

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

01-281

SYNOPSIS -

AGENDA:

JUNE 4, 2001

To support a Low Income Housing Tax Credit (LIHTC) application from Dream Catcher Inc., a nonprofit 501(c)3 corporation, for new construction of 50 units of handicapped and family housing. The project will be located at Indianola and Bloomfield Road.

SUBJECT:

LOW INCOME
HOUSING TAX
CREDIT
APPLICATION FOR
50 UNITS OF
HANDICAPPED AND
FAMILY HOUSING

FISCAL IMPACT -

The support of the LIHTC application should have no direct financial impact. The City's financial support is limited to five-year tax abatement.

TYPE:

RECOMMENDATION -

Approval.

RESOLUTION
ORDINANCE
RECEIVE/FILE

BACKGROUND -

Dream Catchers, Inc. will submit an application to Iowa Finance Authority (IFA) for the construction of affordable housing for 50 units of handicapped and family housing at Indianola and Bloomfield Road. The project will be named Lyn Crossing Apartments. Dream Catchers, Inc. has asked for a letter of support for the project, as well as proof of zoning and evidence that the development is eligible for five-year tax abatement.

SUBMITTED BY:

JIM GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

IFA is the agency that allocates the tax credits in Iowa. IFA holds on application per year for the reservation of tax credits. The credits are highly competitive. The application process requires the developer to ask for approval from the governing body in the jurisdiction in which the project will be built, proof of zoning, proof of utilities, and proof of any local government contribution.

Dream Catcher, Inc. is dedicated to providing housing and services

for people with disabilities in a community setting. Many of the tenants are young men and woman who have disabilities severe enough that they have been placed in nursing homes because there is no facility to handle their special needs. Many are victims of Multiple Sclerosis (MS) and other debilitating diseases. Dream Catchers partners with Progress Industries to provide services such as meal preparation and bathing to these handicapped individuals. Progress Industries and other nonprofits pay the cost of these services.

Dream Catchers aims for a mix of handicapped and family units. Their goal is to keep the handicapped persons in as normal an environment as possible and not isolate tenants by their disabilities. The complex will contain both family housing and housing for persons with physical disabilities.

Of the 50 units proposed for construction, 15 will be reserved for those at 40 percent of income and 30 will be for those at 50 percent of the median income. Five units will be reserved for market rate, but will be reserved for residents that are mobility impaired and need special assistance.

The proposal is in conformance with the City's 2000 Housing Plan. That plan states that assisted housing should guarantee a variety of housing opportunities in all areas of the city and not concentrate in a few areas. This proposal satisfies that requirement. Census tract 108 is not a low- to moderate-income census tract under recent U.S. Department of Housing and Urban Development (HUD) data so that affordable housing is being dispersed throughout the city. In addition, the housing is fulfilling goals of the City's Consolidated Plan in providing housing to families and individuals with physical disabilities. Dream Catchers notes that they have a waiting list for a development they operate in Waukee.

The Affordable Housing Policy included in the Housing Plan directs the review of design, management services, and appropriate amenities. The 2- and 3-bedroom units will be grouped in five 2-story buildings. The 4-bedroom units will be 2-story townhouse units grouped into 4-plexes and one duplex. These are compatible with the surrounding neighborhood.

National Management Corporation will provide property management services. They currently manage over 150 affordable housing projects across the state. Projects in Des Moines include Jacobs Place Apartments and Corinthian Gardens Apartments.

The development will have a 3,000 sq. ft. club house, meeting rooms,

playgrounds, and basketball courts with commercial playground equipment, family counseling office, and tenant storage. Dream Catcher Inc. will provide supportive services for those families with disabilities including a van for transportation and referrals for child care, government services, and other local community organizations. The project will provide a part-time service coordinator to oversee these efforts.

Staff has also reviewed the property for zoning and eligibility for tax abatement. This property is zoned Planned Unit Development (PUD). Attached to the roll call is a copy of IFA's Exhibit 12 that provides information on zoning. The property is eligible for five-year tax abatement. Also attached to the roll call is a copy of IFA's Exhibit 17 that verifies tax abatement as a City contribution to the project.

The Tax Reform Act of 1986 created the LIHTC for project owners to invest in the development of rental housing for individuals and families with fixed or limited incomes. The tax credit, rather than a direct federal subsidy, provides a dollar for dollar reduction (or credit) to offset an owner's federal tax liability on ordinary income.
