

ITEM #:	<u>33</u>
DATE:	<u>03-14-23</u>
DEPT:	<u>P&amp;H</u>

**COUNCIL ACTION FORM**

**SUBJECT: SETTING MARCH 28, 2023, AS DATE OF PUBLIC HEARING TO APPROVE AN OPTION AGREEMENT FOR SALE OF LOT 27 TO TOWNHOMES AT CREEKSIDE, LLLP, (AFFILIATED WITH THE HATCH DEVELOPMENT GROUP) IN CONJUNCTION WITH A DEVELOPMENT AGREEMENT FOR A LOW-INCOME HOUSING TAX CREDIT (LIHTC) APPLICATION FOR MULTI-FAMILY HOUSING DEVELOPMENT WITHIN BAKER SUBDIVISION (321 STATE AVENUE)**

**BACKGROUND:**

On February 28, 2023, City Council voted to select the Hatch Development Group as its partner to develop multi-family rental housing on Lot 27 in Baker Subdivision. The City Council directed staff to begin preparing agreements to partner on a Low-Income Housing Tax Credit (LIHTC) application for this project.

**In order to meet the LIHTC submittal deadline of April 19, 2023 and adhere to the transfer of land requirements, staff is recommending that the City Council set March 28, 2023 as the date for the public hearing for the approval of an option for sale of Lot 27 within the Baker Subdivision to Townhomes at Creekside, LLLP (an Iowa Limited Liability Partnership affiliated with the Hatch Development Group).**

At the March 28 meeting, staff will present a completed option to purchase agreement with Townhomes at Creekside, LLLP and a development agreement with Hatch Development Group. Hatch Development Group will also have an updated site concept plan completed to address staff comments about access and parking. However, the actual Site Development Plan and building permit applications will not be prepared unless the developer receives an award of tax credits.

Award of tax credits is expected in August 2023 and then developers would complete design and site acquisition in the winter with a plan for construction to begin spring of 2024 and a plan for occupancy to begin in the summer of 2025.

**ALTERNATIVES:**

1. Set March 28, 2023, as the date of the public hearing for the review and approval of an Option Agreement for the purchase of Lot 27 within the Baker Subdivision.

**A development agreement will accompany the Option Agreement and the City will then partner with Hatch to submit a LIHTC application to IFA for multi-family housing units on Lot 27 by the April 19, 2023 deadline.**

2. Do not set a date of public hearing, and do not proceed with the project.

**CITY MANAGER’S RECOMMENDED ACTION:**

On March 28, staff will present land option to purchase agreement and development agreement for Lot 27. City Council approval of the option agreement and development agreement on March 28 will allow time for Hatch Development Group to finalize its LIHTC application before the Iowa Finance Authority’s April 19, 2023 deadline.

As noted during the February meeting, 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 \$1.8 million dollars (not including program administration). Developer assistance with HOME funds would not occur until after the award and closing on the acquisition of the property in 2023.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

## Location Map- Attachment A

# BAKER SUBDIVISION

## FINAL PLAT

