

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 12, 2017
	Agenda Item No. 36 Roll Call No. <u>17-0986</u> Communication No. <u>17-462</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Approving first amendment to the Neighborhood Stabilization Program (NSP) Agreement with Neighborhood Development Corporation (NDC) for 1938 SE 6th Street (Sevastopol Station), Assumption of Agreement by Sevastopol Property, LLC and Subordination of Mortgage Lien to allow for sale of property.

SYNOPSIS:

- The purpose of this action is to allow the sale of Sevastopol Station at 1938 SE 6th Street by the NDC to Sevastopol Property, LLC.
- The NDC developed Sevastopol Station in 2011 using acquisition funds from the NSP. The Executive Director of the NDC is Abbey Gilroy, 3209 Ingersoll Avenue, Suite 205, Des Moines, IA 50312.
- The NDC is proposing to sell the property to Sevastopol Property, LLC, Xinhui Xiao, 1534 E. Grand Avenue, Suite B Des Moines, Iowa 50316.
- This action amends the original Program Agreement with the NDC to clarify that the acquisition qualified under area benefit as the census tract has over 50% of the households under 120% of area median income according to HUD, allows assumption of the agreement by Sevastopol Property, LLC, and subordinates the NSP Lien to the new primary mortgage lender.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- By Roll Call No. 09-996 on June 8, 2009, the City of Des Moines entered into a Contract with the Iowa Economic Development Authority (IEDA) to administer federal funds from of the NSP a part of the Housing and Economic Recovery Act of 2008, Public Law 110-289, as amended.
- As part of the program, the City provided \$68,846 of funding to the NDC for acquisition of a vacant site at 1938 SE 6th to be used for redevelopment of a mixed-use building that included housing.
- The NDC developed the site as 12 units of rental housing and 5,412 square feet of commercial space and now proposes its sale.

- The purchaser of the property is Xinhui Xiao, 1534 E. Grand Avenue, Suite B Des Moines, Iowa 50316 who also owns property originally developed by the NDC at 1534 E. Grand Avenue.
- Mr. Xiao, under the corporate name of Sevastopol Property, LLC, is buying the property for \$1.17 million and will put in \$262,000 of equity.
- He has adequate operating funding to maintain the property on a short-term basis and will include a capital reserve fund for major expenditures.
- Mr. Xiao has maintained and operated his other properties in conformance with program requirements and City ordinances including La Placiata Shopping Center on East Grand Avenue.

PREVIOUS COUNCIL ACTION(S):

Date: June 8, 2009

Roll Call Number: [09-0996](#)

Action: [Neighborhood](#) Stabilization Program Contract with the Iowa Department of Economic Development (IDED). Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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