

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 23, 2012
	<b>Agenda Item No.</b> 39 <b>Roll Call No.</b> [ _____ ] <b>Communication No.</b> <u>12-029</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

Hold public hearing on sale of the Southern Meadows site at 2800 SE 8th Street and adjoining parcels, on vacation and conveyance of City-owned property and approving proposed developer agreement with Hatch Development Group, LLC, Jack Hatch, Principal, 1312 Locust Street, Des Moines, IA 50309.

**SYNOPSIS:**

The December 5, 2011 Council meeting, by Roll Call No. 11-2056, authorized the City Manager to enter into a development agreement with Hatch Development Group (HDG) to redevelop the Southern Meadows Apartments site. The proposed development agreement reduces the price the City will receive for the land to \$43,400 and provides HDG with \$400,000 of Federal Neighborhood Stabilization Program (NSP) funds to serve as gap financing. In addition, this action will vacate Broad Street between SE 8th Street and Indianola Avenue. The vacation ordinance will not take effect until the ownership of the property is transferred.

**FISCAL IMPACT:**

Amount: \$400,000 of Federal NSP3 funds

Funding Source: Community Development Block Grant (CDBG), Neighborhood Stabilization Program (NSP3) funds contracted by the Iowa Department of Economic Development (IDED).

**ADDITIONAL INFORMATION:**

In September 2009, under Roll Call No. 09-1743, Council approved the acquisition of the Southern Meadows Apartment from the Iowa Finance Authority (IFA), using funds from the Federal NSP. Since that time, staff has been working with the Indianola Hills Neighborhood Association and other area stakeholders to prepare a redevelopment plan for the site. At the December 5, 2011 meeting, under Roll Call No. 11-2056, Council authorized the City Manager to enter into a development agreement with HDG to implement the redevelopment plan.

HDG is applying for Low Income Housing Tax Credits (LIHTC) from IFA to implement the rent-to-own ROSE Program proposed for the site. On December 7, 2011, IFA finalized the 2012 Qualified Allocation Plan (QAP). The 2012 QAP eliminated the 130% basis boost for ROSE Program projects and eliminated \$1.3 million of tax credit equity previously available for the project.

In order to assist with this development gap, the City has agreed to provide \$400,000 of NSP3 funds as

development assistance. The other assistance the City is providing to the developer is to reduce the price of the land from \$100,000 to \$43,400. The new price of the land is an amount equal to the amount needed for the City to clear the title and finalize the acquisition of the properties located at 2839 and 2843 Indianola Avenue.

Staff is continuing to keep the neighborhood updated on the project. City staff and the HDG representatives met with the Indianola Hills Neighborhood Association on January 10, 2012 to discuss the proposed development. HDG is committed to working with the neighborhood to ensure the long term success of the project.

A second part of this action will vacate Broad Street between SE 8th Street and Indianola Avenue. The street will not be vacated until ownership of the land is conveyed to HDG. At this time, it is anticipated if the developer's application for LIHTC are approved, the transfer of the land will be finalized sometime in Fall 2012.

### **PREVIOUS COUNCIL ACTION(S):**

Date: December 5, 2011

Roll Call Number: 11-2068

Action: **On** rezoning of property in the vicinity of SE 8<sup>th</sup> Street and Indianola Avenue, Southern Meadows Apartments, from Ltd. "R-2" (Multiple-Family Residential) and "R1-60" (Low-Density Single-Family Residential) to "PUD" (Planned Unit Development). **Moved by Meyer that this ordinance be considered and given second vote for passage. Motion Carried 7-0.**

Date: December 5, 2011

Roll Call Number: 11-2056

Action: **Authorizing** the City Manager to negotiate an agreement with Hatch Development Group to redevelop the Southern Meadows site at 2800 SE 8<sup>th</sup> Street. ([Council Communication No. 11-737](#)) **Moved by Mahaffey to adopt. Motion Carried 7-0.**

Date: September 12, 2011

Roll Call Number: 11-1582

Action: **Competitive** request for proposals on method of disposition. ([Council Communication No. 11-592](#)) **Moved by Mahaffey 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 8<sup>th</sup> Street. ([Council Communication No. 09-691](#)) **Moved by Coleman to adopt. Motion Carried 7-0.**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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