

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: September 14, 2015
	Agenda Item No. 38 Roll Call No. <u>15-1523</u> Communication No. <u>15-482</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Resolution Approving \$3,750,000 Community Development Block Grant – Disaster Recovery Loan (CDBG-DR) and Contract Documents for Development of 90 units of Housing at The Edge at Gray’s Landing, 406 SW 9th Street with Edge at Gray’s Landing LLC. (George Sherman and Associates) and approving Intercreditor and Subordination Agreement with American National Bank and The Edge at Gray’s Landing LLC.

SYNOPSIS:

This action approves CDBG-DR documents for the Edge at Gray’s Landing. On August 25, 2014, by Roll Call No 14-1327, the City Council approved submission of a \$3,000,000 grant request to the Iowa Economic Development Authority (IEDA) and the funding was approved. Funding was increased by IEDA to allow for storm water management enhancements above and beyond what is generally installed by a developer under the Iowa Green Streets criteria.

The Edge is to be developed by George Sherman Associates, 223 Park Avenue S, Suite 201, Minneapolis, MN, 55415. The Environmental Review Record has been completed and the City has received a release of funds from IEDA. Construction is scheduled to begin on the Edge in late September.

The Edge is located at the NE corner of Tuttle and SW 9th Streets. It will consist of 90 units of housing, 46 of which are reserved for households under 80% of median income with controlled rents for a period of 10 years.

FISCAL IMPACT:

Amount:

- \$3,000,000 for housing construction; \$61,224 City Administration
- \$750,000 Storm water management funds

Funding Source: IEDA – CDBG-DR funding is reimbursed to the City of Des Moines.

ADDITIONAL INFORMATION:

In July of 2014, George Sherman and Associates applied to the City for CDBG-DR funding for a 90 unit multi-family rental housing development. The development is named The Edge at Gray’s Landing and is located at 406 SW 9th Street. Sherman and Associates proposed The Edge as a piece

of the overall development of Gray’s Landing formerly known as River Point West. Other developments at Gray’s Landing are the Nexus, a fully market rate rental development of 142 units adjacent to the Edge, plus a Gray’s Lake Office Park building and a 121 room Holiday Inn. The construction of Tuttle Street to serve the developments is currently underway.

On August 25, 2014, by Roll Call No 14-1327, the City Council approved submission of The Edge CDBG-DR application to IEDA and the funding was approved. On February 9, 2015 and March 23, 2015, by Roll Call No 15-0207 and 15-0503, the City Council amended Contract no 08-DRH-209 between the City of Des Moines and the IEDA to accept a \$3,000,000 grant for construction of the housing and an additional \$750,000 for storm water management enhancements.

The Edge will consist of the following bedroom sizes with the following market rents. The number of affordable units are proportional to the number of overall bedroom sizes.

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

The Edge Project will total \$16.07 million and will use Work Force Housing Tax Credits as well as 10 year tax abatement in its financing.

Uses:		Sources:	
Acquisition	\$500,000	First Mortgage	\$7,810,000
Construction & Site Work	\$12,371,298	Tax Abatement Mortgage	\$1,200,000
Construction Contingency	\$494,852	WF Housing Credit Equity	\$930,000
Professional Fees	\$481,300	Owner Equity	\$2,290,050
Interim Costs	\$364,000	CDBG-DR	\$3,000,000
Soft Costs	\$258,500	CDBG-DR Stormwater	\$750,000
Developer Fee (Deferred)	\$1,400,000	MidAmerican Rebates	\$90,000
Financing Costs	\$200,100		
Total Uses	\$16,070,050	Total Sources	\$16,070,050

On August 10, 2015, by Roll Call No. 15-1386, the City of Des Moines approved Preliminary Terms for the Second Amended and Restated Development Agreement between the City and Riverpoint West, LLC. The need for an additional amendment to the agreement resulted from extraordinary development costs due to significant earthwork throughout the development area and unanticipated major utility costs on the construction of Tuttle Street. The Edge parcel is a part of the overall Riverpoint West development, but the funding and requirements of the CDBG-DR program are separate and distinct.

PREVIOUS COUNCIL ACTION(S):

Date: August 10, 2015

Roll Call Number: [15-1386](#)

Action: [Preliminary](#) terms for a Second Amended and Restated Urban Renewal Development Agreement with River Point West, LLC for the redevelopment of the Riverpoint West Redevelopment Area. ([Council Communication No. 15-452](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: March 23, 2015

Roll Call Number: [15-0503](#)

Action: [Amendment](#) to CDBG-DR Contract for additional stormwater funding for the Edge at Gray's Landing Project and to update the Wilkins Building (713 Walnut) project requirements. ([Council Communication No. 15-131](#)) Moved by Gray to adopt. Motion Carried 6-1.

Date: February 9, 2015

Roll Call Number: [15-0207](#)

Action: [Amendment](#) to CDBG-DR Contract for additional funding for the Edge at Gray's Landing Project. ([Council Communication No. 15-064](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: August 25, 2014

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

Action: [Submittal](#) of two (2) 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: 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):

Board: Urban Design Review Board

Date: April 21, 2015

Resolution Number: N/A

Action: Motion for final approval as presented by Mormann. Seconded by Nagle. Yes: 7; No: 0;
Absent: 3.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Amendment to the contract 08-DRH-209 between IEDA and the City for extension of time to complete projects to December 31, 2016.

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