

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: August 25, 2014
	Agenda Item No. 45 Roll Call No. <u>14-1327</u> Communication No. <u>14-426</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Recommend submission of two (2) multi-family housing project applications to the Iowa Economic Development Authority (IEDA) for Community Development Block Grant-Disaster Recovery (CDBG-DR) funding.

SYNOPSIS:

The City of Des Moines may submit two (2) multi-family housing applications to IEDA for up to \$3,000,000 of funding each. The Council action approves the submittal of the two (2) projects that satisfy the state criteria and requirements and ranked highest during City staff’s review. Staff’s recommended ranking of submitted projects is as follows:

1. Eagle View Lofts, Hansen Real Estate Services, Troy Hansen, President
2. The Edge at Gray’s Landing, Sherman Associates, George Sherman, President

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

On June 2, 2014, the City of Des Moines was notified by the IEDA that an additional funding round of CDBG-DR funds was available for multi-family housing with applications due on September 2, 2014. The IEDA rules allow the City of Des Moines to submit applications for two (2) projects.

The CDBG-DR funding is for new construction or adaptive rehabilitation of buildings for multi-family housing. IEDA will award funding for “shovel ready” projects with financing commitments and an option or ownership commitment for the site. The IEDA will further prioritize projects by the following criteria:

- a) Affordability;
- b) Sustainability (State GreenStreets Plan);
- c) Need (market);
- d) The Project’s relationship to the disasters of 2008;
- e) Adaptive re-use (historic preservation, upper story and conversion);
- f) Infill; and
- g) Other factors, if necessary, because of funding limitations and/or the overall goal to ensure availability of this activity across all affected areas of the state of Iowa.

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 10 years. IEDA staff and City staff expect this round to be extremely competitive. There is approximately \$30,000,000 of funding for cities over 50,000 in population. The City of Des Moines is not directly competing with projects in smaller communities.

City staff sent notice to developers of the funding and provided to the developers the state application and a City scoring sheet reviewed by City Council at its June 9th Workshop. Staff also notified and encouraged developers to attend a workshop on the application process held in Grinnell.

There were five (5) applications submitted by the July 25th City deadline for proposals. Of those proposals, four (4) are summarized in the follow chart. Staff determined the proposal for 90 units of supportive housing submitted by the YMCA failed to meet the threshold requirements. A letter was sent to the YMCA on August 13th informing them of that decision.

Project Name	Eagle View Lofts	The Edge at Gray's Landing	Christ the King Senior Housing II	6 th Avenue Brickstones
Developer	Hansen Real Estate Services	Sherman Associates	Christ the King Housing Services	Hatch Development Group
Project Address	SE 6 th & Shaw	406 SW 9 th	5602 SW 9 th	6 th & Forest
Units				
Total Units	120	90	26	25
Assisted Units	62	46	19	14
Market Rate Units	58	44	7	11
% Assisted	52%	51%	73%	56%
Project Costs				
Total Costs	\$ 16,039,021	\$ 14,538,000	\$ 4,228,523	\$ 4,430,623
Per Unit Costs	\$ 133,658	\$ 161,533	\$ 162,636	\$ 177,225
Subsidy per unit	\$ 25,000	\$ 33,333	\$ 115,385	\$ 120,000
Developer Costs				
Developer Fee	\$ 1,162,649	\$ 1,400,000	\$ 390,000	\$ 200,000
% fee to total cost	7%	10%	9%	5%
Developer Contribute/Equity	\$ 1,839,021	\$ 2,318,000	\$ -	\$ -

Eagle View Lofts- can serve as a catalyst for future development and improvements to the southern edge of the East Village neighborhood particularly as Martin Luther King Jr. Parkway continues to transform the southern portion of the Neighborhood. It is the largest project with 120 units on six (6) floors of housing that includes studios and one-bedroom units. The building will have large areas of community space, particularly two (2) "Eagle Nests" for viewing the rivers and downtown Des Moines on levels 3.5 and 5. The building is close to bike trails and will incorporate community gardens as part of its sustainability strategy. The Development team intends to apply for additional IEDA funding for

bioswales with water infiltration of the western area of the site and living walls within the building to promote green space, carbon consumption and oxygen generation.

<i>Unit Sizes and Net Rents</i>	<i>Affordable Rents</i>	<i>Market Rents</i>
Efficiency (66)	\$764	\$840
1 bedroom (54)	\$809	\$900

The Edge at Gray's Landing- is 90 units of housing and provides a variety of unit sizes. Housing would be provided to young singles as well as families looking for three-bedroom units in the downtown. It is a part of a stalled larger multi-phase development effort and would provide a much needed boost to Gray's Landing. An award of CDBG-DR may be the catalyst for moving the entire Gray's Landing project forward and speeding up the return on the City's Section 108 investment.

<i>Unit Size and Net Rent</i>	<i>Affordable Rents</i>	<i>Market Rents</i>
Efficiency (14)	\$ 740	\$ 740
1 bedroom (35)	\$ 809	\$ 872
2 bedroom (35)	\$ 962	\$1102
3 bedroom (6)	\$1090	\$1301

Christ the King Senior Housing- is a 26 unit senior project located on the northwest corner of SW 9th and Porter adjacent to the Christ the King Campus. The market rents and affordable rents are the same and the project has committed to a higher percentage of affordable units throughout the 10-year period of affordability. Christ the King has attempted to create a senior living environment which is affordable for seniors and includes mostly 2-bedroom units. They have focused on keeping rents lower for both assisted and non-assisted households in order to create a safe and affordable living environment. Christ the King has taken a proactive role in the SW 9th Corridor Planning and this project may spur other development along the corridor.

<i>Unit Size and Net Rent</i>	<i>Affordable Rents</i>	<i>Market Rents</i>
1 bedroom (3)	\$670	\$670
2 bedroom (23)	\$770	\$770

6th Avenue Brickstones- is smaller than the project submitted in Round 5 of CDBG-DR and contains 25 units within one (1) building. The previous development added architectural diversity by incorporating additional structures and units on the eastern portion of the site. The project would be the first new construction of market rate housing along 6th Avenue and would complement the Greening America's Capitols proposals and the Main Street Corridor both of which are City initiatives. Because of its location, the project has made a commitment to very affordable rents and to conservative market rents to ensure it is successful.

<i>Unit Size and Net Rent</i>	<i>Affordable Rents</i>	<i>Market Rents</i>
1 bedroom (12)	\$540	\$670
2 bedroom (13)	\$670	\$815

The City of Des Moines has received awards for six (6) previous multi-family housing projects under this funding source. As of this time, the \$3,000,000 for the former Younkers Department store is still begin reserved by the IEDA. The other projects are: Forest Avenue Townhomes, The Des Moines Building; Ingersoll Square II, Franklin Avenue Senior Housing, and 350 East Locust.

PREVIOUS COUNCIL ACTION(S):

Date: February 20, 2013

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

Action: [Approve](#) the submittal of two (2) 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: April 20, 2009

Roll Call Number: [09-645](#)

Action: [Iowa](#) Department of Economic Development (IDED now IEDA) Community Development Block Grant (CDBG) Housing Disaster Recovery Fund Contract (08-DRH-209). ([Council Communication No. 09-254](#)) Moved by Vlassis to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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