

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: May 3, 2012							
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Agenda Item No.</td> <td style="width: 40%;">3</td> </tr> <tr> <td>Roll Call No.</td> <td>[_____]</td> </tr> <tr> <td>Communication No.</td> <td><u>12-197</u></td> </tr> <tr> <td>Submitted by:</td> <td>Phillip Delafield, Community Development Director</td> </tr> </table>	Agenda Item No.	3	Roll Call No.	[_____]	Communication No.	<u>12-197</u>	Submitted by:
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Communication No.	<u>12-197</u>							
Submitted by:	Phillip Delafield, Community Development Director							

AGENDA HEADING:

Recommend submission of applications for multi-family housing projects to Iowa Economic Development Authority (IEDA) for Community Development Block Grant-Disaster Relief (CDBG-DR) funding.

SYNOPSIS:

The IEDA has announced a round of CDBG-DR funding for multi-family housing projects with a maximum award of \$3,000,000 per project. This Council action ranks the applications received by the City projects for the funding and authorizes submittal of four applications to the IEDA in order of preference. The award process is “first come-first serve,” which requires a quick submission to compete for the limited funds.

FISCAL IMPACT:

Amount: \$3,000,000

Funding Source: Funding from the State of Iowa

ADDITIONAL INFORMATION:

In late March 2012, the City of Des Moines received notice that a CDBG-DR funding round was available from the Iowa Economic Development Authority (IEDA) with applications due on or before May 15, 2012.

The State indicated that it would award funding for “shovel-ready” projects with financing commitments and the funding would be awarded on a ‘first-come, first-served’ basis. Other factors such as sustainability, affordability, market need, and the project’s relationship to the disasters of 2008 would also be taken into consideration. In addition, a minimum of 51% of the project’s units must be for those households below 80% of median income and the rest may be rented at market rate. The subsidy amount is provided in the form of a deferred non-receding loan which is totally forgiven at the end of ten years.

City staff then sent notice to 25 multi-family developers that a \$3,000,000 subsidy was available for developing rental housing. Developers were requested to meet with City staff to review the requirements for funding and insure the projects were “shovel ready.”

City staff received inquiries from ten developers, met with seven developers, and received applications from six (see attached spread sheet). At the meetings, staff discussed the projects and provided information on CDBG-DR requirements including Davis-Bacon and Section 3 requirements, rent, income limits, and environmental reviews.

Since the initial March notice announcing the CDBG-DR funding, IEDA has indicated Des Moines is permitted to submit more than one project. Previously, IEDA staff had consistently told developers and City staff that Des Moines could submit only one proposal.

Projects Recommended for Submission

Staff initially reviewed all of the projects based on each project's readiness to proceed as determined by a complete financing package and complete physical readiness (zoning/land use/utilities), as well as sustainability factors such as proximity to the core, services, employment and proximity to bus transportation, and relation to City plans. Four projects were determined to meet those criteria. The final ranking of the four projects was based on the project subsidy per unit that would be provided by CDBG-DR funding.

Based on these criteria, the projects ranked in the following order:

1. Des Moines Building (Nelson & Foutch Bros.)
2. Ingersoll Square (Bob Caluzzi & Frank Levy)
3. McKinley Crest (Common Bond)
4. Franklin Field (Mauro)

Two other projects submitted applications, The Randolph is not considered shovel ready because it is currently occupied by tenants. CDBG-DR funds require conformance with the Uniform Relocation Act which requires notices and relocation payments. After discussions with the State, staff does not recommend submitting the project to IEDA.

The second project, Meadow Lands from Common Bond, is also a good project but does not score as high as the other projects in terms of sustainability.

Lastly, Des Moines is *not* guaranteed a project under this round of CDBG-DR financing. There is \$15,000,000 available statewide in this funding round on a "first come-first serve" basis. A quick analysis and submission will be advantageous.

Other

In the past two years, the City of Des Moines has received CDBG-DR funding for three multi-family housing developments: Younkers, Green Foundry, and Anawim's 22nd and Forest Townhomes. Des Moines has been criticized by IEDA for performing on only one of the projects and in not having contracted on the Younkers or Green Foundry projects. Staff recommends that these two projects either contract with the City for the project within the next three months with a deadline of July 1, 2012, or that the money be re-allocated to another Des Moines project with the IEDA review.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

If awarded funds, the City Council will sign a contract with IEDA for funds and with individual developers.

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.

Project Name	Address	Developer	# Units	Bedroom Mix	Total Cost	CDBG DR-4Ask	Subsidy/Unit	Cost/Unit	Income Mix	Developer Fee
Meadowlands Townhomes	7400 Meadowland	Common Bond	43 townhouse	43 3-bedroom	\$6,776,674	\$3,000,000	\$69,767	\$157,597	22<80% 21 Market Rate	11.00%
Franklin Field Senior	5000 Franklin Field	Mauro	30 apt.	28 1-bdrm, 2 2-bdrm	\$3,860,000	\$3,000,000	\$100,000	\$128,667	20<80% 10 Market Rate	8.70%
McKinley Crest Phase II	1801 McKinley	Anawim	36 total: 24 in apt and 12 in townhouse	apts: 12 2-bdrm, 6 3-bdrm, 6 4-bdrm; townhouses all 3-bdrm	\$4,274,000	\$3,000,000	\$83,333	\$118,722	36<80% 0 Market Rate	9.36%
Des Moines Building	401 6th Avenue	Nelson & Foutch Bros	136 units	72 eff.; 40 1-bdrm, 24 2-bdrm	\$27,644,123	\$3,000,000	\$22,059	\$203,266	70<80% 66 Market Rate	12.00%
Ingersoll Square II	2000 High Street	Bob Caluzzi and Frank Levy	60 units	36 1-bdrm, 24 2-bdrm	\$10,356,800	\$3,000,000	\$50,000	\$172,613	31<80% 29 Market Rate	1.93%
Randolph Hotel	204 4th Street	Sherman	55 units	14 eff., 30 1-bdrm, 11 2-bdrm	\$13,550,990	\$3,000,000	\$54,545	\$246,382	29<80% 26 Market Rate	12.91%