

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 24, 2012
	Agenda Item No.	20
	Roll Call No.	<u>12-1500</u>
	Communication No.	<u>12-504</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Approval of \$3,000,000 Community Development Block Grant Disaster Recovery Loan and Contract Documents with FFS Apartments, LLC for development of Franklin Field Senior Apartments at 5250 Franklin Avenue.

SYNOPSIS:

By Roll Call No. 12-0660, at a May 3, 2012 Special Council Meeting, the City of Des Moines authorized submittal of four (4) multi-family housing developments grant requests in response to a notification from the Iowa Economic Development Authority (IEDA) of additional funds for production of new multi-family housing units. On July 13, 2012, the City was notified that it received an allocation of \$9,000,000 for three (3) projects: This action approves the loan contracts and final terms for one (1) of the three (3) projects: Franklin Field Senior Apartments. The documents will be executed by the Community Development Director after HUD has notified the City of final environmental clearance.

FISCAL IMPACT:

Amount: \$3,000,000 for Franklin Field Senior Apartments.

Funding Source: The Iowa Economic Development Authority is administering the Federal Community Development Block Grant Disaster Recovery (CDBG-DR) Funds per a statewide allocation plan approved by the Department of Housing and Urban Development. Supplemental funds will be amended into existing contract Number 08-DHR-209 between the City of Des Moines and IEDA.

ADDITIONAL INFORMATION:

The Franklin Field Senior Apartments involves the new construction of 30 units of Senior Housing, consisting of 26 one-bedroom and four (4) two-bedroom units. It is located at 5250 Franklin Avenue, on ground that will be sold by the City to the project. The total project is estimated to cost approximately \$3,860,000 or \$128,666 per unit. Construction will begin by November 1, 2012 and is anticipated to take ten (10) months for completion. The developer anticipates lease up within two (2) months after construction is complete. Therefore, the entire project should be built and occupied within 12 months or by November 1, 2013.

The development was originally proposed to be a Low Income Housing Tax Credit development for 40 units of senior housing. Due to the change in the funding source from Low Income Housing Tax Credits to CDBG-DR, the development is now for 30 units.

The ownership entity of the development is FFS Apartments, LLC with an address of 2611 Ingersoll Avenue, Des Moines, Iowa 50312. The owners are as follows: John F. Mauro, Tim J. Mauro, Tony Mauro, and Joe Mauro. The LLC is registered with the Secretary of State. The ownership entity was originally to be Franklin Field Senior Apartments LLLP; however, the CDBG-DR funding allows the ownership entity to be an LLC. The City will still sell the property to the Franklin Field Senior Apartments, LLLP, but that entity will then transfer the property to FFS Apartments, LLC. The legal department will require that the transfer to the LLC includes all of the conditions and terms of sale in the original deed from the City to the LLLP.

The CDBG-DR program requires that each developer meet Iowa Green Streets 3.0 for energy sustainability, pay Davis-Bacon wage levels during construction, and advertise to and attempt to hire Section 3 contractors and employees. The CDBG-DR program also requires that 51% of the units be rented to households below 80% of median income and charge less than 65% of the HOME rent limits for a period of ten (10) years after construction.

The Franklin Field Senior Apartments has a deeper commitment to affordability than required by the CDBG-DR program. Of the 30 units, 66% will be designated for households under 80% of median income and will charge approximately \$580 for a one bedroom apartment. That amount is over \$300 per unit less than the maximum amount allowed used by the CDBG-DR program.

The CDBG-DR funds of \$3,000,000 are in the form of a ten (10) year forgivable loan (non-receding) forgiven in full at the end of the ten (10) year compliance period. This is the structure developed by the Iowa Economic Development Authority and cannot be changed by the City of Des Moines.

The developer presented to the Urban Design Review Board on August 21, 2012 and the design was approved by the Board on September 18, 2012. Since receiving notice of the award of funding, the developer has met with the Community Development Department to ensure the decrease in the number of units is in compliance with the Planned Unit Development for the site. Community Development is processing the minor amendment. The developer met with members of the Waveland Park Neighborhood Association and Merle Hay Neighborhood on September 5, 2012 to describe the project. The developer is scheduled to attend the Park and Recreation Board to approve the final site plan on September 25, 2012 and has met with Park and Recreation Staff to prepare for the meeting.

Any large federally funded project requires an Environmental Assessment which takes some time to complete, including consultation with the State Historic Society. When the Environmental Assessment determines there is no impact on the environment, that finding is published and a 15 day comment period established. After the 15 days, the finding is sent to HUD for an additional 15 day time period. The Franklin Field Senior Apartment project should have final approval for a release of funds from HUD the first week in October. Documents will be executed after the city has received release of funds.

A requirement of the CDBG-DR Multi-Family Round 4 funds is that each project must have contracts signed and be under construction by November 1, 2012. The other two (2) developers are in the process of completing an Environmental Assessment required by the funds, completing city required site plan approvals, and submitting plans for grading and building permits. Staff anticipates that each project will have contracts signed and begin construction by that date.

Under CDBG-DR contract 08 DHR-209, each project must be completed by December 31, 2014.

PREVIOUS COUNCIL ACTION(S):

Date: August 27, 2012

Roll Call Number: [12-1349](#)

Action: [Amendment](#) to Des Moines Community Development Block Grant Disaster Recovery (CDBG-DR) Contract to accept a supplemental award for multi-family housing new production in an amount not to exceed \$9,000,000 for three projects plus general administration not to exceed \$180,000. ([Council Communication No. 12-443](#)). Moved by Meyer to adopt. Motion Carried 7-0.

Date: May 3, 2012

Roll Call Number: [12-0660](#)

Action: [Approving](#) submitting four applications for housing projects to Iowa Economic Development Authority for Community Development Block Grant-Disaster Relief (CDBG-DR) funding. ([Council Communication No. 12-197](#)). Moved by Hensley to adopt. Motion Carried 5-2. Nays: Coleman and Moore.

Date: July 25, 2011

Roll Call Number: [11-1313](#)

Action: [On](#) vacation and conveyance of a portion of Glendale Cemetery to Franklin Field Senior Apartments, LLLP, \$172,500. ([Council Communication No. 11-489](#)). Moved by Griess to adopt; refer to the City Manager to make a recommendation at the August 8th Council meeting regarding options for the use of the proceeds from the sale. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: September 18, 2012

Resolution Number: N/A

Action: Approval of Final Design

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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