



Date January 8, 2018

APPROVAL OF BLIGHTED PROPERTY REHABILITATION (BPR) PROGRAM AND PROGRAM POLICY

WHEREAS, according to the 2010 U.S. Census, there are approximately 2,100 vacant residential housing units, many of which are in danger of becoming blighted and which have a negative impact on the quality of City neighborhoods; and

WHEREAS, the proposed Blighted Property Rehabilitation (BPR) Program, to be administered by the Community Development Department, is designed to provide financial assistance to investors, non-profit organizations, and other qualified developers for projects involving the acquisition, demolition and/or rehabilitation of vacant, abandoned and/or blighted residential properties in the City of Des Moines; and

WHEREAS, applicants and projects will be approved in accordance with the requirements set forth in the Blighted Property Rehabilitation Program Policy on file in the City Clerk's Office; and

WHEREAS, the Program will provide financial assistance of a total of \$100,000 per year funded through the Capital Improvements Program, with project contracts in amounts up to and including \$50,000 each to be approved and executed by the City Manager following approval as to form by the Legal Department, and project contracts in excess of \$50,000 each to be submitted to City Council for consideration and approval.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the Blighted Property Rehabilitation (BPR) Program, and the Program Policy as on file in the City Clerk's Office, are hereby approved; the Community Development Department is authorized and directed to administer the Program in accordance with the Program Policy; and the City Manager is authorized and directed to execute Program project contracts up to and including \$50,000 each following approval as to form by the Legal Department, and to submit contracts in excess of \$50,000 each to City Council.

(Council Communication No. 18-013)

MOVED BY _____ TO ADOPT.

APPROVED AS TO FORM:

Glenna K. Frank, Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, COLEMAN, GATTO, GRAY, MANDELBAUM, WESTERGAARD, and TOTAL.

MOTION CARRIED APPROVED

Mayor

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.

City Clerk

Blighted Property Rehabilitation (BPR) Program Policy

1. Purpose. The Blighted Property Rehabilitation (BPR) Program is designed to provide financial assistance for acquisition, demolition and/or rehabilitation of vacant, abandoned and/or blighted residential properties in the City of Des Moines. The program, operated by the Community Development Department, will be open for eligible applicants as defined herein. Program participants will be required to sign the City of Des Moines' contract and will be subject to terms set forth therein. The program will provide gap funding for projects and enable rehabilitation of housing stock, enhancing distressed areas and increasing surrounding property values.

2. Eligible Property. Projects considered for participation in the BPR program may include any residential property located within the geographic boundaries of the City of Des Moines that is considered blighted, or blighted due to being vacant or abandoned, as determined by the City's BPR Program review committee described herein.

3. Eligible Applicants. To be eligible to apply for BPR program assistance for one or more project(s), an applicant must either be prequalified to participate or meet the pre-qualification requirements.

A. In order to become a prequalified investor on the BPR Program's Prequalified Investor list, an applicant must complete an application form and submit the following information for review and approval by the BPR Program review committee, and said committee must determine that the applicant demonstrates relevant housing and redevelopment experience and financial resources based on said information:

(1) For-Profit Investors:

- a. Organizational Structure
 - Description of the primary development team and any personnel, including individual expertise
- b. Housing and/or redevelopment experience in the City of Des Moines or elsewhere in a similar market
 - Provide examples of at least two projects of similar scope, include descriptions of team members and partners and levels of involvement, as well as project timelines
 - Description of any financial packages used in comparable projects
 - References, including contact information, for each example project
- c. Demonstration of financial capability
 - Letter of good standing from a recognized financial institution/bank
- d. Information on proprietary or joint holdings in all LLCs or business ventures in or elsewhere in a similar market in Iowa

(2) Non-Profit Organizations

- a. Evidence of the organization's 501(c)(3) status
- b. Organizational Structure
 - Composition of the organization's Board and details of current Board members

- Description of the primary development team and any personnel, including individual expertise
- c. Housing and/or redevelopment experience in the City of Des Moines or elsewhere in a similar market
 - Provide examples of at least two projects of similar scope, include descriptions of team members and partners and levels of involvement, as well as project timelines
 - Description of any financial packages used in comparable projects
 - References, including contact information, for each example project
- d. Demonstration of financial capability
 - Letter of good standing from a recognized financial institution/bank
 - Audited financial statements (last 2 years)

B. A person or entity who is not included on the BPR Program Prequalified Investor list may be eligible to apply for BPR program assistance for one or more project(s) if the person or entity submits information that meets the requirements stated above of the prequalified investor, and demonstrates relevant housing and redevelopment experience and financial resources based on said information, as determined by the BPR Program review committee.

C. Applications for prequalification or for project(s) from individuals/agencies/entities that have unpaid property taxes, water/sewer charges or assessments, outstanding judgments held by the City of Des Moines, and/or any unaddressed Federal, State or Local code violations on any property owned in the City of Des Moines will not be accepted.

4. BPR Program Project Applications.

A. Subject to availability of funds, applications for the BPR Program will be accepted and reviewed by the BPR Program review committee throughout each fiscal year. Subject to the availability of funds, the City of Des Moines may set additional application deadlines before the end of each fiscal year.

B. *Proposal discussion process.* A proposal discussion meeting will be held by appointment at the City offices between the applicant and representatives from the Community Development Department prior to application for each project. The purpose of the meeting is to discuss proposed project and develop project specifics and to ensure that all teams understand the programmatic design and financing information. Applications for proposal discussion meeting shall include the following information:

- (1) A written scope of work that includes details of the subject property and ownership, a narrative describing the project, site plan sketch, any immediate health and safety concerns, code violation status and needed city assistance

C. Applications for all forms of program assistance will be reviewed by the BPR Program review committee for completeness and eligibility. If additional information is required, the applicant shall be provided with notice to submit additional information. Applications shall be considered on a "first-come, first-served" basis in the order that complete applications are received.

D. Applications for the BPR Program are available upon request from Community Development Department Director, 602 Robert D. Ray Drive, Des Moines, Iowa 50309. Application and additional information is also available on the City's website.

E. Complete applications will be assessed according to the criteria set forth herein. Assistance to selected projects will be based on this assessment and the overall feasibility of the project.

- (1) *Application Requirements.* Every application for program assistance by a pre-qualified investor, or by any other applicant that is determined by the BPR Program review committee to meet the requirements set forth for pre-qualification, shall include a completed program application form, and the following information, and any other information that the BPR Program review committee deems necessary in order to process and review the application. An application shall be considered received by the City only if the City deems it to be complete.
- a. Property details
 - i. Location including address, legal description and ownership
 - ii. Vacant and/or abandoned and/or Blighted status
 - iii. Applicable history of the property
 - iv. Current tax status
 - v. Connection to surrounding area (how the property fits in the area/neighborhood)
 - vi. Pictures of the property
 - b. Rehabilitation Plan
 - i. Design and detailed rehabilitation plan
 - ii. Rehabilitation schedule and timeline
 - iii. Future plan for sale: Developer should delineate a plan for the rehabbed property (sale or rent) and an approximate sale price/rent to the end buyer/tenant.
 - c. Financing requirements
 - i. Approximate cost of project
 - ii. Evidence of available financing
 - iii. Gap funding information
 - iv. Assistance requested of the City and intended use of any financial assistance received from the City.
 - v. Certificate of liability insurance, as required by the City including City indemnification.
 - d. Narrative – A statement of purpose that describes the impact of the project in addressing blight, improving neighborhood quality and demonstrating the need for City assistance.
 - e. Organizational Information
 - i. Evidence of Prequalification
 - ii. All information as required for pre-qualification
 - f. Assistance requested from the City
 - g. Any other information deemed necessary by the City of Des Moines to review the application pursuant to this rule.

F. Each complete application for the BPR Program during each established application period will be assessed according to the criteria set forth in this paragraph. Points will be added together and the resulting score averaged with the scores of applications evaluated by all members of the BPR Program review committee. Scoring criteria include:

- (1) The project’s impact in addressing blight/vacancy/abandonment
- (2) Overall feasibility of project (includes financing plan and scope of rehabilitation)
- (3) Design and quality of proposed rehabilitation
- (4) Requested financial assistance
- (5) Return on Investment information
 - a. The project’s overall impact on the neighborhood
 - b. Projected sales price of the property vs total cost of the project
 - c. Projected increase in assessed value/tax base

5. Eligible Forms of BPR Program Assistance.

- A. *Financial assistance.* Eligible forms of BPR Program assistance include forgivable loans.
- B. *Limitation on amount.* A financial assistance award under the BPR Program for acquisition, demolition or rehabilitation shall be administered by the City Manager and Community Development Director in conformance with all City ordinances and adopted practices, provided that the City Manager shall be authorized to award contracts not to exceed \$50,000 per project, and the City Council shall award and authorize execution of such contracts in excess of \$50,000.
- C. Award amounts are dependent on the amount of funding available and the capacity of the applicant to undertake the planned activities, as determined by the City.
- D. *Allowable use of funds:* Program funds may be used for rehabilitation work and any design requirement as deemed necessary to the overall project by the BPR Program review committee.

6. Contracts and Administration of Awards

- A. The BPR Program will be administered by the Community Development Department, with direction and contract approval from the City Manager and the City Council as applicable.
- B. The City of Des Moines and any selected BPR Program participant will enter into a contract stating the terms of the BPR program and all terms applicable to the subject project, which may include an on-site evaluation by City staff of proposed activities.
- C. Any contract executed under the BPR Program shall require the Program participant to comply with all applicable laws, ordinances, regulations and codes as required by the City.
- D. *Project completion.* A project receiving financial assistance under the BPR Program shall be completed within 10-12 months of the date of contract execution unless the City provides additional time, up to 6 additional months, to complete the project in writing in the contract or by contract amendment. If no work on the project has commenced within the contractual timeline, the City may rescind any subsequent payments and/or terminate the contract. Additionally, the Program participant shall lose eligibility to be part of the City’s prequalified list of applicants or to apply for Program

assistance for a period of 3 years from the date of the ineligibility, as determined by the Community Development Department Director.

7. Appeals. Informal written appeals of the BPR Program Review Committee decisions must be filed with the Community Development Director within 10 days of the date of the decision(s), identifying the applicant, proposed project, basis/reasons for appeal, and any other information deemed relevant by the appellant. The Community Development Department Director's written decision to uphold, reverse, or modify the applicable BPR Program Review Committee decision(s) shall be the City's final decision.