

Date April 21, 2014

APPROVAL OF HOME INVESTMENT PARTNERSHIPS AGREEMENT WITH
STEWART PARK TOWNHOMES, LLLP, FOR THE REHABILITATION OF STEWART
PARK TOWNHOMES DEVELOPMENT,
1428 CAPITOL AVENUE

WHEREAS, the Stewart Park Townhomes Development (herein "Development"), located at 1428 Capitol Avenue, Des Moines, consists of ten (10) 2-bedroom units constructed in 1993 under the Low Income Housing Tax Credit Program (LIHTC) and is now in need of updates and rehabilitation with a proposed new owner; and

WHEREAS, the Development has reached the end of its 15-year LIHTC Initial "Compliance Period" but it is still in the "Extended Use Period" required by the LIHTC program during which the units must continue to be rented to low income households (below 60% of median income) with rent limitations and new owners must be approved by the Iowa Finance Authority (IFA); and

WHEREAS, the Development is being purchased by Stewart Park Townhomes, LLLP, a subsidiary of CommonBond Communities, 328 Kellogg Boulevard West, St. Paul, Minnesota, 55102, Ellen Higgins, Vice President; and

WHEREAS, on June 10, 2013, by Roll Call 13-0903, the City Council approved a \$125,000 HOME loan with Stewart Park Townhomes, LLLP, to be forgiven at the end of a fifteen-year compliance period; and

WHEREAS, other funding sources for the acquisition and rehabilitation of the Development were to be provided by an Iowa Finance Authority HOME loan, Polk County Housing Trust Fund loan, and Enterprise Zone Tax credits and sales tax rebate; and

WHEREAS, Stewart Park Townhomes, LLLP originally planned to use \$100,000 of Enterprise Zone Credits as equity for the rehabilitation and such funding is no longer available because of proposed changes to the Enterprise Zone legislation and the inability of the City to provide a new "Finding of Blight" defined by Iowa Code Section 403.17; and

WHEREAS, IFA had previously increased its HOME loan to \$700,000 from \$970,000 to cover rehabilitation cost increases and the Polk County Housing Trust Fund has reached its maximum loan for the number of units, and thus no further funding is available from those sources; and

WHEREAS, the City has HOME funds available to Stewart Park Townhomes, LLLP to provide for the gap created by the loss of Enterprise Zone Credits and will still be in compliance

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with the federal regulatory limits for maximum per-unit subsidy based on loan underwriting and a subsidy layering analysis; and

WHEREAS, the terms of the proposed HOME Investment Partnerships (HOME) Agreement with Stewart Park Townhomes, LLLP are: \$125,000 loan, forgivable at the end of a 15-year term of affordability, and \$100,000 loan repayable at 1% interest, over a 20-year term, with interest payments made annually.

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

1. The HOME Investment Partnerships (HOME) Agreement between the City of Des Moines and Stewart Park Townhomes, LLLP for \$225,000, subject to the terms set forth herein, is hereby approved; and
2. The Community Development Director of the City of Des Moines is authorized to execute all City HOME contract documents on behalf of the City upon final approval of documents by the City Legal Department.

(Council Communication No. 14- 115)

MOVED by Hensley to adopt; City Manager to provide terms for use of HOME funds and other funding sources.

Form Approved:

Glenna K. Frank
Glenna Frank
Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MAHAFFEY	✓			
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