

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 9, 2017
	<b>Agenda Item No.</b> 41 <b>Roll Call No.</b> <u>17-0051</u> <b>Communication No.</b> <u>17-003</u> <b>Submitted by:</b> Phillip Delafield, <b>Community Development Director</b>

**AGENDA HEADING:**

Approve Assignment of City HOME and Community Development Block Grant (CDBG) Agreements and ancillary filings and creation of new affordability covenants and with Legacy Park, LLLP (Anawim Housing) to allow for additional rehabilitation.

**SYNOPSIS:**

- This action allows the HOME and CDBG requirements for affordability to remain in place on properties under the ownership of Legacy Park, LLLP in order to receive additional funding from Iowa Finance Authority (IFA) for rehabilitation and upgrading.
- Numerous properties owned or managed by Anawim Housing in the River Bend, King Irving, and Cheatom Park Neighborhoods are in need of rehabilitation. (Russ Frazier, President, 2024 Forest Avenue, Des Moines Iowa.)
- To raise funding for the upgrading/rehabilitation of 137 units of rental housing, Anawim has formed Legacy Park, LLLP and received an allocation 4% Low Income Housing Tax Credits through the IFA.
- The City of Des Moines has remaining HOME and CDBG construction and/or rehabilitation agreements on two (2) of the projects, Mid-City Duplexes built in the 1990's and three (3) apartment buildings located between 8<sup>th</sup> and 9<sup>th</sup> Streets on Forest Avenue.

**FISCAL IMPACT: NONE**

**ADDITIONAL INFORMATION:**

St Paul Transformation Center

- By Roll Call No. 10-1075, on June 28, 2010, the City of Des Moines approved rehabilitation funding for the 20 units of rental housing located at 1354 8<sup>th</sup> Street, 812 Forest Avenue, and 1353 9<sup>th</sup> Street owned by St. Paul Transformation Center.
- Legacy Park, LLLP will purchase the properties from St. Paul Transformation Center for \$1.00 and assume all of the mortgages.
- The City provided:
  - \$318,467 of CDBG funding for rehabilitation of six (6) units of housing at 1354 8<sup>th</sup> Street. The property had lost its rental certificate in 2010 while under prior ownership.
  - \$204,931 of HOME funding for rehabilitation of six (6) units of housing at 812 Forest Avenue.

- \$210,307 of HOME funding for rehabilitation of eight (8) units of housing at 1353 9<sup>th</sup> Street.
- Each of the properties had a City Agreement, lien and a restrictive covenant filed for 10 years beginning at the time of project completion. The remaining period of affordability varies by building, but is between four (4) and five (5) years.
- Legacy Park, LLLP will be assigned the agreements and additional filings and the City will assure compliance with the requirements through annual monitoring of the units.
- The 4% LIHTC funding requires affordable housing and will move these three (3) buildings into a taxable category for property tax purposes.

### Mid-City Duplexes

- In years 1995, 1996 and 1997, the City of Des Moines annually provided \$25,000 HOME of funding to Mid-City Duplexes, LP to construct scattered-site, family rental housing. State HOME funding was also provided to the duplexes and was administered through the City of Des Moines.
- Mid-City Duplexes, LP was a Limited Partnership created by Anawim Housing to access LIHTC's.
- The HOME funding resulted in the construction of eight (8) to 10 duplexes or 4-plex structures annually for a total of 28 units of housing.
- The City and state mortgages have been repaid and the forgivable liens filed against the properties have expired.
- There are still a few years remaining on the HOME affordability requirements so a restrictive covenant will be refiled with the recorder under the Legacy Park, LLLP ownership.

### **PREVIOUS COUNCIL ACTION(S):**

Date: June 28, 2010

Roll Call Number: [10-1075](#)

Action: [Approving](#) a CDBG loan with St. Paul A.M.E. Transformation Center for up to \$415,000 for rehabilitation of twenty units of rental housing located at 812 Forest, 1354 8<sup>th</sup> Street and 1353 9<sup>th</sup> Street. ([Council Communication No. 10-378](#)) Moved by Coleman to adopt. Motion Carried 7-0.

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

Board: Neighborhood Revitalization Board

Date: March 3, 2010

Resolution Number: NA

Action: Approve CDBG funds for renovation of buildings owned by St. Paul A.M.E. Transformation Center at 1324 8<sup>th</sup> Street, 1353 9<sup>th</sup> Street, and 812 Forest Avenue.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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