

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	February 9, 2015
	Agenda Item No.	21
	Roll Call No.	<u>15-0207</u>
	Communication No.	<u>15-064</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Approve amendment to the Des Moines Community Development Block Grant – Disaster Recovery (CDBG-DR) contract (Number 08-DRH-209) to accept a supplemental award for multi-family housing new production the Edge at Gray’s Landing, LLC in an amount not to exceed \$3,000,000 plus general administration not to exceed \$61,224 and additional funding for storm water management.

SYNOPSIS:

On August 25, 2014, by Roll Call No. 14-1327, City Council approved the submittal of two (2) applications for Multi-family Housing Projects to the Iowa Economic Development Authority (IEDA) for CDBG-DR Round VI Funding. The Eagle View Lofts was submitted as the City’s first priority, and The Edge at Grey’s Landing was submitted as the City’s second priority.

On January 8, 2015, the City was notified that The Edge at Gray’s Landing, 406 SW 9th Street, developer Sherman Associates, had received an award of \$3,000,000 for construction plus funding for storm water management on the site. The City of Des Moines will receive an additional \$61,224 for administration of the project. This action accepts the award for the project.

FISCAL IMPACT:

Amount: \$3,000,000 for construction of housing
 \$ 450,000 for storm water management (approximate)
 \$ 61,224 for City administration

Funding Source: IEDA - this funding has not yet been provided to the City of Des Moines.

ADDITIONAL INFORMATION:

On June 2, 2014, the City of Des Moines was notified by the IEDA that an additional funding round (VI) of CDBG-DR funds was available for multi-family housing with applications due on September 2, 2014. The City submitted two (2) projects for consideration the Eagle View Lofts and the Edge at Grey’s Landing. A maximum of \$3,000,000 per project was available for new construction of housing units, with 51% of the units to be available for households below 80% of median income with rents restricted to the 65% HOME rents as provided annually by the U.S. Department of Housing and Urban Development (HUD).

The Edge at Gray's Landing, located at the corner of SW 9th and Tuttle, 406 SW 9th Street, will consist of 90 units of housing in a variety of unit sizes. It is estimated to cost \$14,538,000. Housing will be provided to singles looking for a small efficiency unit as well as families looking for three-bedroom units in downtown. It is a part of the larger multi-phase development effort in Gray's Landing by Sherman Associates.

<i>Unit Size</i>	<i>Affordable Rents</i>	<i>Market Rents</i>
Efficiency (14)	\$ 740	\$ 740
1 bedroom (35)	\$ 809	\$ 872
2 bedroom (35)	\$ 962	\$1,102
3 bedroom (6)	\$1,090	\$1,301

The developer of the Edge at Gray's Landing is Sherman Associates, 233 Park Avenue S, Suite 201 Minneapolis, MN 55415. The development will be owned by Edge at Gray's Landing LLC. The general contractor will be Knutson Construction with offices in Iowa City and Cedar Rapids.

Projects submitted were also eligible to be awarded funding for storm water management improvements over and above the Green Streets standards required under the application. Sherman Associates is working with IEDA to finalize storm water management funding for the Edge at Gray's Landing site.

IEDA awarded funding for "shovel ready" projects with financing commitments and an option or ownership commitment for the site. IEDA expects construction to begin by April 1, 2015, after completion of the Environmental Review Record. Construction of the project should take approximately one (1) year. Davis-Bacon wage requirements apply to the project.

PREVIOUS COUNCIL ACTION(S):

Date: August 25, 2014

Roll Call Number: [14-1327](#)

Action: [Submittal](#) of two applications for multi-family housing projects to the IEDA for CDBG-DR Round VI Funding. ([Council Communication No. 14-426](#)) Moved by Gatto to adopt and to select the following projects for submittal to the IEDA for approval of CDBG-DR Round VI funding: 1st Priority, Eagle View Lofts project by Hansen Real Estate Services. Motion Carried 7-0. 2nd Priority, The Edge at Gray's Landing project by Sherman and Associates was moved by Moore to adopt. Motion Carried 5-2. Nays: Gatto and Hensley.

Date: July 15, 2013

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

Action: [Amendment](#) #15 to the Des Moines 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 No. 13-370](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 20, 2013

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

Action: [Approve](#) the submittal of two (2) applications for multi-family housing projects to the IEDA for 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: [09-0645](#)

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:

Approval of CDBG-DR required after designs approved through Urban Design Review Board and successful Environmental Review Record publication and release of funds.

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