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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date: | September 10, 2018 |
| | Agenda Item No. | 31 |
| | Roll Call No. | [_____] |
| | Communication No. | 18-458 |
| | Submitted by: | Phillip Delafield, Community Development Director |

AGENDA HEADING:

Approval of HOME Investment Partnership Program (HOME) Agreement with Melbourne Apartments IV, LLLP (\$250,000; 5515 SE 14th Street).

SYNOPSIS:

The action is a commitment of \$250,000 of HOME funds as a below market rate interest loan to be used for the construction of 72 units of senior housing at Melbourne Apartments IV, 5515 SE 14th Street, Des Moines. The loan is structured at 1% interest, interest only paid annually. A principal payment is structured at the end of the 20-year period of affordability.

A preliminary commitment was made on November 6, 2017. The preliminary commitment was dependent upon the proposed project receiving an allocation of Low Income Housing Tax Credits (LIHTC) in the 2018 Iowa Finance Authority (IFA) funding round and completion of the Environmental Review Record. The project will be developed by a limited liability limited partnership associated with Hubbell Realty Services (Contact: Tim Portzel, 6899 Westown Parkway, West Des Moines, IA 50266).

FISCAL IMPACT:

Amount: \$250,000

Funding Source: Fiscal Year Operating Budget, Special Revenue and Other Funds, HOME Grants, Page 57

ADDITIONAL INFORMATION:

The total project is expected to cost \$10,876,413 and will consist of 72 units of one (1) and two (2) bedroom senior housing units. Other contributors include:

| Source | Amount | Type |
|--------------------------------|-------------|-------------------------------|
| Iowa Trust & Savings Bank | \$1,850,000 | First Mortgage |
| Polk County Housing Trust Fund | \$100,000 | Below-Market Rate Loan |
| State of Iowa (IEDA) | \$86,695 | Sales Tax Rebate |
| State of Iowa (IEDA) | \$230,196 | Enterprise Zone Credit |
| State of Iowa (IFA) | \$7,544,000 | Low-Income Housing Tax Credit |
| Hubbell Realty Company | \$440,000 | Deferred Developer Fee |

| | | |
|------------------------|--------------|-----------------------------|
| Hubbell Realty Company | \$278,915 | Below-Market Rate Loan |
| US Bank | \$96,607 | Equity Investment |
| City of Des Moines | \$250,000 | HOME Below-Market Rate Loan |
| Total | \$10,876,413 | |

Residents will be required to meet income guidelines. Household incomes to be served are as follows:

| Percentage of Area Median Income | Income Cap for Single Person | Number of Units |
|----------------------------------|------------------------------|-----------------|
| Below 30% AMI | \$16,750 | 4 units |
| Below 40% AMI | \$22,300 | 22 units |
| Below 60% AMI | \$33,480 | 38 units |
| Market Rate | N/A | 8 units |
| Total | | 72 units |

Gross rent, which includes a utility allowance, will range from \$462 for the lowest income tenants to \$916 for market-rate units.

PREVIOUS COUNCIL ACTION(S):

Date: November 6, 2017

Roll Call Number: [17-1895](#)

Action: [Preliminary](#) Commitment of HOME Investment Partnership Program (HOME) funds for Melbourne Apartments IV, LLLP at 5515 SE 14th Street to be developed with Hubbell Realty Corporation. ([Council Communication No. 17-773](#)). Moved by Coleman to adopt. Motion Carried 6-0. Council Member Hensley declared a conflict of interest and abstained from voting.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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