

## Meeting Agendas/Info

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**01-284**

**SYNOPSIS -**

**AGENDA:**

JUNE 4, 2001

To support a low-income housing tax credit application from Anawim Housing for nine structures (15 units) of scattered site family housing in the 1200 block of 7th Street and the 1300 block of 6th Avenue and 5th Street. The project will involve rehab of five duplex structures and new construction of one duplex and three single-family houses. Anawim is a nonprofit developer.

**SUBJECT:**

LOW INCOME  
HOUSING TAX  
CREDIT  
APPLICATION FOR  
15 UNITS OF  
FAMILY HOUSING  
IN SCATTERED  
SITES

**FISCAL IMPACT -**

The properties are all eligible for ten-year tax abatement. In addition, Anawim Housing has submitted a developer-initiated request for two properties currently owned by the City, 1233-35 - 7th Street and 1243-45 - 7th Street. Those properties would be purchased from the City for approximately \$750 and could receive \$99,996 of City HOME funds for renovation.

**TYPE:**

**RECOMMENDATION -**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**Approval.**

**SUBMITTED BY:**

JIM GRANT  
COMMUNITY  
DEVELOPMENT  
DIRECTOR

**BACKGROUND -**

The Tax Reform Act of 1986 created the Low Income Housing Tax Credit (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.

Iowa Finance Authority (IFA) has been the tax credit-allocating agency in Iowa. IFA holds an 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.

Anawim Housing will submit an application to IFA for the construction of three single-family houses, one duplex structure, and the rehabilitation of five duplex structures for a total of 15 units. Sr. Stella Neil, on behalf of Anawim Housing, has asked for a letter of support for the scattered site projects, as well as proof of zoning and evidence that the development is eligible for ten-year tax abatement.

The City's affordable housing policy states that new construction of affordable housing should be spread throughout the community in all census tracts. Because the majority of units in this project are rehabilitation of dilapidated housing, Anawim's project was not reviewed to this standard. The City's Consolidated Plan and the River Bend neighborhood plan states the need for rehabilitation of poorly maintained rental property for quality rentals.

The Affordable Housing Policy included in the Housing Plan directs the review of design, management services, and appropriate amenities. Two of the properties to be rehabilitated are eligible for the National Register of Historic Places. Anawim will work with the City to ensure the design is compatible with the historic character of the homes. Anawim will also work with the City and the neighborhood association on the design of the new construction and other existing buildings to be rehabilitated.

Anawim presented its proposal to the River Bend Neighborhood Association. The letter of support from the neighborhood president is attached to the roll call.

Anawim Housing will provide the management. Anawim Housing has 12 years of experience with property management and with low-income families. In the duplexes currently owned by Anawim Housing, there is a 4 percent vacancy rate and a lengthy waiting list of families that need three or four bedroom housing.

The proposed units to be rehabilitated or constructed will be very large, the majority will be three or four bedrooms, designed for large families. These rehabbed and new units will have concrete parking areas, central air, and washers and dryers. There will be a playground area within a block of ten of the units. Anawim Housing tries to connect its tenants with employment, day care, and other services that help them improve their lives.

It should be noted that the applicant will request additional HOME investor dollars from the City for the rehabilitation of six additional units associated with this tax credit application. However, the availability of these HOME funds is contingent on the applicant's financial package and the availability of these funds.

The City has worked with Anawim Housing on several successful projects. The City owns two of the properties in the LIHTC application, 1233 - 7th Street and 1243 - 7th Street. Anawim has submitted a developer-initiated proposal for the property, which is also on the June 4, 2001 City Council agenda.

Staff has reviewed the properties for zoning and eligibility for tax abatement. The duplex and single family uses are consistent with the zoning.

The properties are also eligible for a ten-year tax abatement.

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