

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> August 11, 2014
	<b>Agenda Item No.</b> 30 <b>Roll Call No.</b> <u>14-1232</u> <b>Communication No.</b> <u>14-385</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

Approval of amendment to subordination agreement to allow refinancing of the primary loan for the renovation of the Des Moines building by Des Moines Apartments, LP, represented by Steve Foutch, and subordinating the mortgage securing the City's Community Development Block Grant Disaster Recovery (CDBG-DR) loan to the mortgage for the new primary loan.

**SYNOPSIS:**

On October 8, 2012 by Roll Call No. 12-1570, the City Council approved a \$3,000,000 CDBG-DR loan and contract documents with Des Moines Apartments, L.P. represented by Mike Nelson and Steve Foutch for development of the Des Moines Building at 405 6<sup>th</sup> Avenue. This action allows the developer to refinance conventional debt in order to borrow an additional \$1.1 million dollars due to additional improvements in the building and cost over runs.

**FISCAL IMPACT: NONE**

**ADDITIONAL INFORMATION:**

The completed Des Moines building will consist of 136 units of studio, one-bedroom and two-bedroom apartments and two (2) floors of commercial space. Through the Iowa Economic Development Authority (IEDA), the City has provided \$3,000,000 of funding for the residential units which require that 51% of the units are reserved for households below 80% of median income for a period of 10 years with rents at or below the 65% HOME limits. The gross rent limits are \$840 for a studio unit, \$901 for a one-bedroom and \$1083 for a two-bedroom unit.

The CDBG-DR funding is structured as a non-receding lien for a period of 10 years at which point it is forgiven if all the conditions of the funding are met per the CDBG-DR agreements.

The Primary Loan with Union Bank & Trust Company will increase from \$9,200,000 to \$10,300,000. The bridge loan will increase from \$10,300,000 to \$11,100,000. The City will subordinate its loan to the additional funding.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 8, 2012

Roll Call Number: [12-1570](#)

Action: [Community](#) Development Block Grant Disaster Recovery Loan and Contract Documents with Des Moines Apartments, LP for development of 136 apartments at 405 6<sup>th</sup> Avenue and 513 Locust Street (Des Moines Building) and authorizing extension of completion date, \$3,000,000. ([Council Communication No. 12-530](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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 11, 2011

Roll Call Number: [11-1251](#)

Action: Designation of preferred developer as Nelson Development and Construction and Foutch Brothers, LLC for purchase and redevelopment of Des Moines Building, 405 6th Avenue and 513 Locust Street. ([Council Communication No. 11-467](#)) Moved by Hensley to adopt and request that the Developer keep the Des Moines Building name; refer to the City Manager to develop a timeline for construction. Motion Carried 7-0.

Date: November 7, 2011

Roll Call Number: [11-1898](#)

Action: On conveyance of the Des Moines Building at 405 6th Avenue and 513 Locust Street to the Des Moines Apartments, LP, \$150,000. ([Council Communication No. 11-687](#)) Moved by Hensley to adopt. Motion Carried 7-0.

## **BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: August 21, 2012

Resolution Number: N/A

Action: Approval of building design, plaza, and skywalk.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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