

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: September 12, 2011
	Agenda Item No. 29A Roll Call No. [_____] Communication No. <u>11-592</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Approving the method of property disposition for the Southern Meadows Apartments.

SYNOPSIS:

The City owns the property at 2800 SE 8th Street and 2810 SE 8th Street and has an option to acquire the land at 2839, 2843, and 2933 Indianola Avenue. In August 2010, the City hired Confluence to prepare a redevelopment plan for the site. The City is ready to move forward with disposition of the property via a competitive RFP. This action outlines key steps and dates in the process.

FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

On June 8, 2009, by Roll Call No. 09-996, the City Council approved the contract with the Iowa Department of Economic Development to allocate \$4.2 million of Neighborhood Stabilization Program Funds (NSP).

As part of the NSP plan, Council expressed an interest in finding larger-scale redevelopment projects that could benefit from this program. One such site is the Southern Meadows Apartments at 2800 and 2810 S.E. 8th Street. In September 2009, under Roll Call 09-1743, Council approved the acquisition of the building from the Iowa Finance Authority. The City completed the acquisition of the Southern Meadows Apartments in April 2010.

At the August 29 meeting, under Roll Call 11-1444, Council initiated the rezoning process to implement the Concept Plan developed by Confluence. The plan calls for the development of 38 rowhouse style housing units on the site, the vacation of Broad Street between SE 8th Street and Indianola Avenue and the reconfiguration of the pedestrian bridge over Indianola Avenue.

With the high cost necessary to implement the concept plan and the uncertain state of housing market, staff believes the best way to implement the project is to utilize Low Income Housing Tax Credits (LIHTC). Specifically, staff has met with the neighborhood to discuss utilizing the Rose Program as an implementation tool for this project. The Rose Program, (Renter to Home Ownership Saving Equity) is

an Iowa Finance Authority (IFA) rent-to-own program. Under the program, units are rented for the affordability period (15-20 years) and then sold to owner-occupants. Tenants are required to undergo extensive homeownership counseling and sign a maintenance contract in order to participate in the program. A portion of their rent is placed in escrow each month. If the tenant purchases the LIHTC unit or moves into another homeownership opportunity, the escrow funds can be used for downpayment assistance. The neighborhood is support of this implementation strategy.

A meeting was held with perspective developers on August 31 to outline the RFP and disposition process. The RFP will use the following criteria to select a developer for the project: developer experience, economic feasibility, conforming to the concept plan, unit amenities and price. Only LIHTC projects that will utilize the ROSE Program will be accepted. Proposals must include site plans, floor plans, elevations, unit specifications, and construction costs. A sources and uses of funds for construction and pro-forma for the affordability period will also be required for all developers.

A review committee consisting of staff from Community Development and Economic Development will review all proposals and score them in each of the categories listed above. Proposals that are deemed viable (all proposals that score within 10% of the top score, or the top 3, whichever is greater) will be invited for interviews. After the interviews, the review committee will assign a new score to each viable proposal. The top score will be recommended for approval by Council. The key RFP dates are as follows:

- RFP sent out September 15
- RFP due November 10
- Council developer approval December 5

At the December 5 meeting, Council will approve the disposition of the land.

PREVIOUS COUNCIL ACTION(S):

Date: December 20, 2010

Roll Call Number: 10-2063

Action: Establishing fair market value and authorizing voluntary acquisition of property at 2839, 2843 and 2933 Indianola Avenue. (Council Communication No. 10-746) Moved by Meyer to adopt. Motion Carried 7-0.

Date: September 13, 2010

Action: Proposal from Confluence (Chris Della Vodova, Principal) for concept planning services to examine redevelopment options for the Southern Meadows Apartments, not to exceed \$24,950. (Council Communication No. 10-558) Moved by Hensley to adopt. Motion Carried 7-0.

Date: September 28, 2009

Roll Call Number: 09-1743

Action: Establishing Fair Market Value and authorizing acquisition of Southern Meadows Apartments at 2800 and 2810 SE 8th Street. (Council Communication No. 09-691) **Moved by Coleman to adopt. Motion Carried 7-0.**

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Council will approve the selection of a developer for this project in December.

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