

Staff Report

321 STATE AVENUE MULTI-FAMILY HOUSING DEVELOPMENT WITH LOW INCOME HOUSING TAX CREDITS (LIHTC)

January 14, 2020

The development of the property at 321 State Avenue has been discussed with City Council on several occasions since 2016. **Most recently, City Council gave direction on December 17th to proceed with creating a development concept plan for affordable single-family homes and affordable multi-family housing on the site. Staff indicated on December 17th that prior to moving forward on a multi-family housing option it would provide information on the Low Income Housing Tax Credit (LIHTC) process.** As a separate agenda item, City Council is being asked to approve a contract to hire a consulting civil engineer to proceed with creating the plans for the single-family subdivision portion of the site.

LIHTC is an Iowa Finance Authority (IFA) competitive financing program for the annual allocation of income tax credits. The income tax credits assist in the financing of low and very low income housing. Annually there are more requests for tax credits than are available, making the program highly competitive to secure funding. The IFA scoring system includes a diverse set of criteria and points relating to the experience of the housing developer, local jurisdictional support, design, affordability, etc. There is only one application period per year, the deadline for 2020 is March 11th. More information on the program details can be found at:

<http://www.iowafinanceauthority.gov/Public/Pages/PC116LN11>.

Staff has identified two timing options for proceeding with a LIHTC project.

OPTION 1- Prepare RFP for March 11, 2020 Application period:

Staff believes that the land available for multi-family housing at 321 State Avenue is viable for generating interest from affordable housing developers and to score well on the LIHTC evaluation. However, the deadline to apply is very quickly approaching and a number of steps are necessary to proceed with this option in the next eight weeks. **Should the City Council choose to proceed with this option, the very ambitious schedule listed below would have to be accomplished in order to the City to meet the March 11th deadline.**

1. Prepare an RFP to solicit affordable housing developer interest and project proposal for the site. (Issue RFP by January 21st)
2. Proposals due February 11th
3. Review proposals and interview qualified candidates as needed. (February 12th to 19th)
4. City Council selection of a preferred developer. (City Council meeting February 28th)
5. Complete a development agreement for City Council approval.(City Council meeting March 10th)
6. Submit application to IFA. (March 11th)
7. Notice of Award from IFA. (August 2020)

8. Proceed with final development agreement and project plans for construction Spring 2021.

OPTION 2- Prepare RFP for the 2021 Application period:

This option would include the same basic steps as Option 1, but would allow for more upfront time to define the range of acceptable options for multi-family housing for the Council to consider prior to issuing the RFP as well as a more reasonable timeframe to complete the steps in the application process.

1. Prepare an RFP to solicit affordable housing developer interest and project proposal for the site. (Issue RFP by June 2020)
2. Proposals due July 2020
3. Review proposals and interview qualified candidates as needed. (August 2020)
4. City Council selection of a preferred developer. (September 2020)
5. Refine project concept and complete development agreement (December 2020)
6. Submit IFA application March 2021 (anticipated)
7. Notice of award by IFA, August 2021.
8. Proceed with construction late 2021 or spring 2022.

STAFF COMMENTS:

Staff has scheduled a neighborhood meeting for January 23rd that will include an opportunity to review information for three upcoming City projects affecting the neighborhood. This will be a joint meeting with Planning and Housing, Public Works, and Fire Departments. Planning and Housing will review the status and plans for development of 321 State Avenue, including the multi-family option on a portion of the site with single-family homes on the remainder of the site.

Although there is technically time to proceed with an RFP for selecting an affordable housing developer and applying for LIHTC in March 2020, the timeframe and steps allow for very little public participation in shaping the concept of the project and little time for staff to complete its work. While Staff understands that although Option 2 would cause an additional year of delay in creating multi-family housing, it is believed this option would likely result in a better overall process for development of the site.

It should be emphasized that the development of the affordable single-family homes could proceed while working on a multi-family development site, regardless of which timing is chosen by City Council.