

**Date** June 14, 2010

**RESOLUTION APPROVING THE ANAWIM HOUSING APPLICATION FOR ENTERPRISE ZONE BENEFITS FOR A HOUSING PROJECT IN THE FOREST AVENUE 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 February 20, 2006 by Roll Call No. 06-355, the City Council designated the Forest Avenue Enterprise Zone, which the State of Iowa subsequently certified, all pursuant to Iowa Code sections 15E.191-96 (2001); and

WHEREAS, Anawim Housing, a developer, requests approval of its application for enterprise zone benefits for a project in the Forest Avenue Enterprise Zone involving investment of approximately \$2.7 million into the construction of 16 apartment units at 22<sup>nd</sup> Street and Forest Avenue; and

WHEREAS, Anawim Housing application appears to meet all of the requirements for enterprise zone benefits; and

WHEREAS, Council is requested to recommend approval of the Anawim Housing 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 Anawim Housing project meets the requirements for enterprise zone benefits, herein referenced as Exhibit "A", is accepted.
2. The Anawim Housing 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 Anawim Housing to receive enterprise zone benefits.

(Council Communication No. 10-316 )

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				
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**

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**Housing Development**

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

APRIL 2008

**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) 725-3037  
Fax: (515) 725-3010  
E-mail: kent.powell@iowa.gov

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: Anawim Housing

Contact Name & Title: Russ Frazier, President

Address: 921 6<sup>th</sup> Avenue, Suite B

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

Telephone: 515-244-8308

Fax: 515-244-7977

E-mail Address: rfrazier@anawimhousing.org

Type of Housing Business (circle one): (Corporation)

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

Enterprise Zone Commission Name: Des Moines Enterprise Zone Commission

Contact Name & Title: 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

**CERTIFICATION & RELEASE OF INFORMATION**

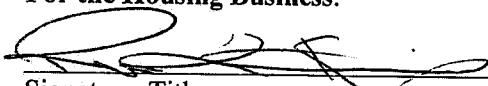
I, the undersigned, on behalf of the Housing Business identified above, hereby submit the following application under Iowa Code Sections 15E.191 through 15E.196. I certify that the Housing Business is in good standing, and has complied or will upon receipt of approval by the Department, with all applicable 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:**

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

Russ Frazier, President  
Print name and title  
Manning Housing

6/3/10  
\_\_\_\_\_  
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.

The project will involve the redevelopment of up to .82 acres of real estate located on the north side of the 2200 block of Forest Avenue in Des Moines. There will be 16 two story, three bedroom brownstone/row home style rental units in the project. The project is part of the overall Drake neighborhood revitalization and is a result of an urban renewal planning effort that began in August 2002. The goal of the project is to create an affordable high quality, multi-family rental development that is sensitive in use and scale to the surrounding neighborhoods. This project is projected to provide affordable housing to a currently under-served population as it targets individuals and families at a moderately low income level (50-80% AMGI). Anawim Housing typically provides housing to individuals and families at 40% of AMGI or below. However many are left un-served each year due to a slightly higher income. Adding these units will allow Anawim Housing the opportunity to providing homes to a wider and more economically diverse population.

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

Zone: Forest Avenue EZ-5 (State ID # 943)  
Size: 5.59 Acres  
Certified: 4/28/06

3. Does the project involve new construction or rehabilitation?

The project is new construction.

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

This project has 16 three bedroom brownstone/row home rental units.

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

3 bedroom unit rent - \$800 (monthly)

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?

Units will come with standard kitchen appliances as well as central air conditioning and high efficiency furnaces. The finish of the units will be moderate, with standard flooring and wall covering materials being used. HUD housing quality standards and local code requirements will be met.

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

Yes.

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

The project is currently going through the process of finalizing the planning and financing. When that is complete the construction will begin. We are estimating construction to begin in the summer/fall of 2010 and to last approximately 9 months.

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

Lots 10, 11, 12, & 13 of Block 2 Marquardt Addition City of Des Moines

- 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.

Attached

- 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>
Land	\$41,000
Building Hard Costs	\$2,217,000
Professional Fees	\$285,000
Financing Fees	\$60,000
Soft Costs	\$80,000
Total	\$2,683,000

- 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>
Debt	\$614,000
City Funds	\$814,000
EZ Tax Credits(Net Amt @ 85% equity rate)	\$18,000
EZ Sales Tax Rebate	\$27,000
PCHTF	\$250,000
CDBG	960,000
Total	\$2,683,000

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?

Our estimated basis would be approximately \$2.24 million. However, because the project uses several grant funds (City, CDBG & PCHTF), the estimated amount of eligible costs for this project will be limited to the \$220,000.

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

Please see attached 10-year estimated cash flow analysis.

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

The project is part of the overall Drake neighborhood revitalization and is a result of an urban renewal planning effort that began in August 2002. Anawim Housing is unable to serve more than 60 individuals and families each year due to income levels that are just slightly higher than allowed in the current housing stock. For many, few alternatives exist for housing because their income is at an "in between" level. By adding these 16 units Anawim Housing can begin to provide to these previously un-served families.

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

The goal of the project is to create a high quality, multi-family rental development that is sensitive in use and scale to the surrounding neighborhoods. In addition, the uniqueness of the project's design and location make this an attractive project. The project is going to be developed on ground that is currently vacant lots. The current use adds no physical attraction to the area. The units are attractive and large enough for families. On-site parking will also be available.

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.

The Enterprise Zone Benefits offer an excellent incentive to develop in the Des Moines area. The tax credits will provide needed equity to fund the costs of the project. Because of the nature of the project and its goal to provide safe and affordable housing, the benefits truly are an incentive to develop this property.



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

	GROSS	NET
State Sales, Service, and Use Tax Refund:	\$27,000	\$27,000
Investment Tax Credit:	\$22,000	\$18,000

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

No additional requirements.

## **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.

