

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 23, 2013
	Agenda Item No.	14C
	Roll Call No.	<u>13-1476</u>
	Communication No.	<u>13-489</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

On the September 23, 2013 agenda are two (2) roll calls that relate to the proposed new mixed use development to be constructed by East Village Growth Partners, LLC on Disposition Parcel No. 02-1A/Metro Center Urban Renewal Area (350 East Locust Street).

- a. Approval of the Community Development Block Grant – Disaster Recovery (CDBG-DR) contract between the City and East Village Growth Partners, LLC to provide \$3 million for construction subsidy of the housing at the site; and
- b. Approval of evidence of financing and final conceptual design plans and execution of Special Warranty Deed for conveyance of Disposition Parcel No. 02-1A/Metro Center Urban Renewal Area to East Village Growth Partners, LLC.

SYNOPSIS:

At the March 11, 2013 meeting, City Council accepted the East Village Growth Partners, LLC (Tim Rypma, Manager, 2404 Forest Drive, Des Moines, Iowa) developer-initiated proposal to purchase City-owned urban renewal property located at the northwest corner of East Locust and East 4th Street (350 East Locust Street) and authorized execution of the urban renewal development agreement.

The proposed project of 20 apartments with first and fifth floor commercial uses was contingent on a \$3 million award of CDBG-DR funding from the Iowa Economic Development Authority (IEDA). The City was notified of the funding award on behalf of East Village Growth on June 19, 2013, and the City executed an amendment to 08-DRH-209 to accept the \$3 million for the project by Roll Call No. 13-1105 on July 15, 2013.

The final items required to be completed prior to Council approval of the property conveyance and approval and execution of loan documents have been completed.

FISCAL IMPACT:

Amount: Revenue of \$400,000 to be receipted to the Economic Development Enterprise Account. The \$400,000 will be used to assist the Ingersoll Square Phase 3 project as directed by the Council at its February 20, 2013 meeting and approved by Roll Call No. 13-0804 and Council Communication No. 13-241 on May 20, 2013.

Revenue of \$3 million CDBG-DR from the IEDA to the City to be distributed during project construction and revenue of \$61,224 CDBG-DR for its administrative costs associated with this project.

Funding Source: The IEDA is administering the Federal CDBG-DR per a statewide allocation plan approved by the Department of Housing and Urban Development. Supplemental funds for construction subsidy and administration were amended into existing contract Number 08 DRH-209 between the City of Des Moines and IEDA.

ADDITIONAL INFORMATION:

The urban renewal contract specifies that developer must provide evidence of financing and submit final conceptual design plans as conditions to be completed before conveyance of the property. The developer has submitted the following items; staff finds them to be in conformance with the contractual requirements:

- a. Evidence of Financing: The total development costs have increased from an estimated \$6.3 million to approximately \$9 million. The developer will be borrowing \$3.1 million from the first lender, using the \$3 million in CDBG-DR, utilizing the tax credits and sales tax rebate from the Enterprise Zone, and relying on developer equity for the construction of the office space; and
- b. Final Conceptual Design Plans: the final conceptual design plans are similar to the site and building plans submitted with the development proposal reviewed by the Urban Design Review Board. The final plans show some minor differences in exterior cladding, a change in the 5th floor orientation and balconies on the 4th floor; the Board reviewed these plans and unanimously recommended approval. The plans meet the minimum development requirements specified in the urban renewal sales contract.

The East Village Growth Partners, LLC project consists of 20 units of housing and two (2) floors of commercial space. Of the housing, 11 units will be affordable to households below 80% of median income for a period of 10 years. Restrictions apply to the maximum rent that can be charged as well as the income of the tenant.

All of the CDBG-DR funding will be used for the housing units and none will be used by the commercial spaces. The private financing and developer equity will provide for purchase price, commercial development, and some of the housing costs. Davis-Bacon wage requirements apply to all the construction, both residential and commercial.

PREVIOUS COUNCIL ACTION(S):

Date: July 29, 2013

Roll Call Number: [13-1205](#)

Action: [First](#) Amendment to Urban Renewal Agreement for Sale of Land for Private Redevelopment with East Village Growth Partners, LLC – Development of Disposition Parcel No. 02-1A in Metro Center Urban Renewal Area (350 E. Locust Street) to extend the time period for closing on the sale of the property. ([Council Communication No. 13-392](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: July 15, 2013

Roll Call Number: [13-1105](#)

Action: [Amendment](#) #15 to the Des Moines Community Development Block Grant – Disaster Recovery (CDBG-DR) to accept a supplemental award for multi-family housing new production for East Village Growth Partners, LLC, not to exceed \$3,000,000 plus general administration, not to exceed, \$61,224. ([Council Communication 13-370](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: May 20, 2013

Roll Call Number: [13-0804](#)

Action: [Preliminary](#) terms of agreement with Ingersoll Square III Investments, LLC for construction of a mixed use development project at Ingersoll Avenue and Martin Luther King Jr. Parkway and authorizing the City Manager to negotiate final contracts. ([Council Communication No. 13-241](#)) Moved by Hensley to receive and file and to authorize the City Manager to negotiate a Home Program Loan Agreement and final development agreement for City financial assistance, based on the preliminary terms of agreement as outlined in Council Communication No. 13-241. Motion Carried 7-0.

Date: February 20, 2013

Roll Call Number: [13-0267](#)

Action: [Approve](#) the submittal of two applications for multi-family housing projects to the Iowa Economic Development Authority for Community Development Block Grant-Disaster Relief (CDBG-DR) Round V Funding. ([Council Communication No. 13-074](#)) Moved by Meyer to adopt in accordance with the City Manager's recommendation and to direct the City Manager to look at using the land sales proceeds of approximately \$400,000 and all other available sources to assist the other projects, and to work with HUD to get the restrictions on the Section 108 Loan lifted to allow residential development in the Riverpoint West Area. Motion Carried 7-0.

Date: January 28, 2013

Roll Call Number: [13-0169](#)

Action: [Accepting](#) developer-initiated redevelopment proposal from East Village Growth Partners LLC to redevelop Disposition Parcel No. 02-1a (350 E. Locust Street)/Metro Center Urban Renewal Area; setting date of public hearing on intent to accept said proposal and authorizing notice of intent to enter into an agreement to purchase land for private redevelopment if no competing proposals are received, (3-11-13). ([Council Communication No. 13-042](#)) Moved by Meyer to adopt. Motion Carried 7-0.

Date: March 12, 2007

Roll Call Number: [07-496](#)

Action: [Recommending](#) that the City proceed with a Developer-Initiated Proposal from Hatch Development Group, for redevelopment of City-owned land at E. 4th and E. Locust Streets. ([Council Communication No. 07-127](#)) Moved by Meyer to receive and file, and direct the City Manager to continue negotiations with Hatch Development Group the terms of a developer initiated proposal for further consideration by the City Council. Motion Carried 6-1.

Date: November 6, 2006

Roll Call Number: [06-2185](#)

Action: [Third](#) Amendment to agreement for acquisition of property at E. 4th and Locust Streets to allow an extension to January 31, 2007 for negotiations with SOHO Development LLC for possible redevelopment of the site. ([Council Communication No. 06-688](#)) Moved by Hensley to adopt. City Manager to work with any interested parties during this extension period. Motion Carried 5-0. Council Member Mahaffey declares a conflict of interest and abstains from voting.

Date: June 6, 2005

Roll Call Number: 05-1448

Action: Approving Amendment to Agreement for acquisition of property at E. 4th and Locust Streets. ([Council Communication No. 05-316](#)) Moved by Brooks to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Plan and Zoning Commission

Date: September 19, 2013

Resolution Number: N/A

Action: Recommendation on revised site plan to show the 5th floor setback and the 4th floor balconies; the 4th floor balconies will also require vacation the air rights to a 4-foot strip next to the south edge of the building. Staff has recommended approval of the plans.

Board: Urban Design Review Board

Date: August 6, 2013

Resolution Number: N/A

Action: Unanimous approval of final design plans.

Board: Urban Design Review Board

Date: January 15, 2013

Resolution Number: N/A

Action: Review of developer's design conceptual plans and recommendation to the City Council on proposed minimum development requirements any competing proposal must meet for this site.

Board: Board of Adjustment

Date: February 27, 2013

Resolution Number: N/A

Action: Approved variance to permit building height above 55 feet.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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