, is currently underway and should be finished in February 2016. The current study is a response to the Iowa DOT Safety Audit that was conducted on the corridor and in response to City Council's concerns about the impact of additional housing built on this site. The traffic safety improvements identified by that traffic study cannot be funded, designed and constructed prior to the completion and occupancy of the proposed new housing.
- Connections - The developer has provided numerous playgrounds on the site and tenants are able to access DART. The intersection of E. Douglas and Hubbell Avenue is a two-way stop controlled intersection with E. Douglas being stop controlled. There is a signalized intersection at E. 38<sup>th</sup> and Hubbell.
- Concentration - There are currently 240 units adjacent to Hilltop on E. Douglas in the Parkside East Apartments (3540 E. Douglas) and Willow Park Apartments (3604 E. Douglas). Full build out of Hillside will include 162 units of family housing, 62 units of senior housing (built) and 15 duplexes. Of those units, 36 family units and 62 senior units have been constructed. Upon completion there will be approximately 479 units concentrated in this area.

Brickstones at River Bend– 513 Forest Avenue

Developer: Brickstones at River Bend, LLC Anawim Housing

Project Type: New Construction of Senior Housing

Number of Units: 30-Total: 16 1-bedroom units; 14 2-bedroom units;

Area Median Gross Income (AMGI): 2 ≤ 30%; 6 ≤ 40%; 18 ≤ 60%; 4 at market rate.

Management Company: Anawim Housing

Neighborhood Action: Developer met with River Bend Neighborhood Association and 6AC

Tax Abatement: \$322,194, 100% 10-year abatement

Enterprise Zone Equity: None

Property Tax Designation: Commercial Multiple

Polk County Housing Trust Fund Application: \$130,000 (Subject to Change)

Brickstones at Riverbend– Does not fully align with City Goals because of a concern with the concentration of assisted multiple-family housing units.

- Design - The proposed design of the development is compatible with tax abatement requirements, the neighborhood and the NPC Zoning. For over 15 years, the City has worked on improvements along 6<sup>th</sup> Avenue and is currently in the process of implementing a street scape plan. Several multi-family housing proposals have been recommended at this site and received city council support.
- The River Bend Neighborhood Association and 6AC have reviewed the plans.
- Amenities - A community room is included on site and all residents have access to the Anawim Housing Family Advocate.
- Revitalization – The development will add households and encourage the support of businesses within the River Bend Neighborhood.
- Connections - Sidewalks and signalized crossings are in place along 6<sup>th</sup> Avenue and into the River Bend Neighborhood
- Concentration - There are several assisted family units along 6<sup>th</sup> Avenue including the Kromer Flats, River Bend Duplexes, New Lawn Apartments, and the Maine plus an elderly, 37 unit 202 project, Apartments at River Trace, within two (2) blocks of the site.

Calvin Manor– 4210 Hickman Road

Developer: Kevin Kukleman Kuckelman Properties, 401 Main Street, Suite 5 Keokuk, IA 52632-5453  
And Doug Wells, Wells and Associates, 520 42<sup>nd</sup> Street, Des Moines, IA 50312

Project Type: New Construction of 48 units of Senior Housing with medical clinic on first floor

Number of Units: 12 1-bedroom units; 36 2-bedroom units;

Area Median Gross Income (AMGI): 36 ≤ 60%, 12 at market rate.

Management Company: Seldin Company

Neighborhood Action: Three (3) meetings were held with surrounding neighbors. The Beavertdale Neighborhood Association President was notified of the meetings.

Tax Abatement: \$355,560 5-year 100%. The developer has declared an intent to timely commence construction to qualify for tax abatement.

Enterprise Zone Equity: None

Property Tax Designation: Commercial Multiple

Polk County Housing Trust Fund Application: None

Calvin Manor- Aligns with City Goals:

- Design - A LIHTC award will add housing to the successful Calvin Manor. The design is compatible with the existing site and with tax abatement requirements. Housing and medical

services will be combined into one (1) building. There will be a 14,000-square-foot clinic for Mercy Health Systems with a Geriatric Specialty and General Neighborhood Clinic on the first floor of the proposed building. On the upper floors will be 48 units of one (1) and two (2) bedroom senior housing.

- Beaverdale Neighborhood Association: No one has expressed opposition to the project
- Amenities - include the existing services provided at Calvin Manor.
- Revitalization - The addition of a medical clinic will provide more services for residents of the immediate area and add to revitalization.
- Connections - The development is located adjacent to sidewalks along Hickman and into the neighborhood. The loss of open space will deter people from the adjacent neighborhood from using site for recreation.
- Concentration – The Calvin Manor site is located within an “Opportunity Area” (7.03) which is defined as a good location for LIHTC investment and may not have been selected based on other criteria. The application receives three (3) additional points for this location. One (1) criteria for this designation is the lack of affordable housing within the census tract.

#### Corinthian Gardens Rehabilitation – 1101 University Avenue

Developer: Corinthian Gardens working with Newbury Living, Frank Levy

Project Type: Rehabilitation of Senior Housing

Number of Units: 75 units, currently all units are 1-bedroom or studio

Area Median Gross Income (AMGI): 75 ≤ 60%, none at market rate

Management Company: Newbury Living

Neighborhood Action: Developer met with the King-Irving Neighborhood Association on November 12<sup>th</sup> and they offered to write a letter of support.

Tax Abatement: The property has a federal 202 mortgage which runs until 2029. It is exempt from property taxes because it is for low-income senior over 62.

Enterprise Zone Equity: None

Property Tax Designation: Exempt

Polk County Housing Trust Fund Application: None

Comments:

#### Corinthian Gardens - Aligns with City Goals, Rehabilitation:

- Design - The building is currently configured into two (2) wings; one (1) wing has a ridge line that runs east and west and the other a ridge line that runs north and south. The proposed rehabilitation will “bump-out” portions both wings 8-10 feet which will increase the size of the units and add other efficiencies of use. The additions will add variety to the building making it look less institutional. The rehabilitation will also include new HVAC equipment, kitchens, bathrooms and floorings in each units. Exterior renovation will include an entrance feature and exterior social areas and drive/parking area. Staff will work with the developer to ensure that the addition aligns with tax abatement standards, but not enough design work has yet been completed to fully evaluate.
- Amenities – The development will make needed upgrades to the units and improve circulation on site.
- Revitalization – The rehabilitation will protect and improve a visible development in the King-Irving Neighborhood. Improvements will add to the visual attractiveness along University Avenue.

- Connections - Sidewalks and signalized crossings are in place along 6<sup>th</sup> Avenue and into the King-Irving and River Bend Neighborhood.
- Concentration – Rehabilitation of the existing development will have no impact on concentration. There are three elderly LIHTC within a mile of the project, The Rose of Des Moines at 19<sup>th</sup> and Forest, The Apartments at River Tract at 1600 6<sup>th</sup> Avenue, and Walden Place in the 300 block of University.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 26, 2015

Roll Call: [15-1816](#)

Action: [On](#) adoption of the Third Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area (Tax Abatement Program amendments). ([Council Communication No. 15-579](#)) Moved by Coleman to adopt. Motion Carried 7-0.

Date: October 26, 2015

Roll Call: [15-1818](#)

Action: [Approving](#) amendment to the Third Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area, regarding the schedules allowed for improvements to single and two-family dwellings. Moved by Coleman to adopt; refer to the City Manager for review and recommendation regarding possible incentives to encourage high-quality homes on the undeveloped land in the Northeast and Southeast areas of the City; and also to refer to the City Manager for review and recommendation regarding the design guidelines and definitions to emphasize quality rather than specific materials or products. Motion Carried 7-0.

Date: November 17, 2014

Roll Call Number: [14-1771](#)

Action: [Authorization](#) for City Manager to sign Iowa Finance Authority (IFA) “Exhibit 5S, Local Government Contribution” for Low-Income Housing Tax Credit (LIHTC) Project Applications. ([Council Communication No. 14-559](#)) Moved by Coleman to adopt, exclusive of paragraph 2 and subject to amending paragraph 1 as identified in the underlined text above. The action taken under paragraph 2 shall be addressed under a separate motion. Motion Carried 7-0.

Date: November 17, 2014

Roll Call Number: [14-1771](#) and [14-1771I](#)

Action: [Authorization](#) for City Manager to sign Iowa Finance Authority (IFA) “Exhibit 5S, Local Government Contribution” for Low-Income Housing Tax Credit (LIHTC) Project Applications. ([Council Communication No. 14-559](#)) Moved by Coleman to adopt, exclusive of paragraph 2 and

subject to amending paragraph 1 as identified in the underlined text above. The action taken under paragraph 2 shall be addressed under a separate motion. Motion Carried 7-0.

- (A) Resolution regarding letters to IFA. Moved by Coleman to adopt as to paragraph numbered 2 only, subject to adding a note in the letter regarding the Hilltop II project identifying that the City will need to take immediate action to conduct a traffic safety study and to undertake any necessary improvements at the intersection of Douglas Avenue and Hubbell Avenue to serve the additional traffic generated by that project, refer to the City Manager to report on the impact of the Mayor's letter to IFA. Motion Carried 7-0.

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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