

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: November 19, 2012
	Agenda Item No. 27 Roll Call No. <u>12-1778</u> Communication No. <u>12-582</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Approval of a HOME loan for rehabilitation of 2714 Ingersoll Avenue with MEM Investments, LLC and execution of documents.

SYNOPSIS:

Recommend approval of a \$165,000 HOME loan for the renovation of 2714 Ingersoll Avenue, a vacant apartment building located on the south side of Ingersoll Avenue. The funding will require that eleven (11) of the twenty-two (22) units be rented to persons below 60% of median income for five (5) years at restricted rents. The owner of the property is MEM Investments, LLC, composed of Eric Estes, Merle Laswell and Matt Whitaker. Mr. Laswell and Mr. Estes own Meric Management Company with offices at 3607 Ingersoll Avenue, Des Moines, Iowa 50312.

FISCAL IMPACT:

Amount: \$165,000

Funding Source: HOME Investment Partnership (HOME) Funds, SP036, CDD049900, FY2011 Recommended Operating Budget.

ADDITIONAL INFORMATION:

The building at 2714 Ingersoll Avenue is an important building because of its location on a prominent roadway and proximity to services and jobs. The building has sat vacant for the last 18 months and has been a problem for the police and neighboring businesses. The building was previously owned by Mark Critelli and lost its rental certificate in March of 2010. Subsequently, the building was vacated for code reasons and the building was foreclosed by West Bank. Several owners looked at renovation or demolition of the building over the last 18 months and spoke with Community Development concerning funding.

The current owner is MEM Investments, LLC. Mr. Critelli no longer has any ownership interest in the building. Mr. Estes and Mr. Laswell are joint owners of several multi-family properties on the west side and manage additional properties through Meric, a property management company. The company has been working on renovation of the Grand Stratford located on the NW corner of 35th and Grand Avenue also previously owned by Mark Critelli.

The building needs a roof, boiler, and major repairs to the back fire escape/deck. The garages will be reroofed. The copper plumbing has been stripped out of much of the building which will need to be repaired. In addition, the baths and kitchens will be updated. The woodwork in the building will be retained and the wooden floors will be refinished, if possible.



2714 Ingersoll Avenue

This building was constructed in 1919 by a former Mayor of Des Moines, Parker L. Couch.

In 1949 it was converted to 22 one and two- bedroom units. Parking is accessed by the driveways on either side of the building with parking behind the building. The garages are on the back lot line.

The building has lost its grandfather rights for the number of units and was reviewed by the Plan and Zoning Commission for conformance with the Multi-Family Design Guidelines and the Neighborhood Pedestrian Commercial at its October 18, 2012 meeting. The owners are required to install site improvements in the front of the building, in compliance with other improvements along Ingersoll Avenue, such as new sidewalk and retaining walls and to make substantial improvements to the site and fire escape.

The owners purchased the building for \$200,000 and the renovation will cost approximately \$400,000. There is lead paint in the building and lead safe work practices must be observed. The owners have secured financing to pay for the renovation costs over and above the City's portion. The City's loan of \$165,000 will be a part repayment and part forgivable loan. The building will be required to have eleven (11) of the units rented to persons below 60% of median income for a period of five (5) years. The rents will also be restricted with a maximum rent of \$606 for a one-bedroom and \$739 for a two-bedroom, minus all tenant paid utilities.

The owners are supportive of the Self-Supporting Municipal Improvement District (SMID) for the Ingersoll Corridor and have signed the petition.

The project was presented to the Woodland Heights neighborhood at its August 21st meeting. The members in attendance had several questions of the owners and the rehabilitation plan but were supportive of the project. City Council action is needed for final approval of the loan. The loan was approved by the NRB at its September 28, 2012 meeting.

PREVIOUS COUNCIL ACTION(S):

Date: May 21, 2012

Roll Call: [12-0788](#)

Action: [2012](#) Program Allocations for the Home Investment Partnerships Program (HOME) administered by the Community Development Department. ([Council Communication No. 12-234](#)). Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: October 18, 2012

Action: Approval of site plan under Neighborhood Pedestrian Commercial Zoning

Board: Neighborhood Revitalization Board

Date: September 28, 2012

Action: Approval of \$165,000 Loan

Board: Woodland Heights Neighborhood Association

Date: August 21, 2012

Action: Review of Proposal

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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