


# COUNCIL COMMUNICATION

	Number:	<b>24-107</b>	Meeting:	<b>March 18, 2024</b>
	Agenda Item:	<b>26</b>	Roll Call:	<b>24-0419</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Approval of Community Development Block Grant (CDBG) award of \$1,000,000 to Ellipsis, Inc. for the rehabilitation of 5525 Meredith Drive into supportive living and qualified residential treatment facilities for foster youth.

## SYNOPSIS:

Ellipsis, Inc is planning rehabilitation and adaptive reuse of the Meredith Building, located at 5525 Meredith Drive. The activity shall include the renovation of the two (2)-story building to support their new campus. The campus is designed to build the continuum of care for Iowa foster youth by filling identified gaps in capacity for residential services and providing high-quality settings that contribute to skill-building and long-term independence.

CDBG funds from the City of Des Moines will assist in funding the construction costs of the facility. To meet the CDBG National Objectives, at the conclusion of the activity, Ellipsis will provide documentation that the population served is of a Limited Clientele (LMC), who are or are presumed to be low- to moderate-income.

## FISCAL IMPACT:

Amount: \$1,000,000

Funding Source: CDBG from the U.S. Department of Housing and Urban Development (HUD)

## ADDITIONAL INFORMATION:

- A preliminary commitment was provided to Ellipsis on October 23, 2023. A full commitment was contingent upon staff review of the full project application and other administrative requirements for CDBG. Ellipsis has since met these requirements.
- This activity required a full environmental assessment and public notice of the assessment. This occurred in the Fall of 2023. On December 23, Neighborhood Services was granted An Authorization to Use Grant funds by HUD, completing the environmental review process. The total project cost is estimated to be \$4,899,108. This number does not include supportive services or ongoing operations. CDBG funds will fund items associated with the hard construction costs.

- Various other sources are included within this project, including Ellipsis foundation dollars, a preliminary Prairie Meadows grant, a first mortgage which was used on acquisition, and private donations. Commitment letters from each of these sources have been obtained by Neighborhood Services staff.
- This activity will be subject to Davis Bacon Labor Act, or federal wage requirements, as well as Section 3 hours reporting. Ellipsis intends to comply with required contract language requirements for contractors and subcontractors and will work with the City on certified payroll reporting and Section 3 labor hours during the activity.
- CDBG funds require at least 51% of beneficiaries, i.e. persons, are considered low- or moderate-income. As a public facility, this threshold can be met by providing services to LMC assumed to be low-income. Foster children meet this requirement. And to meet it, after construction, Ellipsis must provide documentation that their clientele meets the CDBG LMC requirements. This is to be requested each year during the compliance period.
- A restrictive covenant will be placed on the property, placing a 15-year compliance period for the purpose of ensuring that the facility serves a LMC group throughout this period.
- Meredith Campus is one (1) portion of a larger project by Ellipsis' Foundation and most recent fundraising campaign. CDBG funds will be applied solely to the Meredith Campus portion of the project.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 23, 2023

Roll Call Number: [23-1432](#)

Action: [Preliminary](#) commitment of \$1,000,000 of CDBG funds for the Ellipsis Campus at 5525 Meredith Drive. ([Council Communication No. 23-471](#)) Moved by Gatto to adopt. Second by Voss. Motion Carried 6-0.

**BOARD/COMMISSION ACTION(S): NONE****ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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