

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: November 8, 2010
	Agenda Item No. 36 Roll Call No. <u>10-1852</u> Communication No. <u>10-686</u> Submitted by: Phil Delafield, Community Development Director

AGENDA HEADING:

Approval of a funding request to the Iowa Department of Economic Development (IDED) on behalf of Green Ltd. L.C. for \$2,000,000 of Community Development Block Grant Disaster Recovery (CDBG-DR) funding for 25 units of housing and a City commitment of \$400,000 in matching funding through HOME funds, Tax Increment Financing (TIF) or tax abatement.

SYNOPSIS:

CDBG-DR funds, administered by the IDED, are being made available statewide by competitive application. The City of Des Moines is seeking to submit a project to IDED by the application deadline by November 15, 2010. A request for letters of interest was sent out and seven proposals were received. The City can only submit one proposal for funding to IDED, there is no set-a-side funding for Des Moines and the City, as the applicant of CDBG-DR funding, must commit a 20% match for the requested CDBG-DR funds which can include but are not limited to tax abatement, HOME or TIF. Staff has evaluated the seven proposals based on the City and IDED criteria. Staff recommends submitting an application on behalf of Green Ltd. L.C. to develop 25 units of housing at 322 SW 3rd Street in a building undergoing an historic rehabilitation and conversion into a mixed-use commercial and residential project.

FISCAL IMPACT:

Amount: \$2,440,000

Funding Sources: \$2,000,000: The IDED is administering the CDBG-DR funds per a statewide allocation plan approved by Housing and Urban Development (HUD). 2% administration will also be requested for a total application of \$2,040,000.

\$400,000: City of Des Moines matching funds through HOME funds, TIF or tax abatement.

ADDITIONAL INFORMATION:

Overview of Funding and Program Guidelines:

The State of Iowa published an Action Plan for Disaster Recovery that describes the proposed use of HUD CDBG funding associated with the Supplemental Appropriations Act, 2008 (Public Law 110-252,

approved June 30, 2008) for disaster relief of unmet needs resulting from tornadoes and flooding in the state.

This statewide Action Plan outlines the recovery activities that are taking place across the state such as Jumpstart Housing Assistance, Infrastructure Repair and Small Business Assistance. One additional proposed activity is the construction of new rental housing units to replace the units lost in the floods and/or to have a positive redevelopment impact on areas hit by the natural disasters of 2008.

Additionally, the Action Plan outlines a strategy for allocation and/or application of funds which divides the state into 11 eligible entities (six Super Council of Governments (COG) areas and five entitlement cities). Des Moines is one of those entitlement cities and is applying for funds. This application round is competitive and will be closed November 15, 2010. Des Moines is only eligible to submit one application under the "Impact on Area Recovery" category of the application.

Summary of Proposals Received:

Seven proposals for multi-family housing were submitted by four different developers. Below is a summary of the proposals received by the City of Des Moines:

Project	Project Address	Developer	Total Units	Request	Total Cost
Greystones	1230 6th Avenue	Hatch Development Group	8	\$1,438,000	\$1,725,750
Rocket Transfer Site	702 Elm	Hubbell	58	\$4,730,022	\$9,408,963
Summersfields Site	4465 NW 46th Street	Anawim	18	\$2,581,672	\$3,400,000
Melbourne Aparment Phase II	5515 SE 14th Street	Hubbell	72	\$3,801,290	\$7,716,673
West End Lofts Site (Mitchell Transmission)	1440 Locust Street	Hubbell	37	\$4,481,237	\$7,418,637
Fleming Building	604 Walnut	Nelson Development	111	\$3,000,000	\$16,626,215
Green Building	SW 3rd and MLK	John Shors/Davis Brown	25	\$2,000,000	\$5,496,883

Staff evaluated the seven proposals based on the City criteria of neighborhood impact, supporting the downtown, supporting a neighborhood plan or supporting a commercial corridor, and the readiness to proceed. Staff also evaluated the proposals using the criteria of affordability, sustainability and the project's relationship to the disasters of 2008 that were included by IDED in the notice of funding availability.

City staff realizes that all proposals submitted are important and are viable projects, making the selection difficult. Staff is recommending submitting an application on behalf of the Green Ltd. L.C. with John Shors as the Managing Member, c/o Davis Brown Law Firm, for a project consisting of 25 units of housing at 322 SW 3rd Street in a building undergoing an historic rehabilitation and conversion into a mixed-use commercial and residential project. This project is being recommended by staff because it

will support downtown housing projects, is ready to proceed in that it has been awarded State and Federal Historic Tax Credits, has owner equity in the project and has a deferred developer fee.

This Council action will allow the City of Des Moines to submit an application for \$2,000,000 plus 2% administration of CDBG-DR funds for the Green Ltd, L.C. project to IDEED, and allows the City of Des Moines to commit approximately \$400,000 in tax abatement and TIF/HOME funds to provide a 20% match for the project.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

If the application is awarded funding, contract documents will be brought before Council.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.