



**CITY COUNCIL  
COMMUNICATION:**

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

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

**02-009**

**SYNOPSIS -**

**AGENDA:**  
  
JANUARY 7, 2002

To support a low-income housing tax credit (LIHTC) application from Prime Agency, L.L.C. for new construction of a 40-unit congregate housing facility for older persons to be constructed at 4110 East 42nd Street. The developer of the project is Jeff Voorhees, National Consulting Alliance, Inc.

**SUBJECT:**

LOW-INCOME  
HOUSING TAX  
CREDIT  
APPLICATION FOR  
A 40-UNIT  
CONGREGATE  
HOUSING FACILITY  
FOR OLDER  
PERSONS

**FISCAL IMPACT -**

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

**RECOMMENDATION -**

**Support for a LIHTC application for new construction of a 40-unit congregate housing facility for older persons to be built at 4110 East 42nd Street.**

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**BACKGROUND -**

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.

**SUBMITTED BY:**

JIM GRANT  
COMMUNITY  
DEVELOPMENT  
DIRECTOR

Iowa Finance Authority (IFA) is 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 the governing body in the jurisdiction in which the project will be built for a resolution of support, proof of zoning, proof of utilities, and proof of any local government contribution. For the 2002 round, IFA has determined that up to 144 units can be used in the Des Moines Metropolitan Statistical Area

(Warren, Polk, and Dallas Counties).

Prime Agency, L.L.C. will submit an application to IFA for the construction of a 40-unit congregate housing facility for older persons at 4110 East 42nd Street. The developer 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. The general partner of the proposed development is Prime Agency L.L.C. (owned by John Grosenheider and Barbara Kaarlie, based in Lemars, Iowa). The consultant on the project is Jeff Voorhees, of National Consulting Alliance, Inc.

Prime Agency L.L.C., with National Consulting Alliance, has developed several projects outside Des Moines. In the last two years, Prime Agency and National Consulting Alliance have developed and built a project in Onawa that fully rented. They have just opened a project in Spencer that is built and 50 percent occupied. A project in Sioux City is in the development process.

National Consulting Alliance was the developer for the Dream Catchers project in Des Moines, that was submitted to the IFA Board in May and received tax credits. It is currently in the development stage. Prior to forming National Consulting Alliance, Mr. Voorhees had developed over 100 units of low-income housing.

National Management Corporation will manage the project. National Management Corporation's home office is located in West Des Moines, Iowa, and the company currently manages over 150 affordable housing projects across the state of Iowa. Projects in the greater Des Moines area include Corinthian Gardens at 1011 University, Logan Park at 1731 East Cleveland, Jacobs Place Apartments at 2400 - 30th Street, Kenwood Apartments at 5345 SE 5th, Rosewood Apartments at 221 SE McKinley, and Woodland Heights at 630 and 636 - 22nd Street.

The proposed project at 4110 East 42nd Street will be for a 40-unit congregate housing facility for older persons. Older persons are defined as those households in which a tenant is age 55 or older and can maintain independent living. A full-time manager will be on-site for this project.

All units for this elderly project will be located in one two-story elevator building. There will be 32 one-bedroom units and eight two-bedroom units. The income requirements are that 12 of the units will be for those elderly households below 40 percent of the area median gross income, and 28 of the units will be for those elderly households

below 50 percent of the area median gross income.

The City's policy on affordable housing does not include any requirements for elderly housing. No neighborhood meeting was held with the surrounding neighborhood because the site of this development is not located within a recognized neighborhood.

The development will have amenities of a manager's office, support services and counseling office, conference room, general meeting rooms, computer center, dining room, serving kitchen, laundry facilities, and required support spaces comprising about 6,000 square feet. The facility will also be designed for outside service providers to provide such services as housekeeping, linen service, meals, and home health care.

The developer anticipates working closely with many locally based private and public service providers that specialize in the needs of older persons such as Consumer Credit Counseling and Des Moines Pastoral Counseling Center. The project will provide a part-time service coordinator to oversee these efforts.

The project is being designed for a first phase of 40 units and a second phase to expand the building to a total of 70 units. The second phase will be scheduled for the year 2004 if the tax credit application for the first 40 units is successful.

In addition, the owners will elect to restrict the use of the property to persons age 55 and older with incomes below 50 percent of the area median gross income for a period of not less than 50 years. This restriction will be a part of a Land Use Restrictive Covenant filed by the IFA as a condition of the tax credit allocation.

Staff has also reviewed the property for zoning and eligibility for tax abatement. This property is zoned for Planned Unit Development (PUD), but an amendment to the concept plan for the elderly housing will be required. Attached to the roll call is a copy of IFA Exhibit 5h 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 Exhibit 4d that verifies tax abatement as a City contribution to the project.

At its December 17, 2001 meeting, the City Council supported three tax credit projects:

- Woodland Avenue Brickstones, 16 units at 1500 Woodland Avenue, Jack Hatch, Developer

· Park Side East II, 18 units at 3560 East Douglas Avenue, James Conlin, Developer

· Deer Ridge, 24 units at 2710 SW 63rd Street, James Conlin, Developer

The IFA has stated that up to 144 units of assisted housing could be allocated to the Des Moines Metropolitan Statistical Area. With the 40 units of elderly housing at the East 42nd Street site, the City Council will have supported 112 units of assisted family and elderly housing.

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