

Date February 22, 2010

RESOLUTION APPROVING SOUTH VIEW APARTMENTS APPLICATION FOR ENTERPRISE ZONE BENEFITS FOR A HOUSING PROJECT IN THE RIVER SOUTH 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. 10-154, the City Council designated the River South Enterprise Zone, which the State of Iowa subsequently certified, all pursuant to Iowa Code sections 15E.191-96 (2001); and

WHEREAS, South View Senior Apartments, a developer, requests approval of its application for enterprise zone benefits for a project in the River South Enterprise Zone involving investment of approximately \$5.8 million into the construction of 40 residential units at 1900 SE 6th Street; and

WHEREAS, South View Senior Apartments’ application appears to meet all of the requirements for enterprise zone benefits; and

WHEREAS, Council is requested to recommend approval of the South View Senior Apartments 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 South View Senior Apartments project meets the requirements for enterprise zone benefits, herein referenced as Exhibit “A”, is accepted.
2. The South View Senior Apartments 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 South View Senior Apartments to receive enterprise zone benefits.

(Council Communication No. 10- 07B)

APPROVED AS TO FORM:

Moved by _____ to adopt.



Michael F. Kelley, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

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

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: South View Senior Apartments II, LLLP

Contact Name & Title: John Mauro, Partner

Address: 2611 Ingersoll Avenue

City, State & Zip Code: Des Moines, IA 50312

Telephone: (515) 577-0926

Fax: (515) 883-1956

E-mail Address: Tim@InsNetW.com

Taxpayer Identification No.: 27-1711458

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, Iowa 50309

Telephone: 515-283-4019

Fax: 515-237-1667

E-mail Address: 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:

John F. Mauro general partner
Signature, Title

John F. Mauro, Partner
Print name and title

2-18-2010
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.
 - ***South View Senior Apartment II will consist of 40 units available for low income Seniors over the age of 55 and will be involved in the Iowa Finance Authority's Low Income Housing Tax Credit (section 42) program. We developed/constructed South View Senior I building in 2009 and completely filled it with qualifying tenants within 4 months ... this project is directly adjacent to the South View I and the building characteristics will be identical.***

2. In which Enterprise Zone will this project occur (include the zone's name, number, size in acres, and date certified)?
 - ***River South Enterprise Zone 399.95 acres certified February 18, 2010.***

3. Does the project involve new construction or rehabilitation?
 - ***New Construction to begin in Summer 2010.***

4. How many single-family homes or multi-family units are proposed?
 - ***There will be 40 apartments available for low income Seniors (age 55+) only. There will be 36 one-bedroom units and 4 two-bedroom units.***

5. What will be the per unit value of the housing?
 - ***With a total development and construction budget of \$5.8 million, the per unit value will be \$145,000.***

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 amenities included will be a computer room for the tenants to utilize which will include free internet access, a library which will include books and magazines for the tenants to utilize, and a community room which has a full kitchen, dining area, and TV room which the tenants may also use at their discretion.***

7. Will the project meet U.S. Department of Housing and Urban Development Housing Standards and applicable local codes?
 - ***Yes, all HUD standards will be met along with the Iowa Finance Authorities standards listed in their 2010 Qualified Application Plan for all new construction developments.***

8. What is the current status of the project? When is construction scheduled to begin? What is the anticipated project completion date?
 - ***We anticipate starting construction in July, 2010. Since we just built this very same building in 2009, the construction period should take approximately 11 months from start to finish. Therefore we anticipate receiving our Certificate of Occupancy in June of 2011.***

- 9. Attach a legal description of the business site on which the project will occur.
 - **EX BEG SE COR THN NWLY 159.66F N 61.80F E 57F NELY 142.28F E 50F & S 234.05F TO POB- E 165F N OF HILLSIDE AV LOT 3 SEVASTOPOL.**

- 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.
 - **See Attached Map**

- 11. Is any part of the project located in a 100-year flood plain?
 - **It is NOT located in a 100-year flood plain.**

- 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>
Development & Construction	\$ 5,800,000
	\$
	\$
	\$
	\$
Total	\$

- 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>
National Equity Fund Tax Credit Equity	\$ 3,500,000
City HOME Funds	\$ 100,000
State HOME Funds	\$ 900,000
Housing Trust Funds	\$ 100,000
Bank of America Permanent Financing	\$ 1,100,000
Total	\$ 5,800,000

- 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?
 - **The portion of our total capital investment that would be eligible for the investment tax credit would be \$1,100,000**

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

16. What economic benefits will the project bring to the area?
- ***Much like the first project we built directly adjacent to this proposed area, this project will fill a large need for affordable housing for our Senior Citizens. The project will also create over a hundred construction jobs during the development period and also create and sustain 2 permanent jobs for management and maintenance of the project.***
17. Explain why the proposed project would be considered a good housing development project.
- ***South View Senior Apartments II would be a great housing project because it has been proven successful by the construction and development of the first building in 2009. The fact that we filled all 40 units within 4 months and now have a waiting list of 26 Seniors is evidence that there is a tremendous need for this type of housing.***
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.
- ***See attached affidavit.***
19. Explain why Enterprise Zone Benefits are needed in order for the project to proceed.
- ***Because the Low Income Housing Tax Credit program guidelines with IFA are so stringent and considering the current tax credit market, the construction and development budgets are incredibly tight. With no options to increase revenue by raising rents, the operating budgets are affected greatly due to keeping debt ratios in compliance, therefore utilizing the benefits of the Enterprise Zone will help keep the operating budget viable and quite possible could mean the difference between doing or NOT doing the project.***
20. Please indicate the amount of Enterprise Zone tax benefits being requested for this project.
- | | |
|---|--------------------------------|
| State Sales, Service, and Use Tax Refund: | \$120,000 |
| Investment Tax Credit: | \$110,000 (10% of \$1,100,000) |
21. Please list any additional requirements adopted by the local Enterprise Zone Commission and explain how the Housing Business will meet each requirement.
- See Attached Letter From Neighborhood Association.***

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.

GENERAL AFFIDAVIT

State of Iowa

County of Polk

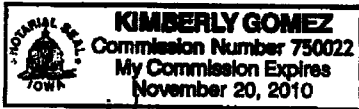
Before the undersigned, an officer duly commissioned by the laws of Iowa, on this 18th day of February, 2010, personally appeared John F. Mauro, General Partner of South View Senior Apartments II, LLLP who having been first duly sworn depose and say:

South View Senior Apartments II, LLLP, within the last five years, has NOT violated state or federal environmental and worker safety statutes, rules, and regulations in any way.

John F. Mauro
General Partner
South View Senior Apartments II, LLLP

2-18-2010
Date

Sworn and subscribed before me this 18th day of February, 2010.



Notary

Kimberly Gomez

Long-term Plan for South View Senior Apartments II, LLLP

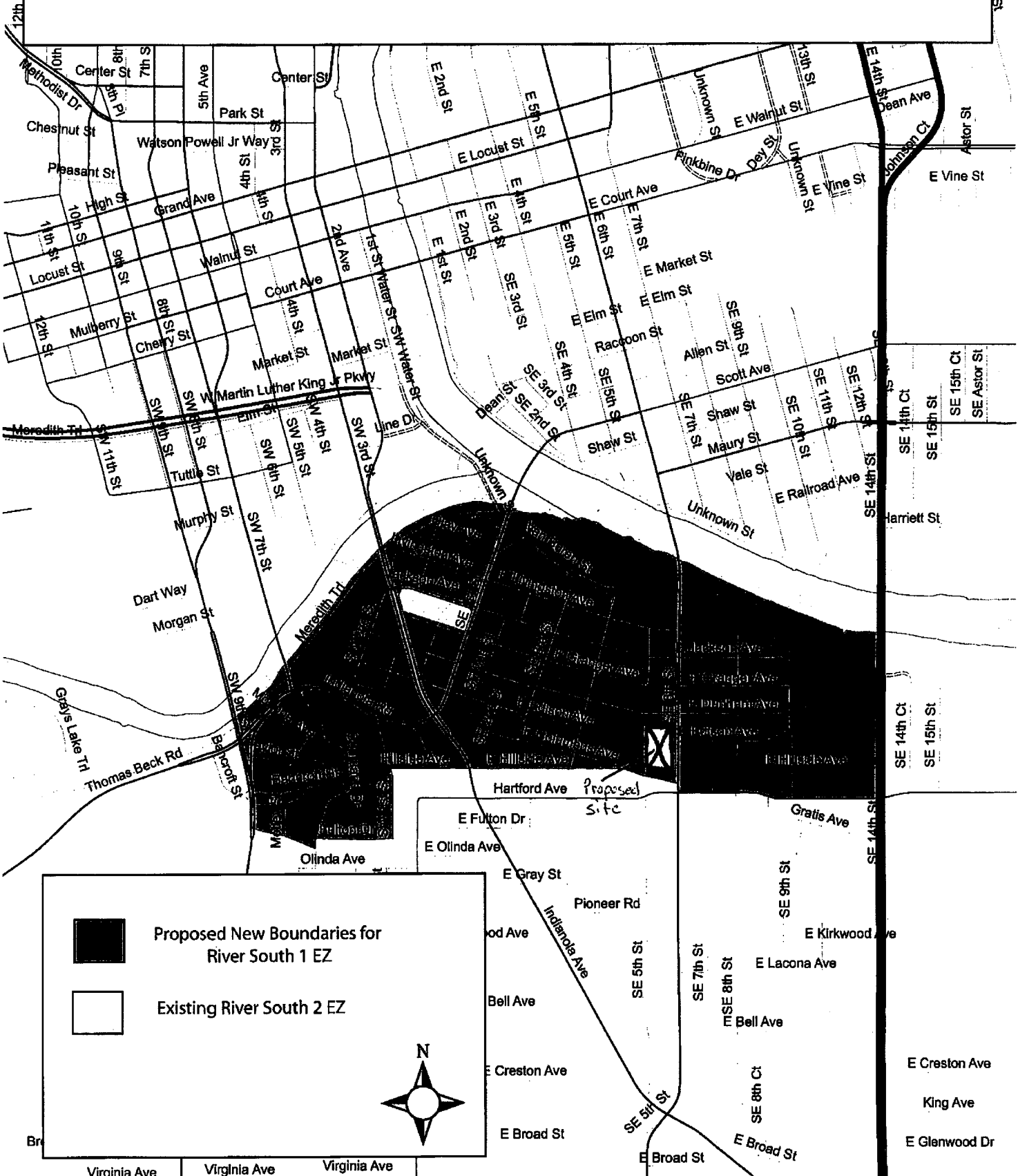
After the completion of Phase I of South View Senior which was completed and fully rented in August of 2009, the long-term viability became very evident. Not only is the immediate demand very high for low income Senior (age 55+) living, but also the long-term demand will be even greater as Iowa has one of the highest concentrations of Senior Citizens in the country.

South View Phase I involved the employment of approximately 166 contractors and sub-contractors during the 12 month construction period and we would expect that to be the case with South View II. We also anticipate the full time employment of 2 property managers and 2 maintenance employees which will be needed to operate the facilities well into the future.

We have employed a property management company, Seldin Company, to handle all of the on-site operations and management. Seldin Company has a tremendous amount of experience in the efficient management of LIHTC projects and they were the main reason we filled Phase I within 4 months time.

Overall, we feel the addition of South View II (which is directly adjacent to South View I) will enhance the appearance of the neighborhood, add additional Senior Living which is drastically needed, and bring much needed stability to this area. The long-term outlook will no doubt have a very positive effect on not only the residents, but also the neighboring homes and businesses.

Proposed Extension of the River South 1 Enterprise Zone City of Des Moines





**McKinley School
Columbus Park
Neighbors**

224 E. Livingston
Des Moines, IA 50315

Jim Post, Chairman
(515) 288-9884

November 24th, 2009

Dear Mr. Tim Mauro,

Thank you for attending the McKinley School / Columbus Park Neighbors meeting this past week to enlighten us about the planning for Phase II of the South View Senior Apartments construction project in our area. We certainly appreciate you sharing your thoughts and also wanting to receive our feedback.

After seeing the wonderful building you completed in the Spring of 2009, the residents in this area are in agreement that Phase II would be a favorable addition to this area and as proven by the fast rent-up of your first building, a much needed building as well.

If you require any other assistance from our neighborhood association, please don't hesitate to ask. Otherwise, we all wish you much success on the construction of this project.

Sincerely,

Jim Post, Chairman
McKinley School Columbus Park Neighbors Association

