

**UPDATE ON LOW INCOME HOUSING TAX CREDITS (LIHTC) APPLICATION
WITH PRAIRIE FIRE DEVELOPMENT IN BAKER SUBDIVISION**

December 10, 2021

BACKGROUND:

As part of the City Council goal to create more affordable housing for both home and rental households, the City Council entered into a partnership agreement with Prairie Fire corporation and Builder's Development Corporation (BDC) to submit a LIHTC application to the Iowa Finance Authority (IFA) for thirty-six (36) multi-family housing units in the Baker Subdivision (321 State Avenue).

UPDATE ON THE STATUS OF THE APPLICATION:

- In early March, IFA extended the March 10th application deadline to May 12th.
- On May 11th, the City was notified that IFA had received the Ames project application for LIHTC.
- On July 2021, the Ames project LIHTC application received a notification that more information was needed regarding flood plain boundaries on the south side of the parcel. This information was submitted and accepted.
- The City's HOME contribution for the Ames LIHTC project was increased from \$250,000 to \$350,000 to increase competitiveness.
- In late September, it was decided that the Ames LIHTC project seeking a 9% tax credit was not funded due to the large group of disaster set-aside projects that absorbed most of the funding allocation.

However, it was stated that a 4% LIHTC tax credit incentive would be available the remaining applicants, and that the Governor's priority was to allocate an additional \$100 million dollars to affordable housing that the State was eligible to receive through the U.S. Treasury. **The IFA staff indicated that the Ames LIHTC application had a very good chance of being funding through these additional dollars.**

- With this additional \$100 million dollars, the gap would likely increase the 4% tax credit allocation to approximately an 8% allocation and, hopefully, still result in a viable project for the developers. A request was made for a revised Ames LIHTC project application to be submitted in October, but not to change any of the financial numbers from the original LIHTC application.
- Since the Federal government is operating on a continuing resolution (now extended through February 2022), the State is waiting on the U.S. Treasury to release the funds

that contains the guidance that is needed in order to allocate these additional funds to the LIHTC program.

STAFF COMMENTS:

Until we receive the guidance from IFA, we are unable to recommend any modifications to our agreement with Prairie Fire and BDC for this funding. We wanted to provide this updated information to the City Council since the public announcement of the 9% LIHTC awards has been, and our project did not received this initial incentive.

You will note from the information reflected on Attachment I, in the category that the City was competing in, we received a score of 153, out of the highest score of 155. The Ames project application is addressing families at 60% or less of the area median income limits. The projects that ranked higher were for Supportive Housing for Families (homeless and families at the 30% or less income limits), Older Persons 55, Rural Areas and Higher Derecho Disaster Areas (Linn, Clinton, Poweshiek, etc.)