

Date July 10, 2006

RESOLUTION APPROVING SECOND AMENDMENT TO DEVELOPMENT AGREEMENT FOR EAST VILLAGE SQUARE APARTMENTS

WHEREAS, On December 6, 2004 by Roll Call No. 04-2661, the City Council approved an Urban Renewal /Development Agreement with East Village Square Apartments, L.P. (the "Developer", whereby the Developer agreed to construct an apartment building and associated surface parking at the southwest corner of E. 4<sup>th</sup> Street and E. Grand Avenue; and,

WHEREAS, pursuant to the Development Agreement the City agreed to provide certain financial incentives for the project, including a deferred repayment Economic Development Loan in the amount of \$2,555,795 and a HOME Program Loan in the amount of \$1,050,000; and

WHEREAS, the Development Agreement provides that the HOME Loan is to be funded with \$800,000 of State HOME funds, and \$250,000 of City HOME funds; and

WHEREAS, on March 7, 2005, by Roll Call No. 05-612, the City Council approved HOME Master Contract No. 04-HM-130, HOME Fund Agreement No. 04-HM-130-731, and an Agreement for Covenants and Restrictions with the Iowa Department of Economic Development "IDED" to obtain the State HOME Funds on this project; and

WHEREAS, on July 18, 2005 by Roll Call No. 05-1684, the City Council approved a First Amendment to the Development Agreement to 1)change the conditions for release of the proceeds of the Economic Development Loan and HOME Program Loan, 2)change the provisions regarding the repayment and security for such loans, and 3)enter into the East Village Square Apartments Master Subordination Agreement and Estoppel Certificate addressing the priority of the liens and interests of all the various parties providing funding for the project; and

WHEREAS, the Developer has now requested an additional \$50,000 of HOME funds in order to provide two additional HOME units that are affordable to households below 50% of area wide median family income;

WHEREAS, the Developer has further requested an amendment to the number of bedrooms in the designated HOME units to allow six (6) studio apartments, and twelve (12) one-bedroom apartments;

( continued )

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WHEREAS, staff has reviewed the developers request, and has determined that it meets the eligibility requirements of the HOME program;

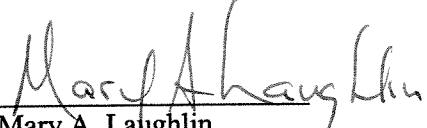
WHEREAS, staff has worked with the IDED and received a letter dated June 30, 2006 acknowledging these changes to the HOME agreement and their eligibility for HOME funding.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines that Amendment Two to the Developer Agreement on file with the City Clerk is hereby approved and the Community Development Director of the City of Des Moines or his designee is authorized to execute this amendment.

(Council Communication No. 06- 421 )

MOVED by \_\_\_\_\_ to adopt.

FORM APPROVED:

  
 Mary A. Laughlin  
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BROOKS				
COLEMAN				
HENSLEY				
MAHAFFEY				
KIERNAN				
VLASSIS				
TOTAL				

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

\_\_\_\_\_  
 Mayor

\_\_\_\_\_  
 City Clerk