#### **COUNCIL ACTION FORM**

#### <u>SUBJECT</u>: Baker Subdivision (321 State Avenue) Low Income Housing Tax Credit (LIHTC) Development Proposals

#### BACKGROUND:

City Council provided direction at its July 28<sup>th</sup> meeting to staff on preparing a Request for Proposals (RFP) for a LIHTC housing project located at 321 State Avenue (Attachment A Location Map). The City described in the RFP an interest in receiving proposals that address the following objectives: 1) family based affordable housing, 2) development of 15-50 housing units, 3) compatible design elements with the surrounding residential homes, and a 4) highly competitive project per the Iowa Finance Authority's (IFA) scoring system. The RFP described an evaluation of proposals based upon developer experience and capacity, project design, property management experience, and requested financial incentives.

The City received seven proposals in response to the RFP. All seven proposals are available for review in their entirety on the Housing Division's website at: <u>www.cityofames.org/housing</u> under the "What's New" box. Included as Attachment B to this report is a matrix summarizing project attributes and excerpts of their proposed design.

A staff evaluation committee assessed the responsiveness of all seven proposals to the RFP in relationship to the RFP objectives as outlined above. Initially, the committee determined that three of the seven proposals best met the objectives for the project and, therefore, interviewed these three groups to review their proposals in greater detail. In addition, the City's Development Review Team completed an initial assessment of the design features related to zoning, building, and fire codes.

After reviewing the proposals, it became clear to City staff that a competitive project will likely need to score 155 or more points in the LIHTC program to qualify for tax credit incentive. This conclusion is based upon consultation with the developers and the past year's project scoring where a score of 155 was needed to competitively receive the tax credits. It should be noted that there are a wide range of design variety in terms of layouts and the number of units that have been submitted in the seven proposals to generate a competitive LIHTC score. In addition, six out of seven of the proposals requested HOME funds to assist financing the project and one proposal is seeking a new tax abatement incentive from the City.

A brief assessment of the Developers' proposals follows.

#### MVAH Partners-Family Housing- 50 Units-Projected LIHTC Scoring: 155 points

MVAH is a multi-state affordable housing developer with recent lowa LIHTC projects including Clinton, Grimes, Des Moines, and Altoona. They own and manage their housing developments. The project has the most dwelling units of all the proposals with 90% (45 units) as affordable. It has two building types, one 3-story 36-unit apartment building and two "townhome" style apartment buildings totaling 14 units all situated around centralized parking. The conceptual design includes building articulation reflecting a townhome type proportioning, high-quality materials, and a traditional residential appearance. The design concept can feasibly meet the City's development standards. The developer is requesting \$400,000 in HOME funds with the project. **Overall staff is impressed with the quality of the proposal, experience as a developer and a manager, building variety and design, and competitive LIHTC scoring.** 

### Prairie Fire Development Corporation- Family Housing-36 Units-Projected LIHTC Scoring: 154 points

Prairie Fire is an Affordable Housing developer from Kansas City area with experience in Iowa, including LIHTC awards in 2020 for two projects. Prairie Fire would form a joint venture with a non-profit developer (Builder's Development Corporation). This partnership will allow them to compete in the non-profit pool as well as the general pool. The partners would contract with a property management firm for ongoing operations. Their project includes two housing types, one 3-story 23-unit apartment building and two "townhome" style buildings totaling 13 units. Approximately 87% (31 units) are affordable. The concept places the building along Tripp Street with parking situated to the rear of the site. The design concept is contemporary in its appearance with the use of massing and angles that is different than most buildings in Ames. The project concept appears to meet the City's development standards. However, the location of the 3-story building may need to be shifted to the east. The developer is requesting a \$250,000 of HOME funds. Their preliminary score is 154, but the developers believe a 155 LIHTC score is achievable in final design based on adjustments to the LIHTC construction cost category. Overall staff finds the design to be interesting with its unique exterior style compared to many projects in Ames and staff supports the variety of building types. The LIHTC scoring projection was adjusted down during the review to reflect family housing scoring at 154 points and would need to increase to 155 during refinements on costs to be competitive in LIHTC.

#### Newbury Living-Family Housing-40 units- Projected LIHTC Scoring: 155 points

Newbury is an affordable housing developer with experience throughout lowa, which also includes properties operated within Ames. The developer owns and manages its properties. The proposal indicates 90% (36 units) are affordable. The concept includes 2

"townhome" style buildings (16 units) with garages and a separate apartment building (24 units) oriented around a "street presence" design. Although the mix of housing is desirable, the site concept likely needs to be overhauled to meet fire access and circulation needs as well as relocating garage access from Tripp Street to the rear. It is not clear what level of changes are needed for the concept to meet design standards and its impact on the design concept. The developer is requesting \$225,000 of HOME funds. **Overall staff likes the concept of the multiple buildings and the streetscape with individual garage parking, but the feasibility as proposed is questionable after the City's Development Review Team's assessment. The overall experience and quality of the proposal submittal is good.** 

#### Hatch Development-Senior Housing-42 units- Projected LIHTC Scoring: 156 points

Hatch Development is an lowa affordable housing developer with experience in multiple locations across lowa. The proposal includes 88% (37 units) as affordable. The apartments are primarily one-bedroom units with some two bedrooms due to the senior designation. The design concept is a single three-story building fronting upon Tripp Street with parking in rear. The units are a mix of walk up units with exterior access and internal corridor access. The design is primarily brick with elements of a rowhouse appearance Although not identified as an option in the RFP, the developer uniquely requested property tax abatement valued at \$250,000 with a 10-year abatement. The projected LIHTC scoring includes one extra point as a senior project compared to a family project. **Overall staff finds the proposal to not address the purpose of the RFP for family housing. The request for tax abatement in lieu of HOME funds was not identified as an option in the RFP. The focus on senior housing limits providing other building types and housing options. The building design is high quality with the use of primarily brick.** 

#### Sand Companies- Family Housing- 37 units- Projected LIHTC Scoring: 155 points

Sand Companies are an experienced company based in Minnesota that has completed work in multiple state, including projects in Iowa (Iowa City, Coralville, and Johnston). The project concept is a single three-story building located along Tripp Street with parking in the rear. The proposal calls for 89% (32 units) as affordable. The building design includes a flat roof contemporary design style with façade modulation, contrasting materials for aesthetic enhancements and walkout decks. The relationship to Tripp street is emphasized with the proposed building location. The project design concept is readily feasible. The Developer is requesting \$219,000 of HOME funds. **Overall, the project design as a single building works well for the site and creates an interesting design but does not provide housing diversity. Staff finds the proposal to not be as robust as others in background and detailed information.** 

#### The Commonwealth Companies- Family- 40 Units-Projected LIHTC Scoring-146

The Commonwealth Companies have completed or has projects underway in 18 states with numerous federal housing projects. One project has been completed in Iowa in Johnston which is a 62-unit senior housing project. The Commonwealth Companies submitted a proposal for 40 units within a single three-story multi-family building located along the west side of the site with a mix of surface and underground parking. The building façade featured a contemporary design approach with a flat roof, façade relief, and walkout decks. A total of 90% (36 units) would be affordable. The applicant projected a score of 146 points. The developer is requesting \$500,000 in HOME funds. **Overall, the quality of materials in the proposal was lacking and the proposal does not project to have a competitive LIHTC score.** 

### Excel Development- Family- 48 Units-Projected Scoring- Project LIHTC Scoringnot estimated

Excel Development has a track record of doing affordable housing projects in Nebraska, Kansas, Oklahoma and Iowa. The applicant has completed six projects in smaller Iowa communities (Orange City, Panora, Lamoni, Dunlap, Odeboldt, and Mason City). This proposal features a total of 48 units spread among 4 separate three-story apartment buildings with parking located between the buildings. The design was basic in its approach and style. The applicant did not provide a self-scoring breakdown for IFA points nor did they include a percentage of affordable housing or a construction budget. The developer is requesting \$500,000 in HOME funds. **Overall, the proposal is lacking in detail and the design was not compelling.** 

### ALTERNATIVES:

1. Direct staff to work with either MVAH Partners Incorporated or Prairie Fire Development Corporation to prepare an agreement to partner on a LIHTC application and development of the site at 321 State Avenue with affordable multi-family housing

Note this recommendation requires no material changes to the design of either project, but is predicated on Prairie Fire being able to achieve a projected minimum score of 155 points in the LIHTC system.

- 2. Direct staff to work with a different development proposal in response to the RFP to prepare an agreement to partner on a LIHTC application and development of the site at 321 State Avenue with affordable multi-family housing.
- 3. Request additional information before making a final selection on November 10, 2020.

#### **CITY MANAGER'S RECOMMENDED ACTION:**

The conceptual design within each proposal was evaluated as it was presented to staff with no major assumptions of changes in the concept. However, once a developer is selected the project will be refined in consultation with the City and with their design teams in preparation of the LIHTC application deadline. Actual Site Development Plan and building permit applications will not be prepared unless the selected developer receives an award of tax credits. All the projects had a similar timeline based upon the LIHTC process and schedule. Award of tax credits is expected in August 2021 and then developers would complete design and site acquisition in the winter with a plan for construction to begin spring of 2022 and a plan for occupancy to begin in the summer of 2023.

Within the RFP the City identified that HOME Funds may be available to assist in development of the project, no specific amount was identified to be provided by the City in the RFP. Most of the proposals requested HOME Funds ranging from \$219,000 to \$500,000. HOME funds are separate from CDBG funds and can be used to directly assist in the construction of affordable housing. To date, the City has been allocated three years (2018-2021) of HOME funding, which has an approximate balance of \$1.2 million dollars (not including program administration). The City can consider utilizing up to approximately \$500,000 of HOME Funds for this LIHTC project without compromising use of the funds for the construction of single-family homes on the north side of the subdivision. Developer assistance with HOME funds would occur until after award and closing on the acquisition of the property in 2022. With the selection of a partner developer more project details will be determined, in order to refine the application for IFA submittal. The exact amount of HOME funds request may be adjusted as we move forward based upon design features and the need to keep maximum points available for a project. The developers indicated that with additional HOME funds it would also assist in making rents more affordable overall.

After reviewing the proposals, staff finds that the MVAH Partners and Prairie Fire Development proposals best address the RFP overall by providing for our target objectives of family housing, diverse housing types, feasible development concepts, strong development experience, and property management experience. MVAH has a slightly stronger track record and property management history, but they also have a greater amount of HOME funds requested compared to Prairie Fire and total development costs due to the larger project size. The project designs are also fundamentally different in site layout and architectural style, but both have merit overall as a design approach for the site. Both groups indicated willingness to work on refining the concepts and tailoring it to the City's interests for the site. Staff believes the Prairie Fire Development design concept is the more interesting design and site layout for the site.

There are two key distinctions for the two current proposals, one being the design differences and the second is current projected LIHTC score of 155 for MVHA and 154 for Prairie Fire. For Prairie Fire to be selected. staff believes they would need to verify

that adjustments in construction estimating would support a score of 155 points. The other top proposals have already taken full credit for the construction cost category.

Staff believes that either of these two development proposals best meet the City's objectives for development of affordable family housing on the site. Therefore, the City Manager recommends Alternative 1 whereby City Council directs staff to work with either MVAH Partners or Prairie Fire Development to finalize a development agreement for a partnership on submitting a LIHTC application and development of affordable housing at 321 State Avenue.

Because of the narrow timelines involved with the LIHTC application deadline, it is imperative that the City Council give direction regarding a preferred developer at the October 27<sup>th</sup> meeting.

## **Location Map- Attachment A**



			C Developers in Partnership with th	e city of Ames for Daker Subulvision	•		
Applicant Proposal Facts:							
++·····		Prairie Fire Development &					
	MVAH Partners	Builders Development Corp	Newbury Living	The Hatch Development	Sand Companies	The Commonwealth Companies	Excel Development
pplicant's LIHTC Self Scoring:	155	154	155	156	155	146	Did not provide
Note Scoring Updated Per Staff's review of proposals							
	50 units - Family	36 units - Family	40 units - Family	42 units - Senior	37 units - Family	40 units - Family	48 units - Family
	3 story bldg & townhomes	13 townhomes	30 - 2 BR, 10 - 3 BR	31 - 1 BR	1 BR, 2 BR, 3 BR	8-1 BR	24-3 BR, 2 Full Bath
	36 Apts, 14 Townhomes	23 Apts, 3 story	3 buildings	11 - 2 BR		20-2 BR	24-2 BR, 2 Full Bath
	24-2 BR, 26-3 BR	12-3 BR, 14-2 BR	Some individual garages			12-3 BR	4 bldgs
lotable Features:	Playground Proposed	Playground Proposed	Playground Proposed w/ walking paths	No Playground. Sidewalks & Garden Proposed	Playground Proposed	Playground Proposed	No Playground Proposed
ercent of Affordable Housing:	90%	87%	90%	88%	89%	90%	Did not provide
Construction Schedule:	April 2022 - 6-1-2023	Jan 2022-May 2023	Const March 2022, begin	March 2022-March 2023	July 2022-July 2023	April 2022-April 2023	6 mos after award
	qualified occupancy 12-31-202	-	Begin leasing May 2023,	Leasing through June 2023	90-150 days lease up time	lease by Nov 2023	12 mos from ground
			Complete by fall 2023				breaking
Projected Project Costs:	\$10,397,373	\$7,902,934	\$9,479,427	\$8,984,410	\$8,363,555	\$10,539,514	\$6,777,209
Proposed Project Financing:							
IHTC	\$7,307,269	\$5.391.696	\$6.300.000	\$7,140,000	\$6,104,370	\$7,265,273	\$5,321,269
ity Requests:	\$1,501,205	<i>\$3,331,030</i>	20,000,000	\$7,140,000	<i>\$6,264,376</i>	<i>ç,,203,213</i>	<i>\$3,321,203</i>
HOME	\$400,000	\$250,000	\$225,000	No Request	\$219,429	\$500,000	\$500,000
Land	provided at \$0 cost	\$2,500	provided at \$0 cost	provided at \$0 cost	provided at \$0 cost	provided at \$0 cost	No Request
Other				100% tax abatement for 10 yrs			
onstruction Financing	\$2,562,806	\$2,118,583	\$2,250,000	\$1,594,310	\$2,039,756	\$2,571,000	\$955,940
Construction Budget	\$7,570,942	\$5,625,000	\$7,070,000	\$7,019,687	\$6,740,044	\$7,703,930	Did not provide
Project Locations:	Clinton, Grimes, Centerville, CR		Ames:	Des Moines, Cedar Rapids, Dubuque,	Iowa City	18 States, 60 in WI	IA, NE, KS & OK
	Muscatine, Keokuk, Altoona,	Red Oak, IA	Stonehaven 1992, 56 units	Waverly, Newton	Coralvile	28 in other states	Hull, IA 2016
	Des Moines, Newton	Harlan, IA	Meadow Woods, 1996, 48 units		Johnston	23 in const or design	Orange City, IA 2015
			Keystone, 1984, 56 units			Johnston-62 Units Senior	Panora, IA 2007
			Other Communities				Lamoni, IA 2007
			Bettendorf, West Des Moines,				Dunlap, IA 2007
			Des Moines				Odebolt, IA 2007



## **College Creek Lofts and Townhomes**

City of Ames RFP, Baker Subdivision





### COLLEGE CREEK LOFTS & TOWNHOMES

09.10.20 site plan - 02





#### front elevation

1\* = 20'-0\*

COLLEGE CREEK LOFTS & TOWNHOMES



09.10.20



### building B front elevation

1/16"+1"-0"



#### building C front elevation

1/10\*-1\*-0\*



**COLLEGE CREEK LOFTS & TOWNHOMES** 

ames, iowa

09.10.20 buildings B & C - building elevations - 18

C 2010 WYAH Development LLC

## Prairie Fire



CONCEPT SITE - 1\* = 60'-0\* | 1

## Prairie Fire

odimo

BAKER SUBDIVISION | LOT 27 CONCEPT | SEPTEMBER 11, 2020



## Prairie Fire



#### Proposed Concept - Rendering







#### Proposed Site Plan





1.5 SPACES PER ONE BEDROOM X (0) 1 BEDROOMS = 0 STALLS 1 SPACES PER BEDROOM C (0) 2 BEDROOMS = 0 10°5 BR = 30 STALLS 30°2 BR = 40 STALLS 40 UNITS-90 STALLS BROUMED

PARKING PROVIDED GARAGES: 16 STALLS DRIVEWAY: 16 STALLS SURFACE: 59 STALLS

The project design is focused on the community engagement with Tripp Street and the important views from State Avenue. The residences are a collection of varied elements to blend with the single-family homes in the neighborhood and share their scale through the use of private entries and a mix of individual garages.

The project design will highlight a connection to the site and neighborhood through the individuality of garages and front doors as solutions for defining personal space and human scale. The building's image is to highlight residential features of individual entries, the texture of varied window types and pitched roof with historic roots and shingle detail.

Proposed Concept - Rendering







Proposed 24-Unit Apartment Building - Elevations --.... -..... أعريب المراجع والمتحد والمتحد والمتحد والمتحد والمحد والمتحد والمتحد والمحد والمحد والمحد والمحد WEST ELEVATION





## Hatch Development Group



## STATE AVENUE BRICKSTONE

Baker Subdivision 321 State Avenue LITEC Rental Housing Development Proposal – Presented to the Ames City Council

#### ABSTRACT

The architectural design will resemble the awardwinning apartment communities HDG has developed throughout lowa. It will encompass modern conveniences with a city's historic features lending itself to a pedestrian friendly environment to the surrounding neighborhoods.

Hatch Development Group - HDG September 11, 2020

# Hatch Development Group





# Sand Companies





# Sand Companies





# Sand Companies

	Martinan. 2019 Tel 2019 Tel 20	Net of the second
	Nervice concernence of the second concernenc	Contraction of the second of t
LAST EXTERNAL EVALUAN	наза реконцију об ракој силона и на ради најновић об какој дар се слада и на повредо на пора и на ракој се слада и на повредо на пора се слада и на ракој се слада и на ракој се слада и на пора се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и на ракој се слада и н	-4

## Commonwealth Development Corp.

#### Unit Mix:

One-Bedroom Units – 8 LIHTC Two- Bedroom Units – 18 LIHTC, 2 Market Rate for a total of 20 Three-Bedroom Units – 10 LIHTC, 2 Market Rate for a total of 12

#### Amenities and Services:

- On-Site Laundry
- Storage units
- Bike Racks
- On-Site Management
- Video Security System
- Community Room
- Playground
- Walking path
- Educational Programs
- Social/Recreational Even
- HERS Index standards



## Commonwealth Development Corp.



## Commonwealth Development Corp.



## **Excel Development**



