

**Date** February 22, 2010

**RESOLUTION APPROVING COMMON BOND COMMUNITIES APPLICATION FOR ENTERPRISE ZONE BENEFITS FOR A HOUSING PROJECT IN THE SE AGRIBUSSINESS ENTERPRISE ZONE**

WHEREAS, on September 14, 1998 by Roll Call No. 98-2603, the Des Moines City Council established the Des Moines Enterprise Zone Commission (“Commission”), and on January 25, 2010 by Roll Call No. 10-153, the City Council designated the SE Agri Business Enterprise Zone, which the State of Iowa subsequently certified, all pursuant to Iowa Code sections 15E.191-96 (2001); and

WHEREAS, Common Bond Communities, a developer, requests approval of its application for enterprise zone benefits for a project in the SE Agri Business Enterprise Zone involving investment of approximately \$7.6 million into the rehabilitation of 60 residential units at 1401 Capital and 1415 Des Moines Street; and

WHEREAS, Common Bond Communities application appears to meet all of the requirements for enterprise zone benefits; and

WHEREAS, Council is requested to recommend approval of the Common Bond Communities application for Enterprise Zone benefits to the Commission as well as the Iowa Department of Economic Development (“IDED”), which administers the State of Iowa Enterprise Zone Tax Credits.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that:

1. The application describing how the Common Bond Communities project meets the requirements for enterprise zone benefits, herein referenced as Exhibit “A”, is accepted.
2. The Common Bond Communities application is recommended for approval to the Des Moines Enterprise Zone Commission and to IDED.
3. The Office of Economic Development is directed to transmit a copy of this Roll Call to the Commission and to IDED and to conduct project compliance monitoring.
4. Upon IDED approval of the application, the Mayor is authorized to execute and the City Clerk is directed to attest to his signature on any documents necessary for Common Bond to receive enterprise zone benefits.

(Council Communication No. 10- **078** )

FORM APPROVED:

Moved by \_\_\_\_\_ to adopt.



Michael F. Kelley, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
<b>TOTAL</b>				

MOTION CARRIED

APPROVED

\_\_\_\_\_  
Mayor

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
City Clerk

IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT

**APPLICATION for ENTERPRISE ZONE BENEFITS**

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**Housing Development**

Iowa Department of Economic Development  
Division of Community Development  
200 East Grand Avenue  
Des Moines, Iowa 50309

FEBRUARY 2006

**INTENT:** The Enterprise Zone Program was established by the Iowa Legislature with the intent of promoting new economic development in economically distressed areas of Iowa by encouraging communities to target resources in ways that attract productive private investment.

**PROJECT INITIATION:** Projects that have already been initiated before receiving formal application approval by the Iowa Department of Economic Development shall not be eligible for tax incentives and assistance under this program.

“Project initiation” means any one of the following: the start of construction of new or expanded buildings; the start of rehabilitation of existing buildings; the purchase or leasing of existing buildings; or the installation of new machinery and equipment or new computers to be used in the operation of the business’ project. The purchase of land or signing an option to purchase land or earth moving or other site development activities not involving actual building construction, expansion or rehabilitation shall not constitute project initiation.

### **GENERAL INSTRUCTIONS**

1. If more than six months has elapsed since the date on the front of this application, please contact IDED to see if this version of the application is still current.
2. Before filling out this application form, please read Iowa Code Sections 15E.191 through 15E.196, as amended and the Enterprise Zone administrative rules.
3. Only typed or computer-generated applications will be accepted and reviewed. *(Contact the IDED to have an electronic copy of this application e-mailed to you.)* Any material change to the format, questions or wording of questions presented in this application, will render the application invalid and will not be accepted.
4. Complete the application fully; if any questions are left unanswered or required attachments are not submitted, an explanation must be included.
5. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
6. Any inaccurate information of a significant nature may disqualify the application from consideration.
7. Send the original plus two copies of the completed application form and all required attachments to:

Kent Powell  
Housing Fund Compliance Specialist  
Iowa Department of Economic Development  
200 East Grand Avenue  
Des Moines, Iowa 50309  
Phone: (515) 242-4786  
Fax: (515) 242-4809  
E-mail: kent.powell@iowalifechanging.com

It is not necessary to bind the application and/or the required attachments. Staples and/or binder clips may be utilized. Please provide photocopies of any documents, which in their original form, IDED would not be able to 2-hole punch for purposes of creating the applicant’s file.

## **PUBLIC RECORDS POLICIES**

The Iowa Department of Economic Development (IDED) is subject to the Open Records law (2001 Iowa Code, Chapter 22). Treatment of information submitted to IDED in an Enterprise Zone application is governed by the provisions of the Open Records law. All public records are available for public inspection. Some public records are considered confidential and will not be disclosed to the public unless ordered by a court, the lawful custodian of the record, or by another person duly authorized to release the information. Copies of Iowa's Open Records law and IDED's administrative rules relating to public records are available from the Department upon request.

## **APPLICANT INFORMATION**

Name of Housing Business: CommonBond Communities

Contact Name & Title: Amanda Novak, Senior Project Manager

Address: 328 Kellogg Blvd. West

City, State & Zip Code: Saint Paul, MN 55102

Telephone: 651-290-6213

Fax: 651-291-1003

E-mail Address: [novak@commonbond.org](mailto:novak@commonbond.org)

Taxpayer Identification No.: 41-1260469

### ***Local Enterprise Zone Commission***

Enterprise Zone Commission Name: City of Des Moines

Contact Name & Title: Rita Conner, Economic Development Coordinator

Organization: City of Des Moines

Address: 400 Robert D. Ray Drive

City, State & Zip Code: Des Moines, IA 50309

Telephone: 515-283-4019

Fax: 515-237-1667

E-mail Address: [RAConner@dmgov.org](mailto:RAConner@dmgov.org)

**CERTIFICATION & RELEASE OF INFORMATION**

I, the undersigned, on behalf of the Housing Business identified above, hereby submit the following application under Iowa Code Sections 15E.191 through 15E.196. I certify that the Housing Business is in good standing, and has complied or will upon receipt of approval by the Department, with all applicable laws of the State of Iowa to conduct business within the State. I certify that all information, representations, or statements provided to the Iowa Department of Economic Development (IDED), in connection with this application, are true and correct in all material respects.

I certify and understand that in order to receive benefits under the Enterprise Zone Program that the project described in this application has not been initiated and that the project will not be initiated until the business receives final approval of this application from the IDED.

I hereby give permission to IDED to make credit checks, contact the company's financial institution(s), and perform other related activities necessary for reasonable evaluation of this application.

I understand this application is subject to final approval by the Department and am aware that Enterprise Zone benefits are not available until final Department approval is secured and an agreement is executed with the Housing Business, IDED and the Community, within a reasonable time period following approval. This application will be used as the basis for the Enterprise Zone agreement.

**For the Housing Business:**

Ellen Higgins, V.P.  
Signature, Title

Ellen Higgins, Vice President  
Print name and title

February 9, 2010  
Date

**For the Enterprise Zone Commission:**

\_\_\_\_\_  
Signature, Title

\_\_\_\_\_  
Print name and title

\_\_\_\_\_  
Date

**APPLICATION INFORMATION**

1. Please provide a brief description of the proposed housing development project.

CommonBond Communities is proposing to rehabilitate two communities in their Des Moines portfolio, Des Moines Street Village and Stewart Park Apartments. The units will undergo substantial rehabilitation to ensure that they will continue to be seen as assets to the Greater East Side Neighborhood.

2. In which Enterprise Zone will this project occur (include the zone's name, number, size in acres, and date certified)?

SE AgriBusiness Enterprise Zone (EZ 1A) 3037.62 acres, certified February 18, 2010.

3. Does the project involve new construction or rehabilitation?

The project will involve rehabilitation of the two communities. The rehabilitation budget is estimated between \$30,000 and \$50,000 per unit.

4. How many single-family homes or multi-family units are proposed?

60 units will be rehabbed.

5. What will be the per unit value of the housing?

Approximately \$140,000-160,000 per unit

6. The single family homes or multi-family units being constructed or rehabilitated must be modest homes or units and include the necessary amenities. Please explain how the proposed project will satisfy this requirement?

The existing communities offer only amenities necessary for the residents to live comfortably in their home.

7. Will the project meet U.S. Department of Housing and Urban Development Housing Standards and applicable local codes?

Yes, the project will meet the U.S. HUD housing standards, as well as the City of Des Moines and State of Iowa codes.

8. What is the current status of the project? When is construction scheduled to begin? What is the anticipated project completion date?

CommonBond is applying for 2010 Low Income Housing Tax Credits from the Iowa Finance Authority. All of our funding will be awarded by June 2010. We anticipate construction beginning in March 2010 with a completion date of August 2010.

9. Attach a legal description of the business site on which the project will occur.

Please see attached sheet.

10. Attach a detailed map (no larger than 8" x 14") showing the housing development site in relation to the boundaries of the certified Enterprise Zone.

The properties are located at 1401 Capital Drive and 1415 Des Moines Street

11. Is any part of the project located in a 100-year flood plain?

No.

12. Please indicate the total capital investment that will be made as the result of this project?

<u>Description of Capital Expenditure</u>	<u>Amount</u>
Refinance of Loans	\$1,755,119
Construction	\$3,765,000
Soft Costs	\$1,381,400
Financing Costs	\$445,008
Reserves	\$299,356
<b>Total</b>	<b>\$ 7,645,883</b>

13. Please identify the sources of project financing that will be utilized and the amount of the financing. (The total amount of the financing should equal the total expenditures in Question #12.)

<u>Source of Project Financing</u>	<u>Amount</u>
First Mortgage	\$969,229
Tax Credit Syndication	\$4,263,074
FHLB Des Moines	\$300,000
IDED HOME	\$900,000
Deferred Developer Fee	\$270,000
EZ Credits	\$300,000
CommonBond Loan	\$843,580
<b>Total</b>	<b>\$7,645,883</b>

14. For purposes of determining the amount of investment tax credits the housing business may receive, the Iowa Department of Economic Development cannot include capital expenditures financed through federal, state, and local government tax credits, grants and forgivable loans. Based on this information, what portion of your total capital investment (identified in Question #12) will be eligible for the investment tax credit? \$3M

15. Please attach a long-term plan for the proposed housing development project including labor and infrastructure needs. Attached.

16. What economic benefits will the project bring to the area?

This rehabilitation of these two communities will ensure a stable local property tax base and help revitalize the surrounding area. The proposed development and on-site resident services will result in increased stability and economic opportunity for the residents, with improved workforce skills and readiness. CommonBond Communities is known for the high quality design of its properties, plus demonstrated excellence in ongoing property management and maintenance.

17. Explain why the proposed project would be considered a good housing development project.

Starting with the belief that stable housing is the cornerstone of vibrant, healthy communities; CommonBond Communities provides a strong model for building and sustaining affordable homes for working families, individuals, seniors and people with special needs. Bringing the expertise and experience of thirty-seven years, CommonBond is now the largest nonprofit provider of affordable homes with services in the upper Midwest. CommonBond has earned a national reputation for excellence in developing and managing quality affordable housing while providing customized resident services. CommonBond is nationally recognized as an innovator and leader in the industry and we have been the recipient of local and national awards endorsing the excellence of our housing and services.

18. Please attach an affidavit that states the Housing Business has not, within the last five years, violated state or federal environmental and worker safety statutes, rules, and regulations or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment. Attached.

19. Explain why Enterprise Zone Benefits are needed in order for the project to proceed.

Consistent with most affordable rental housing development, the sources of funds for this project are less than the cost to develop the housing, creating a funding gap which can be filled by the EZ credits.

20. Please indicate the amount of Enterprise Zone tax benefits being requested for this project.

State Sales, Service, and Use Tax Refund:     \$75,000    

Investment Tax Credit:                     \$300,000                    

21. Please list any additional requirements adopted by the local Enterprise Zone Commission and explain how the Housing Business will meet each requirement.

**ATTACHMENTS**



Please make sure the following items are included with this application:

***Housing Business:***

- Legal description of the business site on which the project will occur.
- Detailed map (no larger than 8" x 14") showing the business site in relation to the boundaries of the certified Enterprise Zone.
- Long term strategic plan, which includes labor and infrastructure needs.
- Affidavit that states the Business has not, within the last 5 years, violated state or federal environmental and worker safety statutes, rules, and regulations.

***Enterprise Zone Commission:***

- Resolution by the Enterprise Zone Commission approving this application.
- Proof that the meeting, in which this application was approved, was open to the public (i.e. public notice which was published and/or posted).
- Meeting minutes from the meeting, in which this application was approved.

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

### Property Identification

Address: Proposed Stewart Park Apartments  
1401 Capitol Avenue  
Des Moines, Iowa

Legal Description: Lots 26, 27, and 28, Block 42, Stewart's Addition, to the City of Des Moines, now including in and forming a part of the City of Des Moines, Iowa.

### Ownership History (Three Years)

Owner: Newbury Development Company

Purchase Information: 1411 Capitol (Lot 26) was purchased June 15, 1990 for \$40,485. This purchase was a real estate contract recorded in Book 6250, Page 780 of the Polk County Recorder's Office.

1401 and 1403 Capitol (Lots 27 and 28) were purchased October 29, 1988 for \$65,000. This purchase was a real estate contract recorded in Book 6000, Page 416 of the Polk County Recorder's Office.

Offers/Listings: None known

Leases: None

### Assessed Valuation and Taxes

Tax assessments are not available for the subject property as proposed. Lots 27 and 28 are currently vacant land and assessed at \$17,100 per lot. Lot 26 is improved with an old boarded-up residence, which will be demolished. The assessments on this parcel include \$5,480 on the land and \$23,620 on the improvements for a total of \$29,100. The current annual taxes payable on the three parcels are as follows:

Lot 26	\$ 905
Lot 27	\$ 666
Lot 28	\$ <u>666</u>
Total Current Taxes	\$2,237

Legal Description  
"Des Moines Street Village"

Part of Lots 15 and 26 and all of Lots 16 through 25, Block 39, Stewart's Addition, an Official Plat, more particularly described as follows: Commencing as a point of reference at the northwesterly corner of said Lot 26' thence North 75 degrees 00' (minutes) 00" (seconds) East along the northerly line of said Lot 26, a distance of 25.01 feet to the point of beginning; thence continuing North 75 degrees 00'00" East along the northerly line of said Lot 26 through 15, for a distance of 566.24 feet to the present westerly right-of-way line of East 15th Street; thence South 15 degrees 00'00" East along said right of way line 150.10 feet; thence South 75 degrees 00'50" West along the southerly line of said Lots 15 through 26, for a distance of 566.23 feet; thence North 15 degrees 00'41" West, 149.96 feet to the point of beginning, all now included in and forming a part of the City of Des Moines, Polk County, Iowa.

Also legally described as:

Lot 15 in Block 39 in Stewart's Addition to the City of Des Moines, now included in and forming a part of the City of Des Moines, Iowa, except that part that lies east of a line beginning at a point 8.5 feet West of the Southeast corner of said Lot 15 on the South line thereof, thence Northeasterly to a point 6.5 feet West of the Northeast corner of said Lot 15 on the North line thereof; and except commencing as a point of reference at the Southwest corner of said Lot 15; thence Easterly along the South line of said Lot 15, 41.50 feet to the point of beginning; thence Northerly on an assumed bearing of North 15°30'00" West, 150.00 feet to the North line of said Lot 15; thence North 74°29'38" East along said North line, 2.33 feet; thence South 14°36'36" East, 150.02 feet to the point of beginning, all now included in and forming a part of the City of Des Moines, Polk County, Iowa.

Lot 16, Block 39 in Stewart's Addition to the City of Des Moines

The East 1/2 Lot 17 in Block 39 in Stewart's Addition to the City of Des Moines

The West 1/2 of Lot 17 and the East 10' of Lot 18 in Block 39 in Stewart's Addition

The West 40 feet of Lot 18, Block 39, Stewart's Addition to the City of Des Moines

Lot 19 in Block 39 in Stewart's Addition

Lot 20 in Block 39 in Stewart's Addition to the City of Des Moines

Lot 21 in Block 39 in Stewart's Addition to the City of Des Moines

Lot 22 in Block 39 in Stewart's Addition to the City of Des Moines

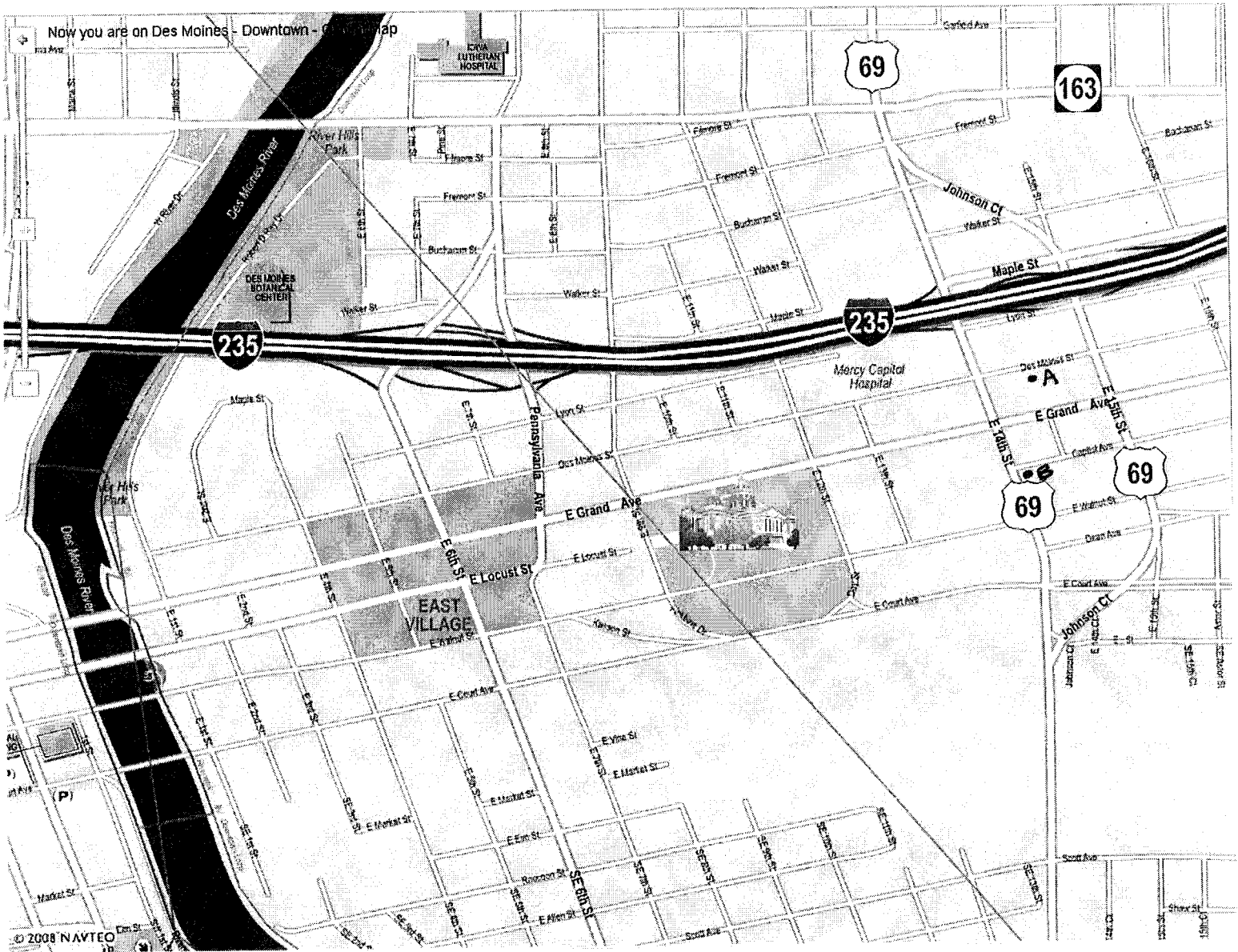
Lot 23 in Block 39 in Stewart's Addition to the City of Des Moines

Lot 24 in Block 39 in Stewart's Addition to the City of Des Moines

Lot 25 in Block 39 in Stewart's Addition to the City of Des Moines

East 1/2 of Lot 26, Block 39 in Stewart's Addition to Des Moines

all now included in and forming a part of the City of Des Moines, Polk County, Iowa.



- A = Des Moines Street Village
- B = Stewart Park Apartments

January 20, 2010

Amanda Novak  
Common Bond Communities  
328 Kellogg Blvd. West  
Saint Paul, MN 55119

Re: Des Moines Street Village and Stewart Park Apartments

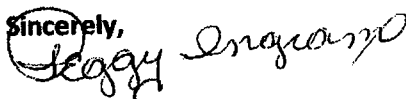
Dear Ms. Novak,

The Capitol East Neighborhood Association has been active in Des Moines since 1989 and a Charter Member of the Des Moines Revitalization program since 1991.


We supported the development of the Des Moines Street Apartments and have continually been appreciative of their presence. It supplies our community with an attractive and stable option for renters of a more modest income. We provide neighborhood safety and security with our Neighborhood Association and the Neighborhood Based Service Delivery Team provided by the City of Des Moines. We are very happy with the partnership.

The Capitol East Neighborhood supports Common Bond Communities' efforts to obtain financing to rehabilitate and refinance the Des Moines Street Village and Stewart Park Apartments. The rehabilitation of these properties will have a positive effect on the greater neighborhood. A building with obvious signs of deterioration encourages more mistreatment. We struggle continually to offset the effects of abuse of buildings and properties in order to maintain the viability and value of all our investments and of a good quality of life for our residents.

If you have further questions, please feel free to contact us.

Sincerely,  


Peggy Ingram  
Board Co-Chair  
515/265-0614



Lia Miller  
Board Co-Chair  
515/265-0012

**AFFIDAVIT**

CommonBond Communities, including CommonBond Housing, CommonBond Investment Corporation and other subsidiaries, hereby certifies that it has not, within the last 5 years, violated state or federal environmental and worker safety statutes, rules, and regulations.

By: Ellen Higgins

Its: Vice President

Date: December 17, 2009

## **Long Term Strategic Plan CommonBond Communities**

In addition to construction jobs, the rehabilitation of the apartment communities will ensure the continued need for permanent positions related to property management and maintenance and resident supportive services. These positions are funded through the operations of the project. CommonBond has developed a 15-year operating proforma demonstrating financial stability over the long term. This proforma includes ample replacement reserves for future capital needs and conservative underwriting trending and assumptions. A full market study analysis is being obtained through the IFA application process to confirm the ongoing demand for the proposed housing.

CommonBond's property management division, CommonBond Housing, offers full-service property management and marketing services, corporate maintenance, centralized accounting, information services and compliance departments. CommonBond manages 4,900 units in urban, suburban, small municipalities and rural areas in Minnesota, Wisconsin and Iowa.