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|  <p style="text-align: center;"><b>Council<br/>Communication</b><br/>Office of the City Manager</p> | <b>Date:</b>             | February 22, 2016                                      |
|  | <b>Agenda Item No.</b>   | <b>59C</b>   |
|  | <b>Roll Call No.</b>     | <b><u>16-0344</u></b>                                  |
|  | <b>Communication No.</b> | <b><u>16-079</u></b>                                   |
|  | <b>Submitted by:</b>     | <b>Matthew A. Anderson,<br/>Assistant City Manager</b> |

**AGENDA HEADING:**

Resolution approving development agreement and Community Development Block Grant Disaster Recovery (CDBG-DR ) contracts with Eagle View Lofts, LLC for the development of 120 units of housing located at 712 SE 6th Street (SE 6th and Shaw Streets), and approving proposed Conceptual Development Plan.

**SYNOPSIS:**

Eagle View Lofts, LLC (Troy Hansen, Managing Member 5665 Greendale Road Suite A, Johnston, Iowa 50665) proposes construction of an \$18 million, 120 unit apartment project at SE 6th and Shaw, directly adjacent to the Allen Park Community Gardens site. The project was recommended by City Council for an Iowa Economic Development Authority (IEDA) CDBG-DR award, and will incorporate green infrastructure elements and high performance building standards under the Iowa Green Streets program criteria.

Increased construction costs, in addition to unanticipated site constraints including significant fiber optic and water line issues, prompted the development agreement proposing the land sale proceeds to be provided through a forgivable loan to assist the front end costs of the project. Eagle View Lofts, LLC has committed to work with the City on development of the Allen Park Community Gardens, contributing an estimated \$118,000 of in-kind grading and paving work. By separate action, City Council will consider the agreement for a parks land sale and ongoing parking for Allen Park gardeners provided by Eagle View Lofts, LLC.

**FISCAL IMPACT:**

Amount: \$251,350 forgivable loan; \$3,000,000 of CDBG-DR funds for housing with \$225,000 and possibly up to an additional \$100,000 of CDBG-DR funds for low impact storm water management strategies and improvements required under the Iowa Green Streets program. The project will be eligible for 10 year 100% residential tax abatement.

Funding Source: Land Sale proceeds; The IEDA will reimburse the City for the housing and storm water costs.

**ADDITIONAL INFORMATION:**

- The Eagle View Lofts will be a 120-unit affordable and market rate housing development. The structure is six (6) stories tall with dwelling units located on six (6) of those floors and 35

sheltered parking spaces located at the ground level. The building will consist of 66 efficiency units and 54 1-bedroom units.

- Of the 120 units, 62 will be affordable to households at or below 80% of the area median income for a period of 10 years from completion. The other 58 units will be market rate. Under the terms of the CDBG-DR agreement the affordable units must rent for less than the 65% HOME rent minus any tenant paid utilities.
- Hansen Real Estate Services, Inc. worked with City staff and IEDA to satisfactorily resolve numerous obstacles in the project last summer and early fall that added to time and costs of the project. These issues included:
  1. A fiber optics line that needs to be moved or establish easements to build over;
  2. Des Moines Water Works required a larger no-build easement on either side of a water line running through the site;
  3. The buildable land was diminished and new architectural drawings, site plan, engineering work, etc. was required; and
  4. An archaeological dig was required to complete the Environmental Review Record for the CDBG-DR funds.
- On October 16, 2015, Eagle View Lofts, LLC was notified that the housing project would not receive \$1,000,000 of state Brownfield/Greyfield credits which would have amounted to an additional \$900,000 of sources.
- On February 9, 2016 the Hansen's and City Staff met with staff members of IEDA to discuss an extension for completion of the project. The IEDA is trying to have all projects across the state completed by December 2016 because of reporting deadlines and rigorous monitoring by HUD. However, because of the late award, IEDA will continue to work with Eagle View Lofts, LLC on completing work in the early spring and renting the units in the late spring.
- The project is nearly \$2 million over originally projected construction costs, and Hansen's have incurred significant professional services costs while working to keep the project moving forward. They have remained committed to the contribution of nearly \$118,000 in grading and paving work for the Allen Park Community Garden site, which is a cost savings to the City. OED is proposing a forgivable loan in the amount of \$251,350 that will assist with front end project costs.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: July 13, 2015

Roll Call Number: [15-1152](#)

Action: [Amendment](#) #15 to the Des Moines Community Development Block Grant – Disaster Recovery (CDBG-DR) Contract with the Iowa Economic Development Authority (IEDA) for the Eagle View Lofts Project. ([Council Communication No. 15-368](#)) Moved by Gatto to adopt. Motion Carried 7-0.

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

Board: Urban Design Review Board

Date: September 25, 2015

Resolution Number: N/A

Action: Approve final design as presented Yes=7; No=1; Abstain=1; Absent=0.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Set closing date on sale of land.
- Issuance of Certificate of Completion.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).