

Enterprise Zone Commission Meeting

Agenda

December 3, 2013

5:30 p.m.

City Council Chambers - 220 S. Market Street (2nd floor), Oskaloosa, IA 52577

- I. Call to order
- II. Election of Chairperson
- III. Approval of Minutes
- IV. Oath of Office – Linda Rouse
- V. Application and action on resolution – Overland Property Group (Enterprise Zone Benefits)
- VI. Public Comments
- VII. Reports from staff
- VIII. Adjournment

If you require special accommodations, please contact the City Manager's Office at least 24 hours prior to the meeting at (641) 673-9431.

MINUTES
ENTERPRISE ZONE COMMISSION MEETING
Friday, February 8, 2013
4:30 p.m.

Committee Members Present: Linda Rouse, Holden Barnhart, Beth Danowsky, John Pothoven, Glenda Booy and Karen Powell. Absent: Benjamin Zugg, Michelle Purdum and Doug Yates. Also present: Michael Schrock.

The meeting was called to order by Michael Schrock at 4:32 p.m. at the Oskaloosa City Hall Conference Room.

It was moved by Pothoven, seconded by Danowsky to approve the November 9, 2010 Enterprise Zone Commission minutes. Motion carried unanimously.

The committee discussed the Trolley Place Enterprise Zone Project and the reason for the need to amend the project to reduce the number of residential units from 8, as stated in the original application, to 6 units. It was moved by Booy, seconded by Powell to approve an amendment to the Trolley Place Enterprise Zone Project reducing the number of residential units from 8 to 6. Motion carried with all ayes except for Danowsky (works for Musco with financial ties to ODD and Trolley Place) who abstained.

Schrock mentioned the committee needs to elect a chairperson at the next meeting.

It was moved by Pothoven, seconded by Booy that the meeting adjourn. The meeting adjourned at 4:41 p.m.

(Attachment: Letter from Oskaloosa Downtown Development, LLC)

Minutes by Michael Schrock

Oskaloosa Downtown Development, LLC
124 N Market Street Oskaloosa, IA 52577

February 1, 2013

TO: Oskaloosa Housing Enterprise Zone Commission

FROM: Linda Crookham-Hansen, Project Manager
Oskaloosa Downtown Development, LLC
641-673-2692, linda.crookham-hansen@musco.com

RE: Trolley Place Project, Contract # 11-HEZ-013

I am writing to request your consideration and approval of a formal amendment to the Trolley Place project scope, reducing the number of residential units from 8, as stated in the original application, to 6 units.

Please note, the revision in project scope has been discussed with the Iowa Economic Development Authority and was reflected in the 2011 and 2012 year-end reports.

As you are aware, the project was funded through a HUD Hope VI grant, Main Street Challenge and I-jobs grants, a grant from the Oskaloosa Housing Trust Fund, a MidAmerican Energy rebate, Housing Enterprise Zone tax credits, state and federal historic tax credits, loans and inkind private contributions.

The capital cost of constructing 8 units and installing geothermal HVAC proved to be prohibitive. The project scope was revised to include 6 units equipped with energy-efficient appliances and fixtures. Doing so created a positive cash flow model.

Construction was completed in October 2012. We are working to closeout the grant agreements, finalize the historic tax credit agreements and prepare the Part 3 Historic Tax Credit submittals.

The first tenant in each unit will meet the income required by HUD (80% of the median income level for Mahaska County). After that, the units will be available without income restriction.

Thank you, in advance, for your consideration of this request to formally amend the project, reducing the number of units from 8 to 6.



November 25, 2013

Michael Schrock
Enterprise Zone Commission
c/o City of Oskaloosa
220 South Market St.
Oskaloosa, IA 52577

Re: Enterprise Zone Credit Application Submittal

Dear Mr. Schrock,

I am pleased to present, on behalf of the Overland Property Group, an application for Enterprise Zone Credits for The Reserves at Ironwood. The proposed development will be located in the City's Enterprise Zone Oskaloosa EZ-1. The subject property is located in Tract 1907, Zone 9507, sub-section R: Intersection of High Avenue West and South L Street.

The equity from the Enterprise Zone Credits, along with the related Sales Tax Rebate will fill a development gap and make this 48 unit, low-density, new construction multi-family property a reality. The project will serve extremely low to low income households, with affordable rents for families earning 60% of the area median income. The project is financially feasible without the use of Section 8 or other types of rental assistance programs. The development plan includes three buildings of 16 units each, with a mix of 2, 3, and 4 bedroom floor plans available. 40% of the units will be fully ADA accessible.

The Enterprise Zone Credits will be highly leveraged with a mix of conventional debt and other repayable loans, as well as a cash contribution from Overland Property Group equal to 5% of the total development sources. The Reserves at Ironwood development will bring a number of economic benefits to the community, such as increase in jobs and expansion of sales tax revenues.

In the event additional information is needed, I am available at your convenience at swohlhart@housingdeveloper.com or 312.920.1500, x - 108. It is my understanding that once evaluated and approved by the City's Enterprise Zone Commission, the application will be forwarded to the Iowa Economic Development Authority for further consideration. I am available to coordinate this effort at the appropriate time.

I thank you kindly for your consideration.

Sincerely,
Susan Wohlhart
Lighten-Gale Group, LLC

cc: Jeremy Babcock, Iowa Economic Development Authority

IOWA ECONOMIC DEVELOPMENT AUTHORITY

APPLICATION for ENTERPRISE ZONE BENEFITS

Housing Development

Iowa Economic Development Authority
Division of Community Development
200 East Grand Avenue
Des Moines, Iowa 50309

JANUARY 1, 2012

INTENT: The Enterprise Zone Program was established by the Iowa Legislature with the intent of promoting new economic development in economically distressed areas of Iowa by encouraging communities to target resources in ways that attract productive private investment.

PROJECT INITIATION: Projects that have already been initiated before receiving formal application approval by the Iowa Economic Development Authority shall not be eligible for tax incentives and assistance under this program.

“Project initiation” means any one of the following: the start of construction of new or expanded buildings; the start of rehabilitation of existing buildings; the purchase or leasing of existing buildings; or the installation of new machinery and equipment or new computers to be used in the operation of the business’ project. The purchase of land or signing an option to purchase land or earth moving or other site development activities not involving actual building construction, expansion or rehabilitation shall not constitute project initiation.

GENERAL INSTRUCTIONS

1. If more than six months has elapsed since the date on the front of this application, please contact IEDA to see if this version of the application is still current.
2. Before filling out this application form, please read Iowa Code Sections 15E.191 through 15E.196, as amended and the Enterprise Zone administrative rules.
3. Only typed or computer-generated applications will be accepted and reviewed. *(Contact the IEDA to have an electronic copy of this application e-mailed to you.)* Any material change to the format, questions or wording of questions presented in this application, will render the application invalid and will not be accepted.
4. Complete the application fully; if any questions are left unanswered or required attachments are not submitted, an explanation must be included.
5. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
6. Any inaccurate information of a significant nature may disqualify the application from consideration.
7. Send the ORIGINAL plus TWO copies of the completed application form and all required attachments to:

Jeremy Babcock
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309
Phone: (515) 725-3128
Fax: (515) 725-3010
E-mail: Jeremy.Babcock@iowa.gov

It is not necessary to bind the application and/or the required attachments. Staples and/or binder clips may be utilized. Please provide photocopies of any documents, which in their original form, IEDA would not be able to 2-hole punch for purposes of creating the applicant’s file.

PUBLIC RECORDS POLICIES

The Iowa Economic Development Authority (IEDA) is subject to the Open Records law (2001 Iowa Code, Chapter 22). Treatment of information submitted the IEDA in an Enterprise Zone application is governed by the provisions of the Open Records law. All public records are available for public inspection. Some public records are considered confidential and will not be disclosed to the public unless ordered by a court, the lawful custodian of the record, or by another person duly authorized to release the information. Copies of Iowa's Open Records law and IEDA's administrative rules relating to public records are available from the Authority upon request.

APPLICANT INFORMATION

Name of Housing Business:

[Ironwood Partners LLC \(Owner\)](#)

[Ironwood Managers, LLC \(Managing Member\)](#)

[Overland Property Group, LLC \(Sole Member\)](#)

Contact Name & Title: [Brett Johnson, Partner](#)

Address: [534 S. Kansas Avenue, Suite 900](#)

City, State & Zip Code: [Topeka, KS 66603](#)

Telephone: [785.371.1663](#)

Fax: [785.371.1659](#)

E-mail Address: brett@ovpgroup.com www.ovpgroup.com

Type of Housing Business: [Limited Liability Company](#)

Local Enterprise Zone Commission

Enterprise Zone Commission Name: [City of Oskaloosa](#)

Contact Name & Title: [Michael Schrock, Jr., City Manager](#)

Organization: [City of Oskaloosa](#)

Address: [220 South Market St.](#)

City, State & Zip Code: [Oskaloosa, IA 52577](#)

Telephone: [641.673.9431](#)

Fax: [641.673.3047](#)

E-mail Address: Michael.Schrock@oskaloosaiowa.org

CERTIFICATION & RELEASE OF INFORMATION

I, the undersigned, on behalf of the Housing Business identified above, hereby submit the following application under Iowa Code Sections 15E.191 through 15E.196. I certify that the Housing Business is in good standing, and has complied or will upon receipt of approval by the Authority, with all applicable laws of the State of Iowa to conduct business within the State. I certify that all information, representations, or statements provided to the Iowa Economic Development Authority (IEDA), in connection with this application, are true and correct in all material respects.

I certify and understand that in order to receive benefits under the Enterprise Zone Program that the project described in this application has not been initiated and that the project will not be initiated until the business receives final approval of this application from the IEDA.

I hereby give permission to IEDA to make credit checks, contact the company's financial institution(s), and perform other related activities necessary for reasonable evaluation of this application.

I understand this application is subject to final approval by the Authority and am aware that Enterprise Zone benefits are not available until final Authority approval is secured and an agreement is executed with the Housing Business, IEDA and the Community, within a reasonable time period following approval. This application will be used as the basis for the Enterprise Zone agreement.

For the Housing Business:



Signature, Title

Brett Johnson - Member

Print name and title

11/25/13

Date

For the Enterprise Zone Commission:

Signature, Title

Print name and title

Date

CERTIFICATION & RELEASE OF INFORMATION

I, the undersigned, on behalf of the Housing Business identified above, hereby submit the following application under Iowa Code Sections 15E.191 through 15E.196. I certify that the Housing Business is in good standing, and has complied or will upon receipt of approval by the Authority, with all applicable laws of the State of Iowa to conduct business within the State. I certify that all information, representations, or statements provided to the Iowa Economic Development Authority (IEDA), in connection with this application, are true and correct in all material respects.

I certify and understand that in order to receive benefits under the Enterprise Zone Program that the project described in this application has not been initiated and that the project will not be initiated until the business receives final approval of this application from the IEDA.

I hereby give permission to IEDA to make credit checks, contact the company's financial institution(s), and perform other related activities necessary for reasonable evaluation of this application.

I understand this application is subject to final approval by the Authority and am aware that Enterprise Zone benefits are not available until final Authority approval is secured and an agreement is executed with the Housing Business, IEDA and the Community, within a reasonable time period following approval. This application will be used as the basis for the Enterprise Zone agreement.

For the Housing Business:

Signature, Title

Print name and title

Date

For the Enterprise Zone Commission:

Signature, Title

Print name and title

Date

APPLICATION INFORMATION

1. Please provide a brief description of the proposed housing development project.

The Reserves at Ironwood is a proposed mixed income, 48 unit new construction walk-up development of 24 – two bedroom, 12 – three bedroom, and 12 – four bedroom units. The development will include three identical 16-unit buildings. Each residential building will be approximately 18,000 square feet. Forty percent (40%) of the units or 20 will be ADA accessible, with an additional unit being accessible for persons with sensory disabilities. The units will be restricted to households earning no more than 60% of the area median income. Forty-five (45) units will be affordable to families with annual incomes between \$12,950 and \$36,900. Three (3) of the units will be unrestricted and available to on-site property manager staff. Rents for the unit will include water/sewer, trash and range from \$235 to \$550 for the affordable two bedroom unit, \$265 to \$625 for the affordable three bedroom unit, and \$280 to \$725 for the affordable four bedroom unit. The total development budget is approximately \$8,500,000. Overland Property Group will use a mix of debt, soft monies, and Low Income Housing Tax Credit equity to finance the development of the property. There is no federal, state or local rental assistance program associated with this project.

2. In which Enterprise Zone will this project occur (include the zone's name, number, size in acres, and date certified)?

The property is located in Enterprise Zone Oskaloosa EZ-1, which is 3,112.0 acres and was certified on June 25, 2009 by the Board of Directors of the Iowa Department of Economic Development. Within this enterprise zone there are four (4) tracts. The subject property is located in Tract 1907, Zone 9507 (Yellow), subsection R: Intersection of High Avenue West and South L Street.

3. Does the project involve new construction or rehabilitation?

The Reserves at Ironwood will consist of new construction and will result in the creation of 48 units of new family housing, plus a clubhouse to be shared among the residents as common space.

4. How many single-family homes or multi-family units are proposed?

Forty eight (48) low density multi-family units are proposed. There will be three identical buildings on the site, each with 16 attached walk-up units.

5. What will be the per unit value of the housing?

The total development costs are approximately \$8,473,834 for a per unit value of \$176,538.

6. The single family homes or multi-family units being constructed or rehabilitated must be modest homes or units and include the necessary amenities. Please explain how the proposed project will satisfy this requirement?

The project is subject to meeting Iowa Finance Agency cost caps, which are based on the HUD 224(d)(4) limits. The total development costs cannot exceed \$10,123,104. The projected budget of \$8,473,834 is within this limit. The homes will be modest, but will include a generous amenity package and energy efficiency features. The unit amenities will include central air-conditioning, ceiling fans, blinds, vinyl flooring in the kitchen and bathrooms, carpet in the living room and bedrooms, a refrigerator, dishwasher,

stove/oven, microwave, in unit laundry space with washer/dryer hook ups, patio/balcony and a dedicated, lockable storage space.

7. Will the project meet U.S. Department of Housing and Urban Development Housing Standards and applicable local codes?

The buildings will be designed and built to meet any federal, state, and local building codes and standards. The Iowa Finance Authority requires low income housing tax credit properties to be designed and built to meet the following standards which includes the U.S. Department of Housing and Urban Development Housing Standards and applicable local codes:

- 1) 2012 International Building Code
- 2) 2012 International Existing Building Code
- 3) 2012 International Residential Code
- 4) 2012 International Fire Code
- 5) 2012 International Mechanical Code
- 6) 2009 Uniform Plumbing Code
- 7) 2012 National Electric Code
- 8) 2012 International Energy Conservation Code
- 9) Iowa Administrative Code Chapters 300, 301, 302, 303, 350 and 25
- 10) Uniform Federal Accessibility Standards provided in 24 CFR part 8
- 11) The Americans with Disabilities Act 1990
- 12) The Federal Fair Housing Act of 1988, Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and community Development Act of 1974, Title VIII of the Civil Rights Act of 1968, Section 3 of the Housing and Urban Development Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973.

Additionally, the design will meet various green building and energy efficient standards and practices. To be acceptable to the Iowa Finance Authority, the project must be built to meet or exceed Energy Star 3.0 standards and receive a Home Energy Rating Systems (HERS) Index of 70 or less.

8. What is the current status of the project? When is construction scheduled to begin? What is the anticipated project completion date?

The development team is assembling the financing for the project. An application to obtain low income housing tax credits will be submitted to the Iowa Finance Authority on December 9, 2013. It is anticipated an allocation of credits will be approved in March of 2014, with construction commencing 4 months later in July 2014. Construction will take 9 months, with lease-up beginning in June 2015, with full occupancy by end of 2015.

9. Attach a legal description of the business site on which the project will occur.

The project site is located at 1302/1320 High Ave West, Oskaloosa, Iowa, in Mahaska County. The legal description is attached.

10. Attach a detailed map (no larger than 8" x 14") showing the housing development site in relation to the boundaries of the certified Enterprise Zone.

A detailed map is attached.

11. Is any part of the project located in a 100-year flood plain?

The project or any part of the project is not located in a 100-year flood plain.

12. Please indicate the total capital investment that will be made as the result of this project?

| <u>Description of Capital Expenditure</u> | <u>Amount</u> |
|---|--------------------|
| Land Acquisition | \$152,500 |
| Construction | \$6,477,821 |
| Professional Fees | \$252,500 |
| Financing Fees | \$206,046 |
| Soft Costs, includes Reserves and Developer Fee | \$1,384,967 |
| Total | \$8,473,834 |

13. Please identify the sources of project financing that will be utilized and the amount of the financing. (The total amount of the financing should equal the total expenditures in Question #12.)

| <u>Source of Project Financing</u> | <u>Amount</u> |
|------------------------------------|--------------------|
| Permanent Debt | \$1,178,030 |
| Tax Credit Equity | \$6,466,605 |
| Owner Contribution | \$455,254 |
| Iowa Housing Trust Funds | \$100,000 |
| EZ Credit Equity/Sales Tax Rebate | \$273,945 |
| Total | \$8,473,834 |

14. For purposes of determining the amount of investment tax credits the housing business may receive, the Iowa Economic Development Authority cannot include capital expenditures financed through federal, state, and local government tax credits, grants and forgivable loans. Based on this information, what portion of your total capital investment (identified in Question #12) will be eligible for the investment tax credit?

Based on the attached Enterprise Zone Credit calculation, \$1,444,168 of the capital investment will be eligible for the investment tax credit. This basis will generate \$144,417 of credits and attract \$122, 754 of equity to be used to cover the development cost of the project.

15. Please attach a long-term plan for the proposed housing development project including labor and infrastructure needs.

A long-term plan for the development is attached.

16. What economic benefits will the project bring to the area?

The creation of new affordable housing brings many economic benefits to a local community, such as increase in jobs and growth of sales tax revenues. The purchase of construction materials benefits local vendors and increases jobs created by the demand for those materials. The surrounding retail owners will have an increase in customers as various on-site workers will patronize these establishments on a daily basis. Local workforce can live closer to their employers, reducing transportation costs and increasing real disposable income for additional consumer buying power. Paying affordable rents translates to increase purchases for other living necessities, such as food, medical care, daycare, etc. Having a supply of quality and affordable housing stock retains local residents and attracts new residents, thereby maintaining and growing the source of revenue for a local government. Lastly, potential employers see affordable housing as an asset, used to attract and retain their workforce and limit long commute times for their employees.

17. Explain why the proposed project would be considered a good housing development project.

The proposed development is a good project on many levels. First it will address an identified need for the City of Oskaloosa. According to the Oskaloosa Housing Needs Assessment – 2012, prepared for the Oskaloosa Housing Trust Fund by the University of Iowa School of Urban and Regional Planning, the availability of affordable housing is a problem facing the town, as a large number of residents have difficulty obtaining good-quality, reasonably priced ownership and rental housing within the City limits. The Reserves at Ironwood will help the City of Oskaloosa address this problem and increase its stock of high-quality affordable rental housing. The housing quality and design will exceed that currently available in the surrounding market. The affordability of the offered rents will allow the local workforce to live closer to their jobs, leaving more free time and disposable cash with the households as well as promoting a cleaner environment.

Secondly, the various unit/project amenities will attract many households looking for quality housing to meet their current household needs. The site location allows easy access for residents to many services needed for daily living. The site is in proximity to a full service grocery and department store, an elementary and middle school, the Oskaloosa Public Library, and various health and medical clinics. Bike racks, playground, and club house amenities will encourage healthy and active lifestyles.

Third, the proposed development has the full support from the City of Oskaloosa. A resolution for an 86% property tax rebate over a 15 year period was presented to the City Council. The total rebate of up to \$530,000 will attract conventional debt in the amount of approximately \$230,052. The resolution also includes provisions for the support and use of Enterprise Zone Credits and the related sales tax rebate. A City resolution has been presented to the board and will receive final approval on December 5, 2013.

Lastly, the OPG has assembled a mixed-financing package that ensures the long term financial feasibility of the property. In the attached development and financial overview, you'll see the property is self-sustaining based on the rental income it will generate and the appropriate level of debt it can carry.

18. Please attach an affidavit that states the Housing Business has not, within the last five years, violated state or federal environmental and worker safety statutes, rules, and regulations or, if such violations have

occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

Affidavit is attached.

19. Explain why Enterprise Zone Benefits are needed in order for the project to proceed.

The developers have coupled low income housing tax credit equity with as much hard debt as the project's rents can support. The remaining development gap must be filled to bring this project to fruition. At the moment that gap is approximately \$700,000. The property is located in an enterprise zone and therefore can utilize the Enterprise Zone Credits to attract additional capital, which in turn will leverage more of the State's available, yet scarce resources. The project will not be feasible without the equity leveraged through the enterprise zone benefits.

20. Please indicate the amount of Enterprise Zone tax benefits being requested for this project.

| | |
|---|-----------|
| State Sales, Service, and Use Tax Refund: | \$151,191 |
| Investment Tax Credit: | \$144,417 |

21. Please list any additional requirements adopted by the local Enterprise Zone Commission and explain how the Housing Business will meet each requirement.

No additional requirements were adopted by the local Enterprise Zone Commission.

ATTACHMENTS

Please make sure the following items are included with this application:

Housing Business:

- X Legal description of the business site on which the project will occur.
- X Detailed map (no larger than 8" x 14") showing the business site in relation to the boundaries of the certified Enterprise Zone.
- X Long term strategic plan, which includes labor and infrastructure needs.
- X Affidavit that states the Business has not, within the last 5 years, violated state or federal environmental and worker safety statutes, rules, and regulations.

Enterprise Zone Commission:

- Resolution by the Enterprise Zone Commission approving this application.
- Proof that the meeting, in which this application was approved, was open to the public (i.e. public notice which was published and/or posted).
- Meeting minutes from the meeting, in which this application was approved.

Exhibit A

Legal Description

1302 High Ave West
Lots H and K SW SW

1320 High Ave West
Lots 4 and 6 SD Lot 4 SE SE EXC
S 117' Lot 6 and EXC N 6' S 123'
E and EXC N 6' S 123' E 189'
Lot 6

Exhibit B1

Enterprise Zone Map
1302 & 1320 High Ave West, Oskaloosa
Zone 9507 (Yellow) (Intersection of High Ave West and South L St)

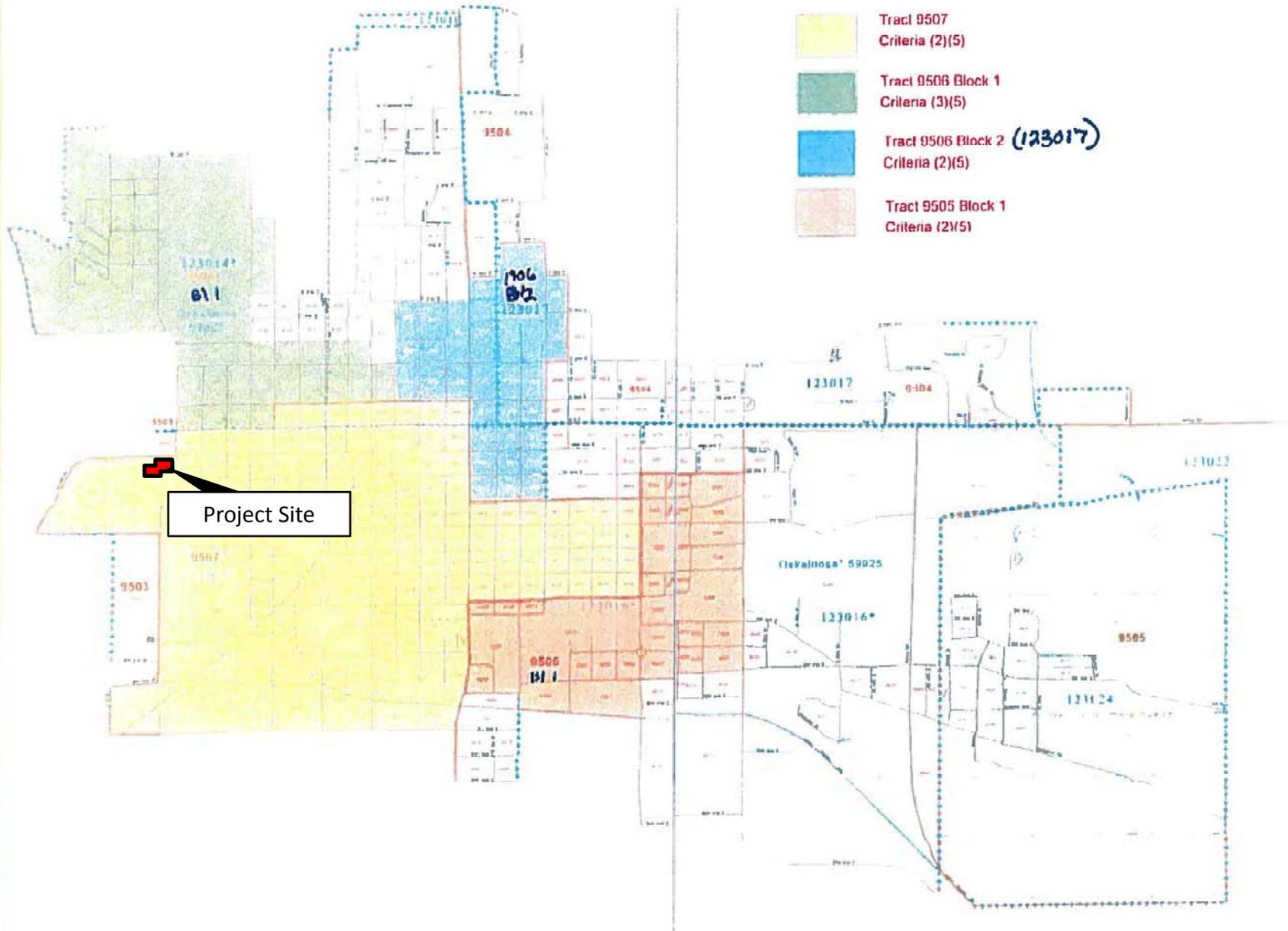


Exhibit B2

Enterprise Zone Map 1302 & 1320 High Ave West, Oskaloosa Zone 9507 (Yellow) (Intersection of High Ave West and South L St)

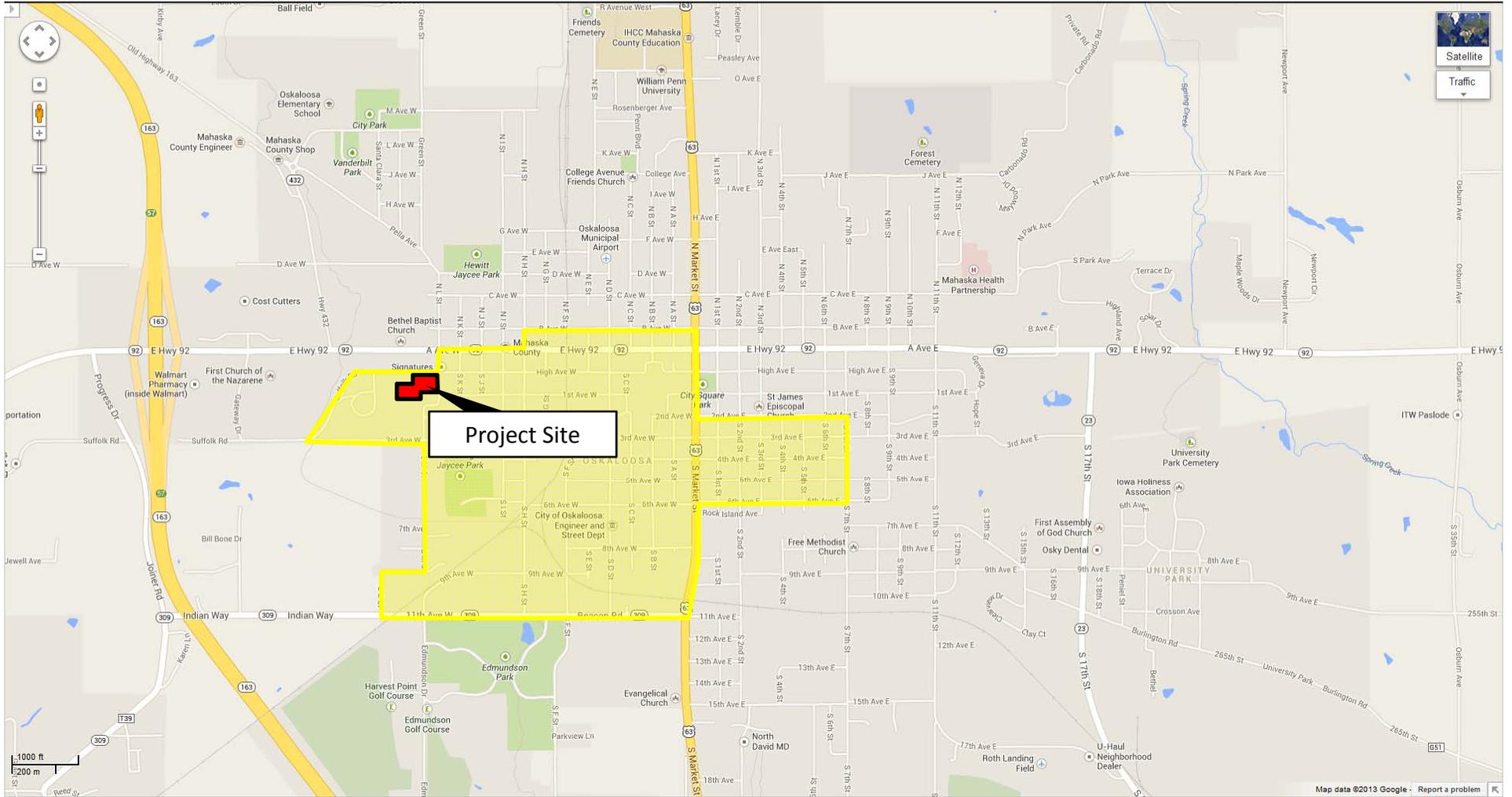


Exhibit C

Enter data in highlighted boxes only.

HEZ Credit Calculation for Project Name: **The Reserves at Ironwood**
 HEZ Application #

| | | |
|---|---------------------|------------------|
| §42 Eligible Basis | \$7,740,261 | |
| Plus Land Costs | \$152,500 | |
| Less Federal LIHTC Equity | \$6,448,593 | |
| Less Federal Historic Equity | \$0 | |
| Less Other Grants/ Forgivable Loans | | |
| Equals Eligible Costs | \$1,444,168 | A |
| X 10% HEZ Credit Rate | 10% | B |
| Calculated HEZ Credit | \$144,417 | C = A X B |
| Maximum \$14,000 per unit @ 48 units | \$672,000 | D |
| Amount of HEZ Credit | \$144,417 | Lesser of C or D |
| | \$122,754.28 | |

Exhibit D

IOWA ECONOMIC DEVELOPMENT AUTHORITY
APPLICATION for ENTERPRISE ZONE BENEFITS – Housing Development
Overland Property Group – The Reserves at Ironwood – Oskaloosa, Iowa

LONG TERM HOUSING DEVELOPMENT PLAN

15. Please attach a long-term plan for the proposed housing development project including labor and infrastructure needs.

The proposed site is located at 1302 and 1320 High Ave W in Oskaloosa. The site is in the eastern part of town one block south of A Ave W, which is the primary east-west road through Oskaloosa and well within close proximity of grocery stores, medical services and schools. Currently the property contains two structures that will be demolished. Both buildings are currently vacant. Infrastructure upgrades will need to be made to accommodate the intended residential use. Gas lines will be extended to site to provide gas for furnaces and heating water. The water main will be upgraded from a 4" pipe to an 8" pipe. Electricity upgrades may include converting from phase one power to phase three power. These infrastructure improvements will result in the properties having a Home Energy Rating Systems Index of 64 or less, thereby exceeding the energy efficiency of the Iowa Finance Agency low income housing tax credit standards.

The Reserves at Ironwood is a proposed mixed income, 48 unit new construction walk-up development of 24 – two bedroom, 12 – three bedroom, and 12 – four bedroom units. The development will include three identical 16-unit buildings. Each residential building will be approximately 18,000 square feet. Forty percent (40%) of the units or 20 will be ADA accessible, with an additional unit being accessible for persons with sensory disabilities. The project will have hardi-plank siding exterior with stone accents, varied elevation and a pitched asphalt shingle roof. A clubhouse will be accessible to all residents and will include the following amenities: fitness room with 24-hour access, a community room with kitchen, a computer learning center with at least two computers, and a property management office. The clubhouse will be staffed by one full time employee. The asset will be regularly maintained and protected by maintenance staff shared with other OPG properties located in close proximity.

AFFIDAVIT

State of Iowa

County of Mahaska

Brett Johnson being first duly sworn, deposes and says:

That he is the party making the foregoing statement, to the best of my knowledge, Overland Property Group has not, within the last five years, violated state or federal environmental and worker safety statutes, rules, and regulations or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

Signature of:

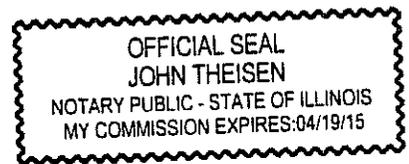


Partner, Overland Property Group

Subscribed and sworn to before me this 22 day of November, 2013



My commission expires, April 19, 2015



IOWA ECONOMIC DEVELOPMENT AUTHORITY

APPLICATION for ENTERPRISE ZONE BENEFITS

Housing Development

Iowa Economic Development Authority
Division of Community Development
200 East Grand Avenue
Des Moines, Iowa 50309

JANUARY 1, 2012

INTENT: The Enterprise Zone Program was established by the Iowa Legislature with the intent of promoting new economic development in economically distressed areas of Iowa by encouraging communities to target resources in ways that attract productive private investment.

PROJECT INITIATION: Projects that have already been initiated before receiving formal application approval by the Iowa Economic Development Authority shall not be eligible for tax incentives and assistance under this program.

“Project initiation” means any one of the following: the start of construction of new or expanded buildings; the start of rehabilitation of existing buildings; the purchase or leasing of existing buildings; or the installation of new machinery and equipment or new computers to be used in the operation of the business’ project. The purchase of land or signing an option to purchase land or earth moving or other site development activities not involving actual building construction, expansion or rehabilitation shall not constitute project initiation.

GENERAL INSTRUCTIONS

1. If more than six months has elapsed since the date on the front of this application, please contact IEDA to see if this version of the application is still current.
2. Before filling out this application form, please read Iowa Code Sections 15E.191 through 15E.196, as amended and the Enterprise Zone administrative rules.
3. Only typed or computer-generated applications will be accepted and reviewed. *(Contact the IEDA to have an electronic copy of this application e-mailed to you.)* Any material change to the format, questions or wording of questions presented in this application, will render the application invalid and will not be accepted.
4. Complete the application fully; if any questions are left unanswered or required attachments are not submitted, an explanation must be included.
5. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
6. Any inaccurate information of a significant nature may disqualify the application from consideration.
7. Send the ORIGINAL plus TWO copies of the completed application form and all required attachments to:

Jeremy Babcock
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309
Phone: (515) 725-3128
Fax: (515) 725-3010
E-mail: Jeremy.Babcock@iowa.gov

It is not necessary to bind the application and/or the required attachments. Staples and/or binder clips may be utilized. Please provide photocopies of any documents, which in their original form, IEDA would not be able to 2-hole punch for purposes of creating the applicant’s file.

PUBLIC RECORDS POLICIES

The Iowa Economic Development Authority (IEDA) is subject to the Open Records law (2001 Iowa Code, Chapter 22). Treatment of information submitted the IEDA in an Enterprise Zone application is governed by the provisions of the Open Records law. All public records are available for public inspection. Some public records are considered confidential and will not be disclosed to the public unless ordered by a court, the lawful custodian of the record, or by another person duly authorized to release the information. Copies of Iowa's Open Records law and IEDA's administrative rules relating to public records are available from the Authority upon request.

APPLICANT INFORMATION

Name of Housing Business:

[Ironwood Partners LLC \(Owner\)](#)

[Ironwood Managers, LLC \(Managing Member\)](#)

[Overland Property Group, LLC \(Sole Member\)](#)

Contact Name & Title: [Brett Johnson, Partner](#)

Address: [534 S. Kansas Avenue, Suite 900](#)

City, State & Zip Code: [Topeka, KS 66603](#)

Telephone: [785.371.1663](#)

Fax: [785.371.1659](#)

E-mail Address: brett@ovpgroup.com www.ovpgroup.com

Type of Housing Business: [Limited Liability Company](#)

Local Enterprise Zone Commission

Enterprise Zone Commission Name: [City of Oskaloosa](#)

Contact Name & Title: [Michael Schrock, Jr., City Manager](#)

Organization: [City of Oskaloosa](#)

Address: [220 South Market St.](#)

City, State & Zip Code: [Oskaloosa, IA 52577](#)

Telephone: [641.673.9431](#)

Fax: [641.673.3047](#)

E-mail Address: Michael.Schrock@oskaloosaiowa.org

CERTIFICATION & RELEASE OF INFORMATION

I, the undersigned, on behalf of the Housing Business identified above, hereby submit the following application under Iowa Code Sections 15E.191 through 15E.196. I certify that the Housing Business is in good standing, and has complied or will upon receipt of approval by the Authority, with all applicable laws of the State of Iowa to conduct business within the State. I certify that all information, representations, or statements provided to the Iowa Economic Development Authority (IEDA), in connection with this application, are true and correct in all material respects.

I certify and understand that in order to receive benefits under the Enterprise Zone Program that the project described in this application has not been initiated and that the project will not be initiated until the business receives final approval of this application from the IEDA.

I hereby give permission to IEDA to make credit checks, contact the company's financial institution(s), and perform other related activities necessary for reasonable evaluation of this application.

I understand this application is subject to final approval by the Authority and am aware that Enterprise Zone benefits are not available until final Authority approval is secured and an agreement is executed with the Housing Business, IEDA and the Community, within a reasonable time period following approval. This application will be used as the basis for the Enterprise Zone agreement.

For the Housing Business:



Signature, Title

Brett Johnson - Member

Print name and title

11/25/13

Date

For the Enterprise Zone Commission:

Signature, Title

Print name and title

Date

CERTIFICATION & RELEASE OF INFORMATION

I, the undersigned, on behalf of the Housing Business identified above, hereby submit the following application under Iowa Code Sections 15E.191 through 15E.196. I certify that the Housing Business is in good standing, and has complied or will upon receipt of approval by the Authority, with all applicable laws of the State of Iowa to conduct business within the State. I certify that all information, representations, or statements provided to the Iowa Economic Development Authority (IEDA), in connection with this application, are true and correct in all material respects.

I certify and understand that in order to receive benefits under the Enterprise Zone Program that the project described in this application has not been initiated and that the project will not be initiated until the business receives final approval of this application from the IEDA.

I hereby give permission to IEDA to make credit checks, contact the company's financial institution(s), and perform other related activities necessary for reasonable evaluation of this application.

I understand this application is subject to final approval by the Authority and am aware that Enterprise Zone benefits are not available until final Authority approval is secured and an agreement is executed with the Housing Business, IEDA and the Community, within a reasonable time period following approval. This application will be used as the basis for the Enterprise Zone agreement.

For the Housing Business:

Signature, Title

Print name and title

Date

For the Enterprise Zone Commission:

Signature, Title

Print name and title

Date

APPLICATION INFORMATION

1. Please provide a brief description of the proposed housing development project.

The Reserves at Ironwood is a proposed mixed income, 48 unit new construction walk-up development of 24 – two bedroom, 12 – three bedroom, and 12 – four bedroom units. The development will include three identical 16-unit buildings. Each residential building will be approximately 18,000 square feet. Forty percent (40%) of the units or 20 will be ADA accessible, with an additional unit being accessible for persons with sensory disabilities. The units will be restricted to households earning no more than 60% of the area median income. Forty-five (45) units will be affordable to families with annual incomes between \$12,950 and \$36,900. Three (3) of the units will be unrestricted and available to on-site property manager staff. Rents for the unit will include water/sewer, trash and range from \$235 to \$550 for the affordable two bedroom unit, \$265 to \$625 for the affordable three bedroom unit, and \$280 to \$725 for the affordable four bedroom unit. The total development budget is approximately \$8,500,000. Overland Property Group will use a mix of debt, soft monies, and Low Income Housing Tax Credit equity to finance the development of the property. There is no federal, state or local rental assistance program associated with this project.

2. In which Enterprise Zone will this project occur (include the zone's name, number, size in acres, and date certified)?

The property is located in Enterprise Zone Oskaloosa EZ-1, which is 3,112.0 acres and was certified on June 25, 2009 by the Board of Directors of the Iowa Department of Economic Development. Within this enterprise zone there are four (4) tracts. The subject property is located in Tract 1907, Zone 9507 (Yellow), subsection R: Intersection of High Avenue West and South L Street.

3. Does the project involve new construction or rehabilitation?

The Reserves at Ironwood will consist of new construction and will result in the creation of 48 units of new family housing, plus a clubhouse to be shared among the residents as common space.

4. How many single-family homes or multi-family units are proposed?

Forty eight (48) low density multi-family units are proposed. There will be three identical buildings on the site, each with 16 attached walk-up units.

5. What will be the per unit value of the housing?

The total development costs are approximately \$8,473,834 for a per unit value of \$176,538.

6. The single family homes or multi-family units being constructed or rehabilitated must be modest homes or units and include the necessary amenities. Please explain how the proposed project will satisfy this requirement?

The project is subject to meeting Iowa Finance Agency cost caps, which are based on the HUD 224(d)(4) limits. The total development costs cannot exceed \$10,123,104. The projected budget of \$8,473,834 is within this limit. The homes will be modest, but will include a generous amenity package and energy efficiency features. The unit amenities will include central air-conditioning, ceiling fans, blinds, vinyl flooring in the kitchen and bathrooms, carpet in the living room and bedrooms, a refrigerator, dishwasher,

stove/oven, microwave, in unit laundry space with washer/dryer hook ups, patio/balcony and a dedicated, lockable storage space.

7. Will the project meet U.S. Department of Housing and Urban Development Housing Standards and applicable local codes?

The buildings will be designed and built to meet any federal, state, and local building codes and standards. The Iowa Finance Authority requires low income housing tax credit properties to be designed and built to meet the following standards which includes the U.S. Department of Housing and Urban Development Housing Standards and applicable local codes:

- 1) 2012 International Building Code
- 2) 2012 International Existing Building Code
- 3) 2012 International Residential Code
- 4) 2012 International Fire Code
- 5) 2012 International Mechanical Code
- 6) 2009 Uniform Plumbing Code
- 7) 2012 National Electric Code
- 8) 2012 International Energy Conservation Code
- 9) Iowa Administrative Code Chapters 300, 301, 302, 303, 350 and 25
- 10) Uniform Federal Accessibility Standards provided in 24 CFR part 8
- 11) The Americans with Disabilities Act 1990
- 12) The Federal Fair Housing Act of 1988, Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and community Development Act of 1974, Title VIII of the Civil Rights Act of 1968, Section 3 of the Housing and Urban Development Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973.

Additionally, the design will meet various green building and energy efficient standards and practices. To be acceptable to the Iowa Finance Authority, the project must be built to meet or exceed Energy Star 3.0 standards and receive a Home Energy Rating Systems (HERS) Index of 70 or less.

8. What is the current status of the project? When is construction scheduled to begin? What is the anticipated project completion date?

The development team is assembling the financing for the project. An application to obtain low income housing tax credits will be submitted to the Iowa Finance Authority on December 9, 2013. It is anticipated an allocation of credits will be approved in March of 2014, with construction commencing 4 months later in July 2014. Construction will take 9 months, with lease-up beginning in June 2015, with full occupancy by end of 2015.

9. Attach a legal description of the business site on which the project will occur.

The project site is located at 1302/1320 High Ave West, Oskaloosa, Iowa, in Mahaska County. The legal description is attached.

10. Attach a detailed map (no larger than 8" x 14") showing the housing development site in relation to the boundaries of the certified Enterprise Zone.

A detailed map is attached.

11. Is any part of the project located in a 100-year flood plain?

The project or any part of the project is not located in a 100-year flood plain.

12. Please indicate the total capital investment that will be made as the result of this project?

| <u>Description of Capital Expenditure</u> | <u>Amount</u> |
|---|--------------------|
| Land Acquisition | \$152,500 |
| Construction | \$6,477,821 |
| Professional Fees | \$252,500 |
| Financing Fees | \$206,046 |
| Soft Costs, includes Reserves and Developer Fee | \$1,384,967 |
| Total | \$8,473,834 |

13. Please identify the sources of project financing that will be utilized and the amount of the financing. (The total amount of the financing should equal the total expenditures in Question #12.)

| <u>Source of Project Financing</u> | <u>Amount</u> |
|------------------------------------|--------------------|
| Permanent Debt | \$1,178,030 |
| Tax Credit Equity | \$6,466,605 |
| Owner Contribution | \$455,254 |
| Iowa Housing Trust Funds | \$100,000 |
| EZ Credit Equity/Sales Tax Rebate | \$273,945 |
| Total | \$8,473,834 |

14. For purposes of determining the amount of investment tax credits the housing business may receive, the Iowa Economic Development Authority cannot include capital expenditures financed through federal, state, and local government tax credits, grants and forgivable loans. Based on this information, what portion of your total capital investment (identified in Question #12) will be eligible for the investment tax credit?

Based on the attached Enterprise Zone Credit calculation, \$1,444,168 of the capital investment will be eligible for the investment tax credit. This basis will generate \$144,417 of credits and attract \$122, 754 of equity to be used to cover the development cost of the project.

15. Please attach a long-term plan for the proposed housing development project including labor and infrastructure needs.

A long-term plan for the development is attached.

16. What economic benefits will the project bring to the area?

The creation of new affordable housing brings many economic benefits to a local community, such as increase in jobs and growth of sales tax revenues. The purchase of construction materials benefits local vendors and increases jobs created by the demand for those materials. The surrounding retail owners will have an increase in customers as various on-site workers will patronize these establishments on a daily basis. Local workforce can live closer to their employers, reducing transportation costs and increasing real disposable income for additional consumer buying power. Paying affordable rents translates to increase purchases for other living necessities, such as food, medical care, daycare, etc. Having a supply of quality and affordable housing stock retains local residents and attracts new residents, thereby maintaining and growing the source of revenue for a local government. Lastly, potential employers see affordable housing as an asset, used to attract and retain their workforce and limit long commute times for their employees.

17. Explain why the proposed project would be considered a good housing development project.

The proposed development is a good project on many levels. First it will address an identified need for the City of Oskaloosa. According to the Oskaloosa Housing Needs Assessment – 2012, prepared for the Oskaloosa Housing Trust Fund by the University of Iowa School of Urban and Regional Planning, the availability of affordable housing is a problem facing the town, as a large number of residents have difficulty obtaining good-quality, reasonably priced ownership and rental housing within the City limits. The Reserves at Ironwood will help the City of Oskaloosa address this problem and increase its stock of high-quality affordable rental housing. The housing quality and design will exceed that currently available in the surrounding market. The affordability of the offered rents will allow the local workforce to live closer to their jobs, leaving more free time and disposable cash with the households as well as promoting a cleaner environment.

Secondly, the various unit/project amenities will attract many households looking for quality housing to meet their current household needs. The site location allows easy access for residents to many services needed for daily living. The site is in proximity to a full service grocery and department store, an elementary and middle school, the Oskaloosa Public Library, and various health and medical clinics. Bike racks, playground, and club house amenities will encourage healthy and active lifestyles.

Third, the proposed development has the full support from the City of Oskaloosa. A resolution for an 83% property tax rebate over a 15 year period was presented to the City Council. The total rebate of \$510,000 will attract conventional debt in the amount of approximately \$230,052. The resolution also includes provisions for the support and use of Enterprise Zone Credits and the related sales tax rebate. A City resolution has been presented to the board and will receive final approval on December 5, 2013.

Lastly, the OPG has assembled a mixed-financing package that ensures the long term financial feasibility of the property. In the attached development and financial overview, you'll see the property is self-sustaining based on the rental income it will generate and the appropriate level of debt it can carry.

18. Please attach an affidavit that states the Housing Business has not, within the last five years, violated state or federal environmental and worker safety statutes, rules, and regulations or, if such violations have

occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

Affidavit is attached.

19. Explain why Enterprise Zone Benefits are needed in order for the project to proceed.

The developers have coupled low income housing tax credit equity with as much hard debt as the project's rents can support. The remaining development gap must be filled to bring this project to fruition. At the moment that gap is approximately \$700,000. The property is located in an enterprise zone and therefore can utilize the Enterprise Zone Credits to attract additional capital, which in turn will leverage more of the State's available, yet scarce resources. The project will not be feasible without the equity leveraged through the enterprise zone benefits.

20. Please indicate the amount of Enterprise Zone tax benefits being requested for this project.

| | |
|---|-----------|
| State Sales, Service, and Use Tax Refund: | \$151,191 |
| Investment Tax Credit: | \$144,417 |

21. Please list any additional requirements adopted by the local Enterprise Zone Commission and explain how the Housing Business will meet each requirement.

No additional requirements were adopted by the local Enterprise Zone Commission.

ATTACHMENTS

Please make sure the following items are included with this application:

Housing Business:

- X Legal description of the business site on which the project will occur.
- X Detailed map (no larger than 8" x 14") showing the business site in relation to the boundaries of the certified Enterprise Zone.
- X Long term strategic plan, which includes labor and infrastructure needs.
- X Affidavit that states the Business has not, within the last 5 years, violated state or federal environmental and worker safety statutes, rules, and regulations.

Enterprise Zone Commission:

- Resolution by the Enterprise Zone Commission approving this application.
- Proof that the meeting, in which this application was approved, was open to the public (i.e. public notice which was published and/or posted).
- Meeting minutes from the meeting, in which this application was approved.

Exhibit A

Legal Description

1302 High Ave West
Lots H and K SW SW

1320 High Ave West
Lots 4 and 6 SD Lot 4 SE SE EXC
S 117' Lot 6 and EXC N 6' S 123'
E and EXC N 6' S 123' E 189'
Lot 6

Exhibit B1

Enterprise Zone Map
1302 & 1320 High Ave West, Oskaloosa
Zone 9507 (Yellow) (Intersection of High Ave West and South L St)

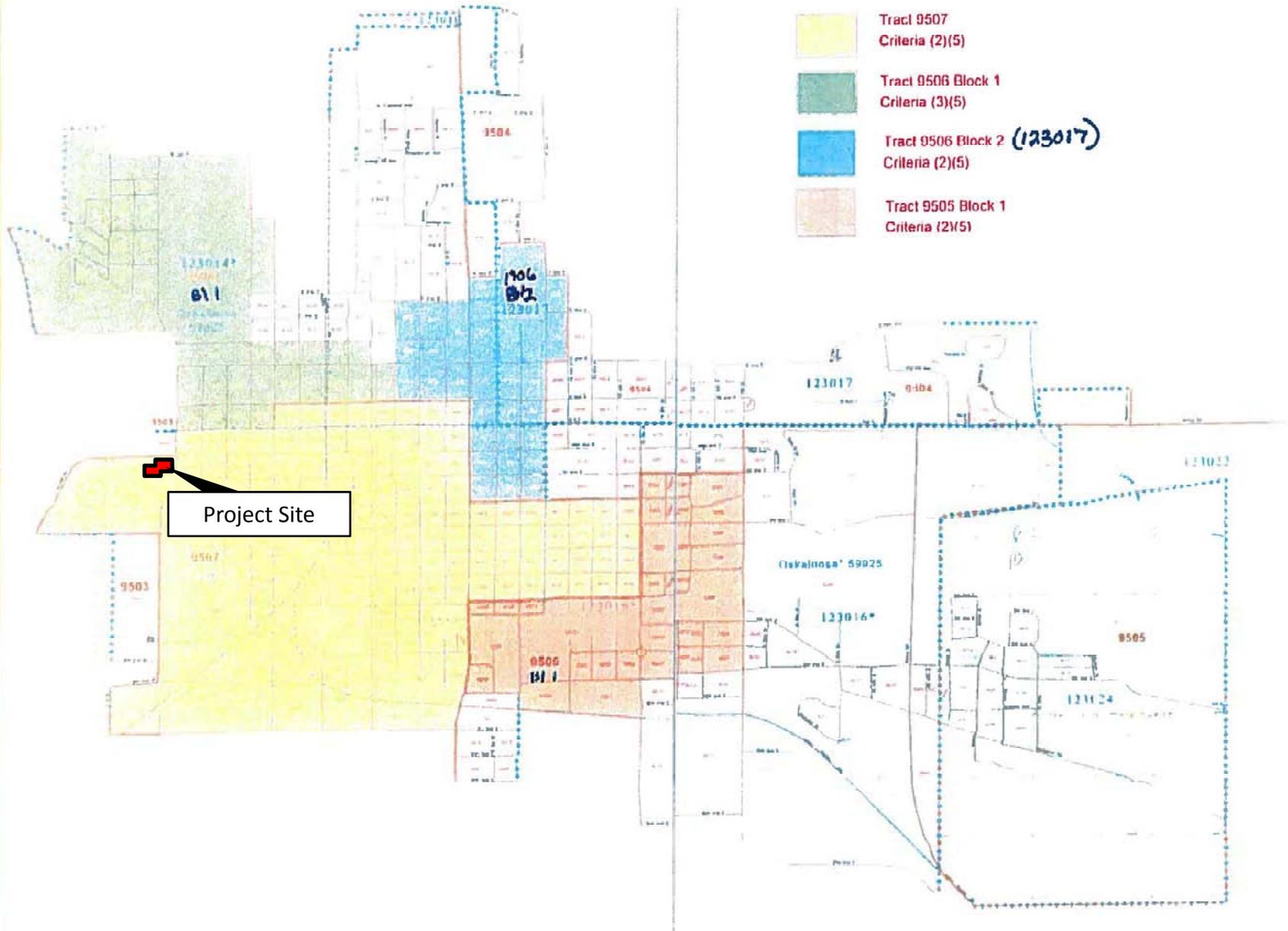


Exhibit B2

Enterprise Zone Map
1302 & 1320 High Ave West, Oskaloosa
Zone 9507 (Yellow)
(Intersection of High Ave West and South L St)

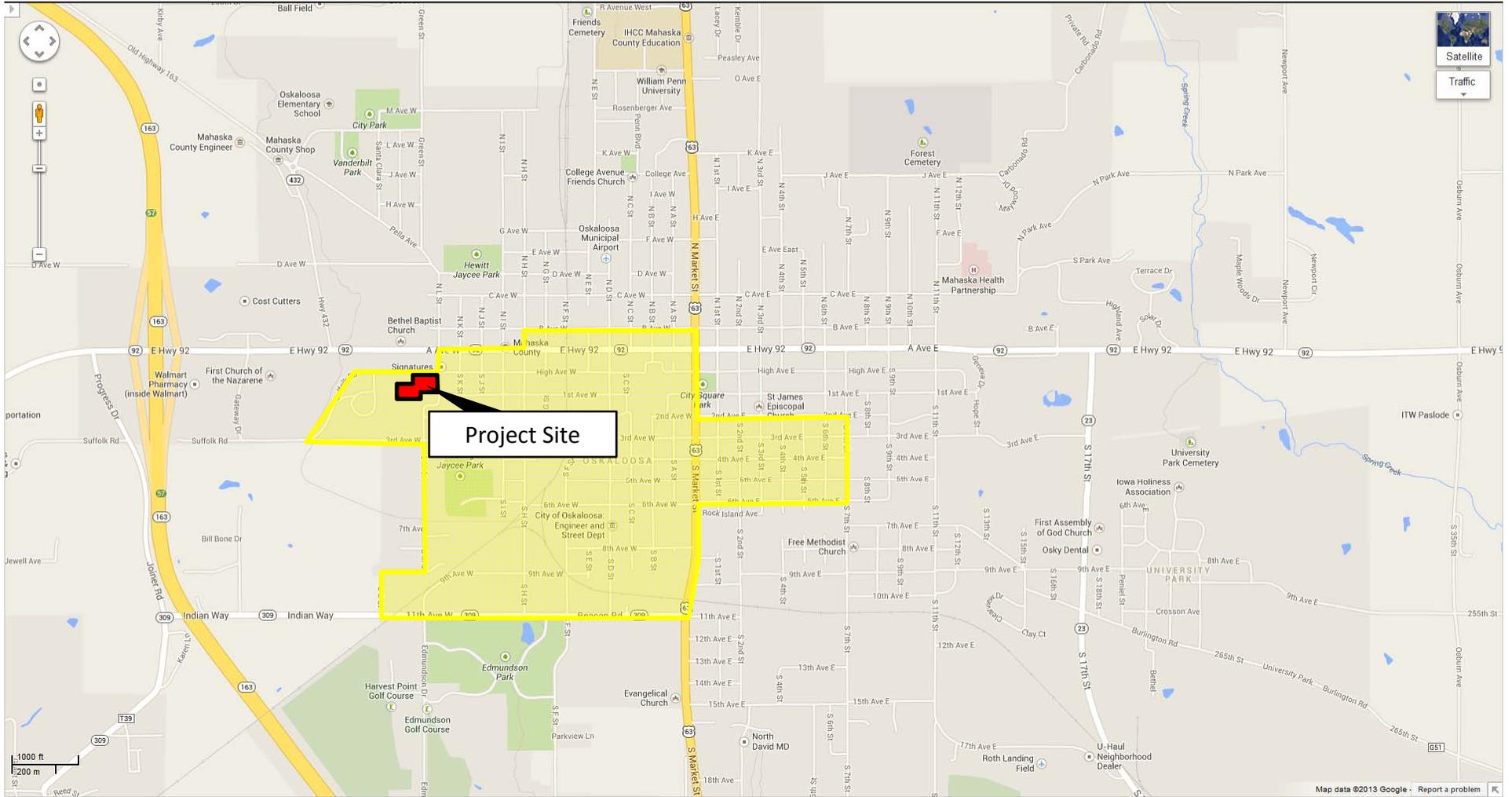


Exhibit C

Enter data in highlighted boxes only.

HEZ Credit Calculation for Project Name: **The Reserves at Ironwood**
 HEZ Application # **[Redacted]**

| | | |
|---|-------------------------|------------------|
| §42 Eligible Basis | \$7,740,261 | |
| Plus Land Costs | \$152,500 | |
| Less Federal LIHTC Equity | \$6,448,593 | |
| Less Federal Historic Equity | \$0 | |
| Less Other Grants/ Forgivable Loans | [Redacted] | |
| Equals Eligible Costs | <u>\$1,444,168</u> | A |
| X 10% HEZ Credit Rate | <u>10%</u> | B |
| Calculated HEZ Credit | <u>\$144,417</u> | C = A X B |
| Maximum \$14,000 per unit @ 48 units | <u>\$672,000</u> | D |
| Amount of HEZ Credit | <u>\$144,417</u> | Lesser of C or D |
| | \$122,754.28 | |

Exhibit D

IOWA ECONOMIC DEVELOPMENT AUTHORITY
APPLICATION for ENTERPRISE ZONE BENEFITS – Housing Development
Overland Property Group – The Reserves at Ironwood – Oskaloosa, Iowa

LONG TERM HOUSING DEVELOPMENT PLAN

15. Please attach a long-term plan for the proposed housing development project including labor and infrastructure needs.

The proposed site is located at 1302 and 1320 High Ave W in Oskaloosa. The site is in the eastern part of town one block south of A Ave W, which is the primary east-west road through Oskaloosa and well within close proximity of grocery stores, medical services and schools. Currently the property contains two structures that will be demolished. Both buildings are currently vacant. Infrastructure upgrades will need to be made to accommodate the intended residential use. Gas lines will be extended to site to provide gas for furnaces and heating water. The water main will be upgraded from a 4" pipe to an 8" pipe. Electricity upgrades may include converting from phase one power to phase three power. These infrastructure improvements will result in the properties having a Home Energy Rating Systems Index of 64 or less, thereby exceeding the energy efficiency of the Iowa Finance Agency low income housing tax credit standards.

The Reserves at Ironwood is a proposed mixed income, 48 unit new construction walk-up development of 24 – two bedroom, 12 – three bedroom, and 12 – four bedroom units. The development will include three identical 16-unit buildings. Each residential building will be approximately 18,000 square feet. Forty percent (40%) of the units or 20 will be ADA accessible, with an additional unit being accessible for persons with sensory disabilities. The project will have hardi-plank siding exterior with stone accents, varied elevation and a pitched asphalt shingle roof. A clubhouse will be accessible to all residents and will include the following amenities: fitness room with 24-hour access, a community room with kitchen, a computer learning center with at least two computers, and a property management office. The clubhouse will be staffed by one full time employee. The asset will be regularly maintained and protected by maintenance staff shared with other OPG properties located in close proximity.

AFFIDAVIT

State of Iowa

County of Mahaska

Brett Johnson being first duly sworn, deposes and says:

That he is the party making the foregoing statement, to the best of my knowledge, Overland Property Group has not, within the last five years, violated state or federal environmental and worker safety statutes, rules, and regulations or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

Signature of:



Partner, Overland Property Group

Subscribed and sworn to before me this 22 day of November, 2013



My commission expires, April 19, 2015

