

Date February 28, 2011

MOTION APPROVING RECOMMENDATION FROM THE CITY MANAGER

WHEREAS, the City of Des Moines has received requests for the City's support of 16 separate applications to the Iowa Finance Authority for Low Income Housing Tax Credits ("LIHTC") for projects in the City of Des Moines; and,

WHEREAS, investor owners of apartment buildings which are constructed or renovated with financial assistance through the LIHTC program benefit from a reduced taxable valuation that results from a special provision of Iowa law that directs the Assessor to value such properties based upon the actual rents received and the extend to which the limitations on the allowed rents reduces the market value of the property; and,

WHEREAS, the investor owners of new apartment buildings which receive financial assistance through the LIHTC program may also benefit from the residential rollback by converting the buildings to condominiums or cooperatives, notwithstanding the fact that the properties continued to be held as investment property; and,

WHEREAS, the availability of the residential roll back for new apartment buildings places the owners of older apartment buildings at a competitive disadvantage because the older buildings cannot be economically brought into conformance with the current building codes as required to convert the buildings of to condominiums or cooperatives; and,

WHEREAS, the City has a strong interest in maintaining the tax base and supporting the renovation of older apartment buildings; and,

WHEREAS, the City Manager recommends that the City Council address the issues presented above by taking the following actions:

1. Consider seeking legislative changes to Iowa law regarding the property tax classification of investor owned apartment buildings.
2. Consider limiting City financial assistance to LIHTC projects where the owner has agreed to keep the property classified as commercial property for tax purposes, or has agreed to provide an extra level of public benefit by the enhanced design or operation of the project.
3. On those projects where additional zoning approval is needed, the City Council's support of such projects is subject to the project timely receiving the necessary zoning approvals.

(continued)

★ Roll Call Number

11-0400

Agenda Item Number

66 Q

-2-

Date February 28, 2011

MOVED by Wensley to adopt the recommendations of the City Manager as set forth above, with such recommendations to be further considered at a future Council study session.

FORM APPROVED:

Roger K. Brown

Roger K. Brown
Assistant City Attorney

NOTE: If the City Council desires to support all the pending applications for Low Income Tax Credits, an appropriate motion would be as follows:

I move to adopt the resolutions of support for the Low Income Housing Tax Credit projects identified in Items 66 (A) through 66 (P), and to adopt the recommendations of the City Manager as set forth in the added Item 66(Q).

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GRIESS	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MEYER	✓			
MOORE	✓			
TOTAL	7			
MOTION CARRIED			APPROVED	

T. M. Franklin
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.

Diane Rauh

City Clerk