

Date July 28, 2010

RESOLUTION WITHDRAWING COMMITMENT OF \$100,000 OF HOME FUNDS TO OLIVE STREET BRICKSTONE, LLLP FOR NEW CONSTRUCTION OF 21 UNITS OF LOW INCOME TAX CREDIT FAMILY HOUSING AT 18TH ST AND OLIVE AVENUE

WHEREAS, by Roll Call 09-2287 on December 21, 2009, the City of Des Moines, Iowa, made a preliminary commitment of \$100,000 of HOME funds for an application filed by Paul Koester, President of Olive Street Brickstone, LLLP, to develop a 21 unit Low Income Housing Tax Credit (LIHTC) project for families at 18th Street and Olive Avenue, with a legal description as follows:

Lots 1,2,3,4,5,6,7,8,9,13,14,15,16,17 and the East half of the vacated North/South alley right-of-way lying West of and adjoining Lots 1 through 9, Block 1; and the West half of the vacated North/South alley right-of-way lying east of and adjoining Lots 10 through 18, Block 1; and the East half of vacated 18th Street right-of-way lying South of the South right-of-way line of School Street, and North of the North right-of-way line of Olive Street and lying West of adjoining said Block 1; and the vacated West 10.0 Feet of 17th Street right-of-way lying East of and adjoining said Block 1; All in Glendale, now included in and forming a part of the City of Des Moines, Polk County, Iowa, Subject to leases, easements, covenants and restrictions of record, if any, locally know as approximately 1.39 acres of land between 17th Street and 18th Street, South of School Street and North of Olive Street, Des Moines, IA

WHEREAS, in December the Developer's proforma showed the need for local assistance of \$250,000 in HOME funds from the City of Des Moines but the City committed only \$100,000 of HOME funds because of the limited availability of funds; and

WHEREAS, the Developer subsequently received an allocation of Low Income Housing Tax Credits, Community Development Block Grant-Disaster Relief Funds (CDBG-DR), and State HOME funds; and

WHEREAS, the provision of CDBG-DR funds was unexpected and was made available by application only one week prior to the deadline for the applications for Low Income Housing Tax Credits; and

WHEREAS, HUD requires justification that any funding is necessary and the project's sources and uses and 15-yr pro forma do not show that "but for" the provision of this \$100,000 the project would not proceed; and

(continued)



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WHEREAS, the City's commitment was preliminary based on final underwriting; and

WHEREAS, in reviewing the final underwriting and creating a subsidy layering analysis as required by HUD for the use of HOME dollars, the \$100,000 deficit created by the City's action could be covered by asking for additional tax credits, deferring a portion of the developer fee, or obtaining a conventional 1st mortgage from a private bank; and

WHEREAS, the City Council continues to support the project by providing tax abatement and designation as an Enterprise Zone;

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, that the commitment of \$100,000 of HOME funds to Olive Street Brickstone, LLLP for new construction of 21 units of low-income family housing at 18th Street and Olive Avenue be withdrawn and the Iowa Finance Authority be notified of such action.

(Council Communication No. 10-)

MOVED by _____ to adopt.

Form Approved:

Roger K. Brown
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