

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: May 24, 2010
	Agenda Item No. 32 Roll Call No. <u>10-819</u> Communication No. <u>10-301</u> Submitted by: Matthew Anderson, Economic Development Administrator

AGENDA HEADING:

Resolution Approving Final Terms of a Neighborhood Commercial Revitalization Loan Agreement with Indigo Dawn, LLC, for development of 800 19th Street as a Platinum LEED adaptive building reuse.

SYNOPSIS:

Indigo Dawn, LLC (Chaden Halfhill, Owner, 1902 Woodland Avenue, Unit 300, Des Moines, Iowa 50309) has proposed a \$2.6 million adaptive reuse of 800 19th Street in the Sherman Hill Historic District. The project, titled Green & Main, is being developed as a model of sustainable design and energy efficiency, and will seek Platinum LEED certification, the highest possible rating from the U.S. Green Building Council. The renovated building will have mixed uses of street level retail and upper story residential. The Office of Economic Development has negotiated the terms of a financial assistance package as outlined below.

FISCAL IMPACT:

Amount: \$200,000 Neighborhood Commercial Revitalization Loan

Funding Sources: Economic Development Enterprise Account CMO980717 SP473

Amount: \$220,000 Economic Development Bridge Loan

Funding Sources: Economic Development Enterprise Account CMO980717 SP743

ADDITIONAL INFORMATION:

The City of Des Moines has identified the goal to be a leader in setting policies and practicing service delivery innovations that promote environmental sustainability. The City has actively pursued policies, programs and initiatives to realize this goal. Working with builders, developers and business owners to achieve reuse of existing buildings in the community furthers this goal. The Green & Main adaptive building reuse involves a 6,000 square foot structure in the Sherman Hill Historic District. The building was constructed in 1933, and formerly served the neighborhood as a corner grocery store. The building is proposed for mixed use, with retail on the lower level and residential on the second floor. The Green & Main adaptive building reuse will embody numerous elements of sustainability and best management practices. The project is being introduced as a demonstration site to educate the public as to how to reuse and adapt an existing building into a model of energy efficiency and low impact storm water management. It will provide a prototype for preservation of existing buildings, and include enhanced air quality, system efficiencies, material recycling, and ongoing public education.

Elements of the project include increased ventilation, multi zoned heating and cooling, improved air filtering and air quality, green cleaning and maintenance, bioswales, raingardens and recycled building materials. Partnering entities for the project include the Center for Building Energy Research at Iowa State University, Center on Sustainable Communities, Iowa Heartland RC &D, Iowa Department of Economic Development, City of Des Moines, Iowa Environmental Council, Office of Energy Independence, Metro Waste Authority, Iowa Power Fund and Polk County Conservation. Numerous additional businesses and sponsors are donating products and services to the project.

The total project costs are estimated at \$2.6 million. The Developer has secured a combination of conventional financing and grants to fund the renovation.

The proposed City financial assistance is comprised of two components;

- 1) \$220,000 bridge loan to be repaid through the sale of the 20% Federal Historic Tax Credits that have been approved by the State Historical Preservation Office. The federal historic tax credits are issued upon completion of the project and do not provide needed financing during renovations. The bridge loan functions as short term interim assistance providing cash for project renovations prior to the issuance and sale of the tax credits.
- 2) \$200,000 Neighborhood Commercial Revitalization loan for restoration and sustainable redevelopment to Platinum LEED Standard, to be repaid with 3% interest over a 20 year term.

The City Council provided preliminary approval of the financing package in February 2009. Originally, the \$200,000 loan was proposed through the Neighborhood Commercial Revitalization program using CDBG funds, and final approval was contingent on the developer securing additional financing. The NCR CDBG source has been replaced with the Economic Development Enterprise Account. Several additional projects were introduced and subsequently funded through NCR CDBG funds in the time period while Indigo Dawn, L.L.C. worked to finalize conventional and grant financing for the Green & Main project. It is necessary to revise the source for this loan to fully fund the recommended assistance. All remaining funding has been secured as required by the developer.

PREVIOUS COUNCIL ACTION(S): NONE

Date: February 9, 2009

Roll Call Number: 09-195

Action: [Preliminary](#) Terms of Neighborhood Commercial Revitalization Loan Agreement with Indigo Dawn, LLC, for development of 800-19th Street as a Platinum LEED adaptive building reuse. ([Council Communication No. 09-064](#)) Moved by Vlassis to receive and file and to direct the City Manager to proceed with negotiations toward a final agreement consistent with the terms identified in the Council Communication for further consideration by the City Council. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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