

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 12, 2017
	Agenda Item No. 34 Roll Call No. <u>17-0984</u> Communication No. <u>17-472</u> Submitted by: Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution approving First Amendment to Development Agreement with Eagle View Lofts, LLC for the redevelopment of property located at SE 6th and Shaw Street.

SYNOPSIS:

On February 22, 2016 by Roll Call No. 16-0344, City Council approved several actions related to the Eagle View Lofts, LLC project (Troy Hansen, Managing Member 5665 Greendale Road Suite A, Johnston, Iowa 50665) for the \$18 million construction of 120 mixed-income apartment units at SE 6th and Shaw, directly adjacent to the Allen Park Community Gardens site. Eagle View Lofts, LLC worked with the City on development of the Allen Park Community Gardens in conjunction with the development project, contributing an estimated \$118,000 of in-kind grading and paving work and ongoing parking.

The project was recommended by City Council for an Iowa Economic Development Authority (IEDA) CDBG-DR award, and has incorporated green infrastructure elements and high performance building standards under the Iowa Green Streets program criteria as required under this funding source. The project encountered numerous construction and utility obstacles in 2015 and 2016, as well as an increase of over \$2 million from the original construction costs. The Office of Economic Development (OED) worked with Eagle View Lofts, LLC to structure a \$251,350 forgivable loan from land sale proceeds to assist the project through these issues and allow construction to move forward in 2016.

These issues added additional time to the construction schedule for the project. IEDA has worked with Eagle View Lofts, LLC to extend the date for project completion under the IEDA agreement from July 1, 2017 to September 30, 2017. This Council action would propose the same completion date for the City’s development agreement and does not alter any other original terms of the agreement.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- Eagle View Lofts is 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.
- Eagle View Lofts, LLC worked with City staff and IEDA to satisfactorily resolve numerous obstacles in the project in 2015 and 2016 that added to time and costs of the project. These issues included:
 1. A fiber optics line that needed 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
 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.
- The project was nearly \$2 million over originally projected construction costs, and Eagle View Lofts, LLC incurred significant professional services costs while working to keep the project moving forward.
- The addition of the City's Economic Development forgivable loan in 2016 provided the final element in the ability for the project to move forward.

PREVIOUS COUNCIL ACTION(S):

Date: February 22, 2016

Roll Call Number: [16-0341](#), [16-0342](#), [16-0343](#), [16-0344](#), and [16-0345](#)

Action: On vacation and conveyance of an estimated 0.61 acres of Allen Park to Eagle View Lofts, LLC for \$1 in exchange for a perpetual easement for public ingress-egress, parking and dumpster space dedicated for Allen Park users. (Continued from February 8, 2016). ([Council Communication No. 16-086](#)) Moved by Gatto to adopt. Motion Carried 7-0.

- (A) [First](#) consideration of ordinance above. Moved by Gatto that this ordinance be considered and given first vote for passage. Motion Carried 7-0.
- (B) [Final](#) consideration of ordinance above (waiver requested by Troy Hansen), requires six (6) votes. Moved by Gatto that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#15,449](#). Motion Carried 7-0.
- (C) [Approving](#) Development Agreement with Eagle View Lofts, LLC for the redevelopment of property located at SE 6th Street and Shaw Street, and approving Conceptual Development Plan. ([Council Communication No. 16-079](#)) Moved by Gatto to adopt. Motion Carried 7-0.

(D) [Approving](#) \$3,225,000 Community Development Block Grant-Disaster Recovery Loan and Contract Documents for development of 120 units of housing at 712 SE 6th Street with Eagle View Lofts, LLC. 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:

- Certificate of Completion for the project by City Council.

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