

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 18, 2017
	Agenda Item No.	54A
	Roll Call No.	<u>17-2180</u>
	Communication No.	<u>17-846</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Resolution approving Master Subordination Agreement and Estoppel Certificate for Refinancing of Woodland Avenue Brickstones at 1501 Woodland Avenue.

SYNOPSIS:

- Woodland Avenue Partners, L.P. (Jack Hatch, Agent on behalf of the general partner, Neighborhood Investment Corporation, Jack Porter/President, 1620 Pleasant Street, Des Moines, IA) has requested approval of continued subordination of the City mortgages to a new primary mortgage for the project.
- The proposed \$1.6 million first mortgage with Iowa Trust & Savings Bank will refinance the previous first mortgage at a significantly lower interest rate with a 30-year amortization, which will significantly reduce the project’s annual debt service making it a stronger project financially.
- The Iowa Trust & Savings Bank (ITSB) is refinancing the East Village Square Apartments as well as the Woodland Avenue Brickstones. Woodland Avenue Brickstones has a debt ratio of less than 1.15 and the ITSB is willing to complete the refinance for the Brickstones if it also refinances East Village Square Apartments, which has significant reserves.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- Woodland Avenue Brickstones is a 56-unit apartment project located at 1501 Woodland Avenue. The building features 16 affordable units and 50 market rate units. The units are a mixture of one (1) and two (2) bedrooms.
- The project was the first undertaken by the non-profit Neighborhood Investment Corporation (NIC). NIC is a neighborhood focused housing entity with a commitment to reinvest a portion of the project’s net income back into the neighborhoods as well as build overall capacity for future community projects.
- The Brickstones’ Development Agreement, approved by City Council on August 19, 2002 by Roll Call No. 02-2077, authorized an \$183,757 Economic Development Grant based on the amount of revenue generated after the ten-year 100% tax abatement had expired. The City’s Covenants associated with the Economic Development Grant are not subordinated.

- The City's affordability covenants associated with the HOME loan are not subordinated nor affected by the refinance. The City's HOME mortgage is a \$242,110 loan, with an interest rate set at the applicable federal rate at the time the money was used.
- The City's HOME loan remains in third position behind the primary lender and the Neighborhood Finance Corporation (NFC).
- Woodland Avenue Brickstones has been monitored annually for HOME compliance with no findings.
- The HOME repayment comes from cash flow. Annual financial reports have been submitted but no payment has been made since the expiration of tax abatement.
- Other lenders with an interest in Woodland Avenue Brickstones include the NFC, Iowa Finance Authority HOME loan, and the Polk County Housing Trust Fund.

PREVIOUS COUNCIL ACTION(S):

Date: August 19, 2002

Roll Call Number: 02-2077 and 02-2078

Action: 02-2077 55. Development Agreement with Woodland Avenue Partners, L.P. and U.S. Bancorp Community Development Corporation for development of Woodland Avenue Brickstone Apartment Project for at least fifty-four (54) dwelling units in vicinity of 15th and Woodland Avenue. ([Council Communication No. 02-446](#)). Moved by McPherson to adopt. Motion Carried 6-1.

02-2078 (A) Execution of Home Investment Partnerships Program Project Agreement for Woodland Avenue Brickstone Development Project. Moved by McPherson to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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 Administration Building, 400 E. Court Avenue Ste.116. 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.