



**Roll Call Number**

17-1895

**Agenda Item Number**

24

**Date** November 6, 2017

**PRELIMINARY COMMITMENT OF HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) FUNDS FOR MELBOURNE APARTMENTS IV, LLLP AT 5515 SE 14<sup>th</sup> STREET TO BE DEVELOPED WITH HUBBELL REALTY CORPORATION**

**WHEREAS**, applications for Low Income Housing Tax Credits (LIHTC) are due to the Iowa Finance Authority (IFA) on November 16, 2017; and

**WHEREAS**, in accordance with goals in the 2015-2019 Consolidated Plan and 2017 Action Plan, the City staff distributed notice concerning the availability of federal HOME funds for a rental project that contains low-income housing; and

**WHEREAS**, representatives of Hubbell Realty Corporation met with City Community Development staff and provided financial information regarding a proposed LIHTC project, Melbourne IV Apartments, to be built at 5515 SE 14<sup>th</sup> Street, Buildings E and F, composed of 72 units of one and two-bedroom Senior Housing units; and

**WHEREAS**, City staff has determined that HOME funds are needed to fill a gap in the sources and uses of the development in order to serve the targeted income populations and to provide a satisfactory Debt Coverage Ratio (DCR), and that the project is in compliance with City Goals established by the Council for review of LIHTC, and that the project is eligible for HOME funds dependent on completion of a final Environmental Review Record; and

**WHEREAS**, Hubbell Realty Corporation is contributing financially to the project through donating the land, providing a 0% interest loan of \$278,915 to the General Partner, deferring \$440,000 of the development fee, and contributing \$251,775 of Equity.

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

1. A preliminary allocation of HOME funds, in the loan amount of \$250,000 at 1% interest, annual payment of interest only with a principal balloon payment at the end of a 20-year term, is hereby approved and reserved for the above-listed Senior Housing Development by Hubbell Development Corporation, Melbourne Apartments IV, LLLP, based on the project underwriting as submitted, conditional to the award of an allocation of LIHTC in the 2018 IFA round and to completion of an Environmental Review Record per U.S. Department of Housing and Urban Development (HUD) requirements; and the Community Development Director or designee are authorized and directed to prepare the applicable HOME Agreement and related documents for City Council consideration and approval following LIHTC award if so approved by IFA.
2. The Community Development Director is authorized to provide and answer any additional questions or forms regarding the LIHTC application that IFA may require concerning the below market interest rate loan.
3. In the event that any of the project characteristics mentioned above should change prior to the developer submitting its application to IFA, the Community Development Department Director

( continued )

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or designee is authorized and directed to revise the applicable forms and the City Manager is authorized and directed to execute the applicable form for unsubstantial project changes, and the City Manager is directed to submit substantial project changes (such as revision in the type of housing or amount of requested local HOME funding) to City Council for further consideration and approval.

(Council Communication No. 17- 773 )

MOVED BY Coleman to adopt.

FORM APPROVED:

Glenna K. Frank, Assistant City Attorney

\*Council Member Hensley declares a conflict of interest and abstains from voting.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
*HENSLEY				
MAHAFFEY	✓			
MOORE	✓			
TOTAL	6			

MOTION CARRIED APPROVED

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.

T. M. Franklin Council Mayor

Diane Rauh

City Clerk