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July 7, 2016

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The Honorable Mayor and
Members of the City Council
City Hall
Muscatine, IA 52761

Dear Friends:

Re: Creekside of Muscatine Development Project

This Project is on property just off Houser Street, immediately West of the Crossroads facility. It includes 48 senior rental units in the form of 24 duplexes with attached garages. The target population is individuals age 55 and over, all of whom have incomes at or below 60 percent of the Area Median Income, with at least 10 percent of the units set aside for individuals with special needs or handicaps. This commercial Project will be managed by National Management Corporation in Clive, Iowa.

We enclose the following supportive documents:

1. Support for Market Demand of Proposed Housing Development
2. Site Plan (which shows 50 units instead of the proposed 48 units)
3. Floor Plans for the duplex units

On December 3, 2015, Muscatine native Chris Ales presented the Project to the City Council on behalf of DN Development, LLC; Mr. Ales previously developed the Cottage Grove project and Welch Apartments in Muscatine. The City Council approved allocation of 12 Project-Based Vouchers for the Project, subject to receipt of Low Income Housing Tax Credits from the Iowa Finance Authority (IFA).

Competition for the IFA Tax Credits is very strong, and the Project did not score high enough to obtain the Tax Credits by IFA in 2016. The developer intends to submit a new application to IFA in December, and local incentives will significantly enhance the Project's competitive scoring.

The Honorable Mayor and Members of the City Council

July 7, 2016

For this reason, the developer requests that the City provide tax increment financing for the Project. In order to achieve maximum scoring for local incentives, the Project needs a commitment for 7 percent of the total development cost. The project's cost estimate is \$9,367,850 which requires a local incentive commitment of not less than \$655,750. Based on our projections, this will require TIF rebates at 100 percent for 12 years, but not less than \$655,750.

The combination of local incentives – the Project Based Vouchers and the tax increment financing – should enhance the Project's scoring with IFA to leverage \$7,797,398 in Low Income Housing Tax Credits to help finance the Project.

We understand it may be necessary to expand the Tax Increment Financing District to include the subject property.

Mr. Ales and we look forward to the opportunity to present the Project to the City Council at its in-depth meeting on July 14.

Thanks for your consideration.

Very truly yours,

STANLEY, LANDE & HUNTER

By 

Charles R. Coulter

CRC/me
M10416-1
Enc. (3)
Cc: Chris Ales

The Creekside of Muscatine, LLC
Project Based Voucher Application
Support for Market Demand of Proposed Housing Development

A formal, independent market study will be prepared for the project. This study will be paid for by the Developer and commissioned by the Iowa Finance Authority (IFA) in coordination with The Creekside, LLC's application for Section 42 Affordable Housing Tax Credits. That application will be submitted December 7, 2015, with the market study to be completed and relied upon in IFA's awards. Their awards are expected to be announced in March, 2016.

This document will be provided to and used by the independent market study consultants in completing their report.

Muscatine has had limited new affordable housing developed for seniors. The first project in many years was Cottage Grove in 2000, a 48 unit project located near the proposed site and designed similar to the proposed project. Another was developed in 2006, i.e. the Welch Hotel, which was converted into 22 apartments. Though both of these properties accept tenant based vouchers, neither have any project based vouchers.

Both properties stabilized quickly and have maintained nearly full occupancy since completion. With limited, if any new affordable housing for seniors since 2006, the fact that all existing properties, including properties pre-dating 2000 supported by project based vouchers have been and are operating a nearly full occupancy, and the demographics of our society, i.e. the aging baby boomers, there is convincing evidence of a market demand for the proposed development.

Only 10 of the 50 proposed housing units target individuals with incomes at or below 30% of the area median income. The remaining 40 proposed housing units will be available for occupancy by residents with incomes at or below 60% of the area median income. By serving this wide range of income qualified residents, the proposed development increases its market, further supporting its market demand.

Goal H.4 of the City of Muscatine's 2013 Comprehensive Plan (Plan) defines Infill Development as, "The development of new housing units that are in character with existing neighborhood on vacant, abandoned, passed over or underutilized land within existing neighborhoods". As the proposed development is generally consistent with the character of the surrounding properties, it is, within this context, considered Infill Development.

Policy H.4.A of the Plan calls for the adoption of City policies, regulations and projects that promote residential infill development. This proposed project meets Policy H.4.B of the Plan in

that it is well designed and compatible with surrounding uses and building types, being of a type, scale, orientation and design that maintains or improves the character, aesthetic quality, and livability of the neighborhood.

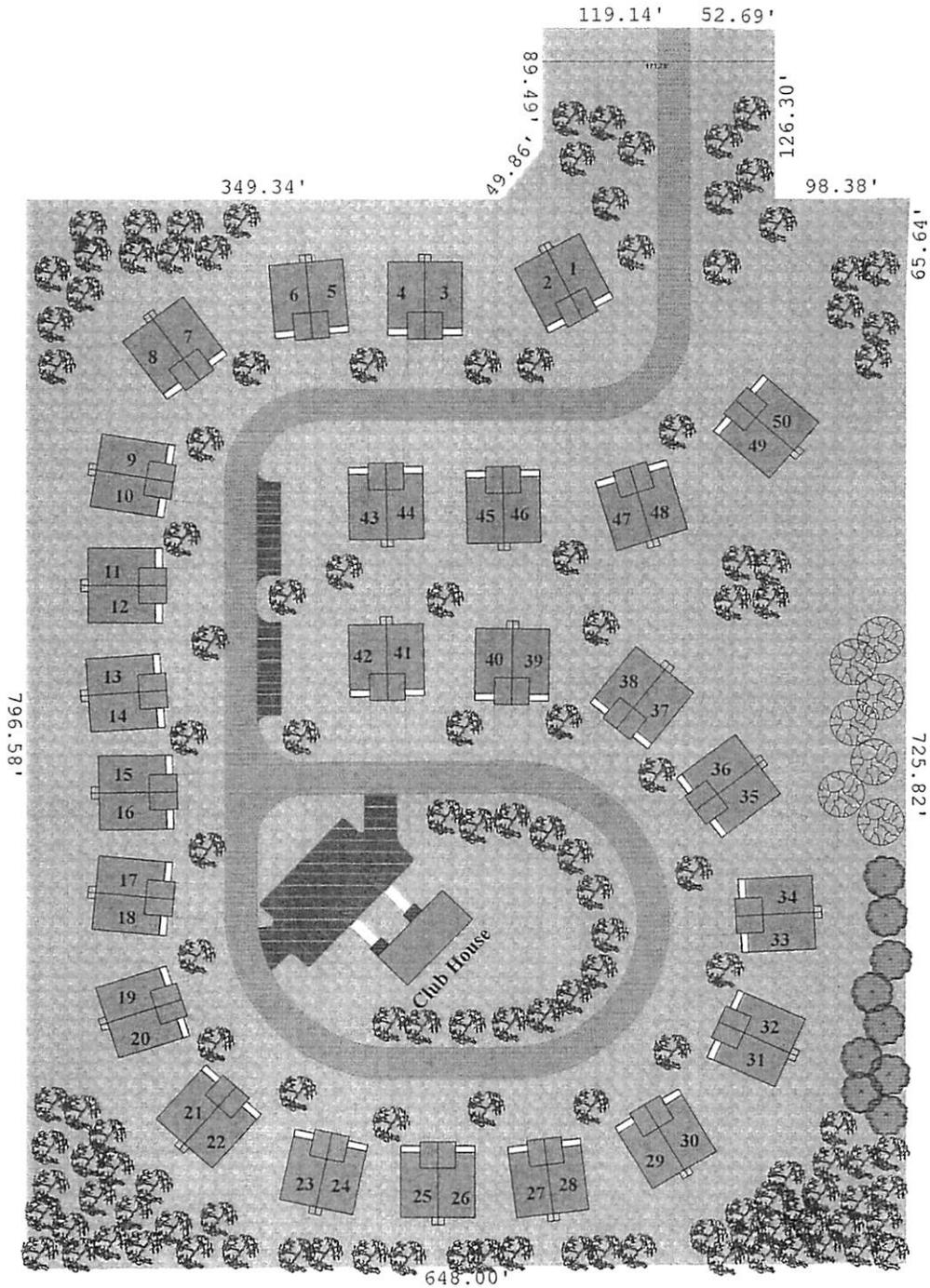
Policy H.4.C of the Plan requires the increased density of infill be balanced among community and neighborhood goals. The proposed development's design does so by minimizing the density with a duplex design that is compatible with the adjacent residential neighborhoods, providing ample green space and a community building for its residents.

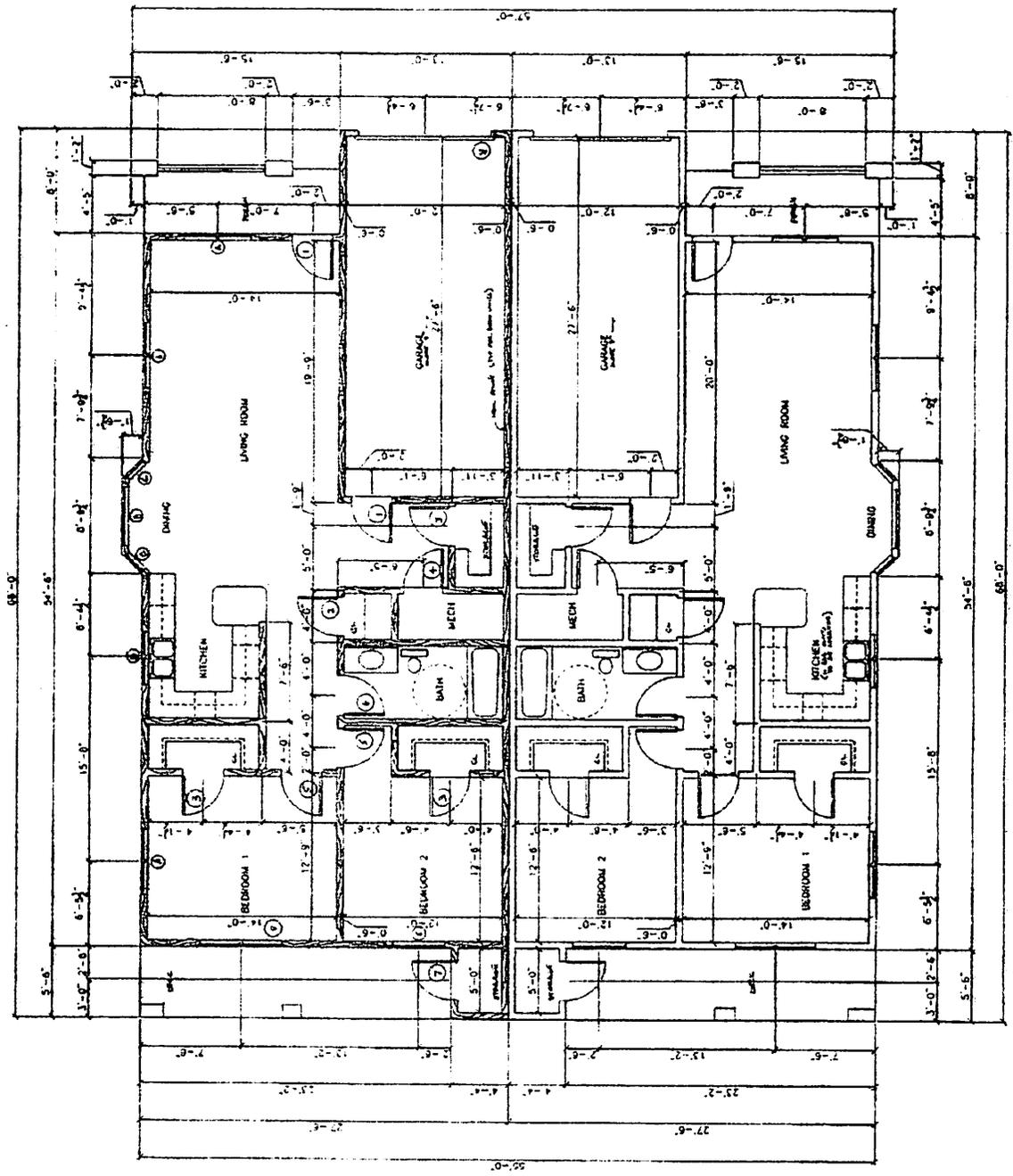
Action H.4.A of the Plan encourages utilization of existing investments in infrastructure, the promotion of land uses that reduce future related housing costs, and the promotion of continued production of low-income housing. Infill Development and Cluster Development are identified as a means to do so. As such, the proposed low to moderate income Infill Development, which utilizes existing infrastructure, is consistent with the Plan.

The proposed development site is within the City's designated "Western Planning Zone" (WPD), which is one of three planning districts where 97% of new housing units were constructed between 2000 and 2012. The WPD experienced a population growth of 3.6% from 2000 to 2010, while households in the WPD with a member over 65 increased 31.8%. And perhaps most importantly, the vacancy rate for rental housing in the WPD from 2000 to 2010 was only 5.4%, providing additional evidence of the market demand for the proposed development.

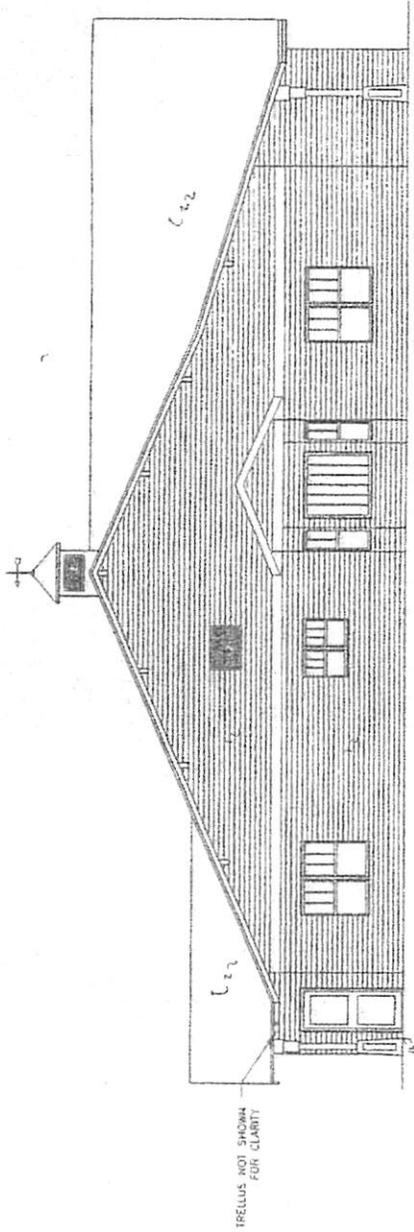
Creekside

Muscatine, Iowa



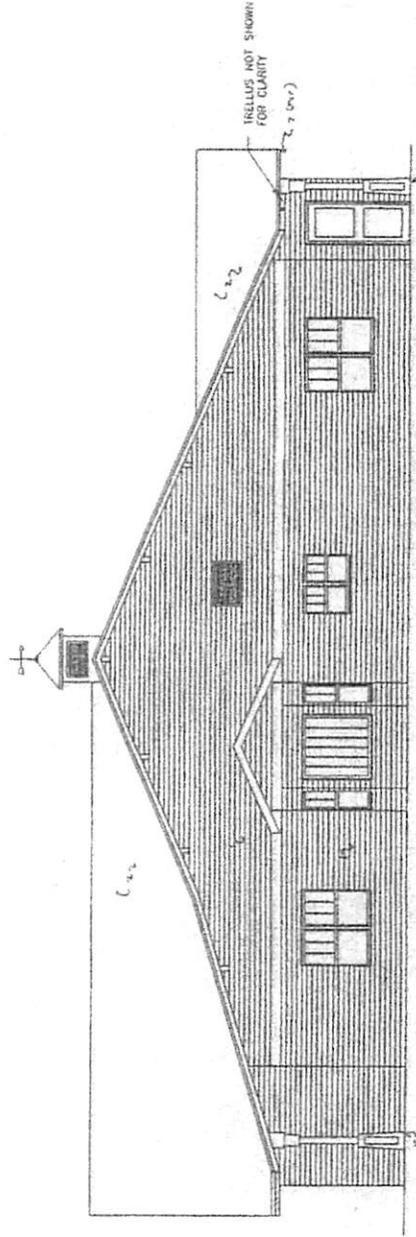


FLOOR PLAN
 SCALE: 1/4" = 1'-0"



LEFT ELEVATION

SCALE: 1/4" = 1'-0"



RIGHT ELEVATION

SCALE: 1/4" = 1'-0"

STOCK DESIGN ARCHITECTURE
 PHONE: 515-282-1798 FAX: 515-282-2007
 EMAIL: ARCH@STOCKDESIGNARCHITECTURE.COM

DATE:

DATE: _____
 SIGNATURE: _____

CORREKSIDE
 MUSCATINE, IOWA

REVISIONS:

SHEET DESCRIPTION:
 SKETCHES
 ELEVATIONS

DATE: 11-1-11
 DRAWN BY: MB

A3