



City of Five Seasons®

City of Cedar Rapids

**Development Committee Meeting Agenda**

City Hall Council Chambers

Wednesday, October 19, 2016

3:00 pm – 4:00 pm

**Purpose of Development Committee:**

To enable the City Council to discuss and evaluate in greater detail these specific issues that directly impact the physical, social, and economic vibrancy of the City of Cedar Rapids.

**City Council Committee Members:**

Council member Ann Poe, Chair

Council member Pat Shey

Council member Scott Overland

- Mayor Ron Corbett is an ex-officio member of all Council Committees per City Charter Section 2.06.

**Agenda:**

- Approval of Minutes – September 21, 2016

- Recommendation Items:

1. Low Income Housing Tax Credit Projects	Erika Kubly <i>Community Development</i>	<i>15 Minutes</i>
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- Updates:

1. ReZone Cedar Rapids	Anne Russett <i>Community Development</i>	<i>5 Minutes</i>
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2. Mt. Vernon Road Open House	Adam Lindenlaub <i>Community Development</i>	<i>5 Minutes</i>
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- Public Comment

*Next Meeting: November 16, 2016*



**City of Cedar Rapids  
DEVELOPMENT COMMITTEE MINUTES  
City Hall Training Room  
Wednesday, September 21, 2016  
3:00 p.m.**

The meeting was brought to order at 2:59 p.m.

Present: Council members Poe (Chair), Shey, and Overland. Staff members present: Jennifer Pratt, Community Development Director; Bill Micheel, Community Development Assistant Director; Paula Mitchell, Housing and Redevelopment Manager; Anne Russett, Community Development Planner; Adam Lindenlaub, Community Development Planner; Kirsty Sanchez, Community Development Planner; and Anne Kroll, Community Development Administrative Assistant.

Council member Shey made a motion to approve the minutes from August 17, 2016. Council member Overland seconded the motion. The motion passed unanimously.

**Presentation:**

**1. Small Scale Real Estate Development Workshop Review**

Bill Micheel, Community Development Assistant Director, stated that the Small Scale Real Estate Development Workshop took place on September 14, 2016 and was an introductory training on how to create one (1) to three (3) story buildings that build wealth while also being good neighbors. Mr. Micheel discussed who attended the workshop, the development overview, targeted outcomes, the self-assessment, and the Pro Forma structure. Mr. Micheel stated that staff would like to use the Pro Forma structure to do a stress test for the new Zoning Code.

Council member Poe and Mr. Micheel discussed what potential sites in Cedar Rapids could be used for the stress test and if similar sites in the City would be compared to one another. Mr. Micheel stated that it is less about comparing areas of the City to one another and more about whether the zoning districts yield the types of development that is wanted. There are people who live and work in certain neighborhoods that have knowledge of what the issues are and how they can overcome those issues. Those people want to stay and invest in their neighborhood instead of going elsewhere. Mr. Micheel stated that you want to avoid having a building that people do not like and the response being that the zoning code made that building. Jennifer Pratt, Community Development Director, stated that a phase in the stress test is to make sure barriers are not being created in the new Zoning Code.

## **Recommendation Items:**

### **1. CDBG Priorities**

Paula Mitchell, Housing and Redevelopment Manager, stated that in September 2012 an annual process was adopted to establish priorities for CDBG & HOME funds. CDBG has decreased by nearly 30% and HOME by 48% since 2010. Ms. Mitchell shared a chart of CDBG percentage recommendations and the following additional recommendations:

- \$75,000 from the HOME Program set aside for activities carried out by Community Housing Development Organizations (CHDOs).
- Up to \$50,000 Neighborhood Certification Program set-aside from “public service” and/or “other community needs” category for activities carried out by CDBG-eligible certified neighborhoods.
- Activities must be CDBG-eligible and consistent with neighborhood work plan.
- This will be the second year of this practice and is part of the ongoing effort to create a more streamlined process.

Council member Overland asked what the administration and planning funds for CDBG percentage recommendations pays for. Ms. Mitchell stated that the administration and planning funds pay for rent, utilities, office supplies, staff costs, monitoring of the agencies that receive funding and required HUD plans that have to be submitted. Council member Overland asked about changes in the amount of funding, and whether the level of administrative requirements remains the same as the funding decreases. Ms. Mitchell confirmed that the administrative requirements remain the same, and stated that if the pool of funding decreases much more than the rate it has been declining staff would have to take a hard look at programs.

Council member Overland made a motion to approve the CDBG Priorities to move forward to City Council. Council member Shey seconded the motion. The motion passed unanimously.

### **2. Low Income Housing Tax Credits (LIHTC)**

Ms. Mitchell stated that the City received one (1) request for support for LIHTC projects and it is a workforce housing proposal. If funded, the proposal would create 56 new units. Options for Local Government Contribution include land, Urban Revitalization Tax Exemption, and Tax Increment Financing. The project is from TWG Development/Landover Corporation and the location is 7<sup>th</sup> Avenue and 3<sup>rd</sup> Street SW. Ms. Mitchell shared a map of the location along with renderings of the building. Ms. Mitchell shared the following recommendations:

- Renew Option to Purchase Agreement for City-owned parcels.
- Provide City matching contribution in the form of 10-year, 100% tax exemption through Urban Revitalization Tax Exemption.
- Estimated value of tax exemption is approximately \$591,250 over ten years.

Council member Overland asked what the income bracket is for workforce housing. Ms. Mitchell stated that there are typically a few market rate units and there are approximately five (5) to six (6) in this building and then it is generally 60% of the area median income and below.

Council member Shey made a motion to approve staff recommendations of City participation to move forward to City Council. Council member Overland seconded the motion. The motion passed unanimously.

Ms. Pratt noted that another proposal has come in after the deadline. Normally, staff would not rush it through, but it is a proposal that we have had before. They have applied multiple times and staff has asked that they get all of their information in by Friday and if they meet the deadline staff will work with them and prepare that for the Development Committee meeting in October.

## **Updates:**

### **1. ReZone CR**

Anne Russett, Community Development Planner, stated that the consultant team and City staff are working on drafting the administrative procedures as part of the code update. Staff is starting to look at the zone districts and having preliminary conversations with the consultant team on potential modifications to some of the zone districts. In October, the consultant team will be in Cedar Rapids with an update.

### **2. Update to Chapter 18 Historic Preservation**

Ms. Russett stated that at a previous meeting, Council member Overland requested more information on property values in the Local Historic Districts. Staff analyzed property valuation data from the City Assessor in the following three (3) geographic areas: Local Historic Districts, B Avenue NE National Register of Historic Places (NRHP)-Listed District, and an area eligible as a historic district. Ms. Russett shared a chart of the change in median appraised value of single-family homes and duplexes between 2006 and 2016 in the three (3) different areas. There is a decline between 2010 and 2013 due to the Great Recession and in conversations with the City Assessor's Office this is common throughout the City. Between 2015 and 2016 there is an increase in property valuation in the Local Historic Districts, but a decline in the B Avenue NE NRHP-Listed District. Ms. Russett stated that although we cannot attribute the property valuation increase in the Local Historic Districts to its historic district designation, Community Development can use this data as a baseline for tracking moving forward. Ms. Russett reviewed the next steps for the changes for Chapter 18. After review and recommendation from the HPC the Development Committee will review at the October 19, 2016 meeting.

Council member Overland stated the property valuations need to be tracked for the next five (5) to ten (10) years. Some of those values are going up in areas where there have been a lot of activities so any time we get new investment in a neighborhood you will probably see the values go up. It will be interesting to see where that goes.

Council member Poe asked if the B Avenue District was impacted by the flash flooding. Ms. Russett stated that it was and the decline could be related to that. Council member Poe noted that it is time to push forward and get Chapter 18 finished.

### **3. Mt. Vernon Road Corridor Action Plan**

Adam Lindenlaub, Community Development Planner, gave a review of the open house on September 12, 2016 and described the summarized public input, the goals from that input, and the action items to meet those goals for land use, character, and circulation. The attendees at the open house voted on which action items are most important to them and based on those results staff rearranged the action items starting with the items that received the most votes. Mr. Lindenlaub also reviewed proposed concepts for future land use, gateway and intersection markers, potential Mt. Vernon Road cross sections, and potential intersection improvements. Staff is looking at October for the third open house and then the Plan will go to City Council in November 2016.

Council member Shey asked how staff plans to manage expectations because the City can control zoning, streetscape, road design, and intersections to make it more desirable but it is going to take private investment and people that are interested in the area to improve it. Ms. Pratt stated that it is important to have quick turnaround and immediate action items that are visible so that the City can maintain that momentum. The City is benefiting from the Paving for Progress program because it is giving funding that we would not have to do some of the safety improvements. Another positive is the proposed bike signage that will lead people to trails near Mt. Vernon Road. Mr. Lindenlaub stated that when this plan is done it is important to share it, so that developers know what the interests are.

Council member Overland asked if staff has talked to any of the large commercial property owners on Mt. Vernon Road because that could get the ball rolling on investment if someone has a lot of property in that area. Mr. Lindenlaub stated that staff has not, but there is an owner that is on the focus group. Council member Overland asked if the people that came to the second open house were the same people that came to the first one. Mr. Lindenlaub stated that there were a hundred (100) people at the second open house and they were about 50% new and 50% that came to the first open house.

Council member Poe asked if the City always buries the lines for redevelopment. Mr. Lindenlaub stated that he does not know for sure, but there are projects that do bury the lines. Council member Poe asked staff to follow up.

Council member Poe left the meeting at 4:58 p.m.

#### **4. Northwest Neighbors Neighborhood Association Plan**

Kirsty Sanchez, Community Development Planner, stated that a focus group met September 15, 2016 to discuss their experience with small scale development and to identify redevelopment challenges in the area. Feedback from the focus group includes: Ellis – 6<sup>th</sup> Street connection is key, promote the river and park, be sensitive to the neighborhood's character, keep single-family homes west of Ellis, and higher levels of intensity along and east of Ellis. The focus group identified the following challenges: lack of flooding protection, floodplain challenges, abandoned and poorly maintained properties, lacks population to support small businesses/restaurants, and confusion over what properties can be redeveloped. The focus group suggested continuing clean-up efforts, promoting different tools to help finance projects, and small improvements in the Greenway. Ms. Sanchez discussed the next steps.

Council member Shey asked if the City owns lots on Ellis. Ms. Sanchez stated that the City does. Council member Shey asked if it is known how much of the hesitancy is due to lack of flood protection. Ms. Sanchez stated that the feedback is that people are not sure what they can and cannot do and what is available. Ms. Pratt stated that some of the hesitancy is because of the complication of being in the floodplain, so an idea is to do a series of lunch and learns about how developing in the floodplain successfully. Mr. Micheel noted that he has heard from developers at both the Mt. Vernon Road and the Northwest Neighborhood open houses that the plan itself will create some confidence amongst developers. There are several people who are looking at projects that were really unsure prior to this planning process, but now that they know what the plan will be they are ready to make a move.

**Public Comment:**

There was no public comment.

Council members Overland and Shey adjourned the meeting at 4:09 p.m. with unanimous consent.

Respectfully submitted,

Anne Kroll, Administrative Assistant II  
Community Development

DRAFT



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**To:** City Council Development Committee  
**From:** Erika Kubly through Jennifer Pratt, Director of Community Development & Planning  
**Subject:** Request for City Support – 4% Low Income Housing Tax Credit (LIHTC) Projects  
**Date:** October 19, 2016

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**Background:**

The City has received a request for a resolution of support and financial assistance as part of the Iowa Finance Authority's noncompetitive (4%) LIHTC application round. Here is a summary of the proposal:

- **TWG Development, LLC** – The developer has proposed a \$21.4 million family housing project at 2215 Sadler Drive SW. The development consists of new construction of 4 three-story apartment buildings containing 36-42 units for a total of 150 units. The project proposes a mix of 1 and 2-bedroom units which will be rented to households under 60% of the Area Median Income with rents ranging from \$739-981.

Staff is currently working with the City's housing market analyst to update the overall Housing Market Analysis for Cedar Rapids. An Assessment of Demand for LIHTC Development in Cedar Rapids was prepared by the market analyst on October 10, 2016. The Assessment indicated that the estimated demand for shallow-subsidy (household income limited to 40-80% of the Area Median Income) rental housing is 181-245 units annually over the next five years.

**Recommendation:**

Staff recommends a 10 year, 100% tax exemption through Urban Revitalization Tax Exemption. Because the affordable housing project exhibits a demonstrated gap, serves a public purpose, and will provide a long-term benefit to the community, it qualifies under the Community Benefit category of the City's Economic Development program. Expectations for all projects receiving this incentive include quality design that enhances the area, experienced development team, financial and market feasibility, and neighborhood and community support.

**Timeline and Next Steps:**

- September 28, 2016 – Staff received developer LIHTC Application.
- October 19, 2016 – Requests reviewed at Development Committee.
- November 1, 2016 – City Council consideration of financial request.
- Applications accepted on an ongoing basis for IFA's noncompetitive funding.

**Project Location:**



2215 Sadler Drive SW



**Low Income Housing Tax Credit Proposals - 2017**  
**Proposal Summary - 4% Noncompetitive Funding**  
**10/14/2016**

Noncompetitive - 4%

						FINANCING							LOCAL MATCH
Developer	Project	Type	Total # Units	Total Project Cost	\$/Unit	Tax Credit Equity	Conventional Debt	Owner Equity	Deferred Developer Fee	Workforce Housing Tax Credit	Land Value (City Property)	Urban Revit Tax Exemption Estimate	Local Contribution
TWG Development, LLC John Sullivan	Sadler Drive Apartments 2215 Sadler Dr NW	Family New Construction	150	\$21,400,000	\$142,667	\$8,246,465	\$12,500,000	\$0	\$658,090	\$0	\$0	\$2,039,270	\$2,039,270

**To:** City Council Development Committee  
**From:** Erika Kubly through Jennifer Pratt, Director of Community Development & Planning  
**Subject:** Requests for City Support – 9% Low Income Housing Tax Credit (LIHTC) Projects  
**Date:** October 19, 2016

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**Background:**

At the September 21, 2016 Development Committee meeting, members supported the Kingston Family Apartments project submitted by TWG Development and Landover Corporation as part of the Iowa Finance Authority's 2017 competitive (9%) LIHTC application round. Subsequent to this meeting staff receive two additional late requests for project support and financial assistance. Both late submissions are versions of projects that committee members have previewed in previous years. A summary of the proposed projects follows, with additional detail shown in an attached matrix:

- **MV Affordable Housing, LLC – Cypress Lofts** – Staff received an application on September 23, 2016 requesting a resolution of support and City financial participation for a family housing project located at the SE corner of Jacolyn Drive SW and 12<sup>th</sup> Avenue SW. The project proposes new construction of a 51-unit workforce housing development providing a mix of 1, 2, and 3-bedroom sizes, with the majority of units in the two-bedroom range. This is a slightly modified version of a project the developer submitted last year, which the City supported. The developer did not proceed with submission to IFA for the FY2016 funding round.

Staff Recommendation: Staff recommends a resolution of support and a 10 year, 100% tax exemption through Urban Revitalization Tax Exemption, which would provide a mechanism for the City's support. Because Local Government Contribution is required to score competitively, the project qualifies as affordable housing for the City's Economic Development - Local Match program.

- **Sonoma Square, LLC – Sonoma Square** – Staff received an application on October 10, 2016 requesting a resolution of support and City financial participation for a family housing project located at the corner of Muirfield Drive SW and Ely Road SW. Project financials were received subsequent to the application, on October 11<sup>th</sup>. The project proposes new construction of a 36-unit workforce housing development providing a mix of 1, 2, and 3-bedroom sizes. This is a modified version of a project submitted in previous years on a different site.

Staff Recommendation: Because Local Government Contribution is required to score competitively, the project qualifies as affordable housing for the City's Economic Development - Local Match program. Based on very limited review, the project meets the criteria to qualify for a resolution of support and a 10 year, 100% tax exemption through Urban Revitalization Tax Exemption with conditions and recommendations outlined by a preliminary Concept Review Plan completed by Development Services.

Staff is currently working with the City's housing market analyst to update the overall Housing Market Analysis for Cedar Rapids. An Assessment of Demand for LIHTC Development in Cedar Rapids was prepared by the market analyst on October 10, 2016. The Assessment indicated that the estimated demand for shallow-subsidy (household income limited to 40-80% of the Area Median Income) rental housing is 181-245 units annually over the next five years.

**Timeline and Next Steps:**

- October 19, 2016 – Requests reviewed at Development Committee.
- November 1, 2016 – City Council consideration of financial requests.
- November 17, 2016 – Applications due to Iowa Finance Authority.

**Project Locations:**



Cypress Lofts - SE Corner of Jacolyn Dr SW and 12<sup>th</sup> Ave SW



Sonoma Square - SW Corner of Muirfield Dr SW and Ely Rd SW



**Low Income Housing Tax Credit Proposals - 2017**  
**Proposal Summary - 9% Competitive Funding**  
**10/14/2016**

Competitive - 9%

Developer	Project	Type	Total # Units	Total Project Cost	\$/Unit	FINANCING						LOCAL MATCH - Land & URTE		
						Tax Credit Equity	Conventional Debt	Owner Equity	Deferred Developer Fee	Workforce Housing Tax Credit	Land Value (City Property)	Urban Revit Tax Exemption Estimate	Local Contribution Needed for Max Points	Gap
<b>MV Affordable Housing, LLC Brian McGeady</b>	Cypress Lofts SE Corner of Jacolyn Dr SW and 12th Ave SW	Family New Construction	51	\$9,730,405	\$190,792	\$8,117,188	\$1,425,000	\$0	\$188,217	\$0	\$0	\$274,026	\$389,216	\$115,190
<b>High Development</b>	Muirfield Dr SW & C St SW	Family New Construction	36	\$7,530,100	\$209,169	\$5,232,864	\$1,811,236	\$486,000	\$0	\$0	\$0	\$389,017	\$301,204	n/a



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**To:** City Council Development Committee  
**From:** Anne Russett through Jennifer Pratt, Director of Community Development & Planning  
**Subject:** ReZone Cedar Rapids  
**Date:** October 19, 2016

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### **Background**

With the adoption of EnvisionCR in January 2015, the Community Development staff is moving forward with a comprehensive update to the City's zoning code, known as ReZone Cedar Rapids. At the Development Committee's meeting on October 19, Community Development staff will provide an update on the project.

### **ReZone Cedar Rapids Update**

Materials related to this project can be found at [www.cityofcr.org/rezone](http://www.cityofcr.org/rezone). Currently, the website provides a video that helps explain the importance of zoning and how it impacts the built environment. It also includes outreach materials and reports. As new information becomes available City staff will post it here.

In terms of the project schedule, draft sections of the code are being developed. Specifically, the project schedule breaks the drafting into four parts: 1) Administrative Procedures, 2) Districts/Forms/Uses, 3) Development Standards, and 4) General/Definitions. At this point, the focus is on the administrative procedures.

The lead planning consultant will be in Cedar Rapids on October 27 and 28. During this visit, City staff and the consultant team will update the City Planning Commission, the Historic Preservation Commission, and the Steering Committee on the project. In order to keep the development community informed a meeting has also been scheduled with representatives of the development community.

### **Conclusion**

At the Development Committee's November meeting, staff plans to provide the committee with an overview of the October visit and summarize key aspects of the draft administrative procedures.