



Date September 10, 2018

**APPROVAL OF HOME INVESTMENT PARTNERSHIP PROGRAM
(HOME) AGREEMENT WITH MELBOURNE APARTMENTS IV, LLLP
(\$250,000; 5515 SE 14TH STREET)**

WHEREAS, Melbourne Apartments IV, LLLP (“Developer”), a limited liability limited partnership associated with Hubbell Realty Corporation, has proposed to construct 72 one-bedroom and two-bedroom senior housing units (“Project”), with an estimated total project cost of \$10,876,413, upon the real property located at 5515 SE 14th Street, Des Moines, Iowa, and legally described as:

A portion of the “Future Building Site Unit” in Melbourne Condominiums, a Horizontal Property Regime, now included in and forming a part of the City of Des Moines, Polk County, Iowa, together with the undivided interest in the general and limited common elements appurtenant to such unit as provided in the Declaration of Submission of Property to Horizontal Property Regime for the Melbourne Condominiums, dated September 14, 2009 and filed for record in the Office of the Recorder for Polk County, Iowa on September 15, 2009 in Book 13205 at Pages 629, as amended which is legally described as:

That part of Parcel “A” of a part of Lot 5 of the Official Plat of the Northwest Quarter of Section 26, Township 78 North, Range 24 West of the 5th P.M., now included in the City of Des Moines, Polk County, Iowa, and of a part of Lot 7, Capitol View Acres, an Official Plat, now included in and forming a part of the City of Des Moines, Polk County, Iowa, as shown on that Plat of Survey filed September 15, 2009, in Book 13205 at Pages 606-607 in the Office of the Recorder for Polk County, Iowa, being more particularly described as follows: Commencing at the Northwest Corner of said Parcel “A”; thence South 89° (degrees) 25’ (minutes) 30” (seconds) East, 1315.13 feet along the North line of said Parcel “A” to the Point of Beginning; thence continuing South 89°25’30” East, 194.07 feet along the North line of said Parcel “A” to the Northeast corner of said Parcel “A”; thence South 00°22’14” East, 538.73 feet along the East line of said Parcel “A” to the Southeast corner of said Parcel “A”; thence North 89°08’06” West, 208.61 feet along the South line of said Parcel “A”; thence North 00°56’52” West, 20.51 feet along the South line of said Parcel “A”; thence North 88°34’33” West, 10.15 feet along the South line of said Parcel “A”; thence North 89°52’19” West, 159.36 feet along the South line of said Parcel “A”; thence South 00°16’16” East, 323.14 feet along the South line of said Parcel “A”; thence South 89°58’57” West, 50.00 feet along the South line of said Parcel “A”; thence North 00°16’16” West, 373.27 feet; thence South 89°52’19” East, 138.97 feet; thence North 00°07’41” East, 75.00 feet; thence South 73°20’17” West, 86.55 feet; thence North 89°52’19” West, 106.47 feet; thence North 19°07’12” West, 105.19 feet; thence North 24°13’37” East, 133.49 feet; thence South 89°25’41” East, 259.08 feet; thence North 00°34’22” East, 197.66 feet to the point of beginning; and

WHEREAS, on November 6, 2017, by Roll Call No. 17-1895, the City Council approved a preliminary allocation of HOME Investment Partnership Program (HOME) funds for the Project subject to award of an allocation of Low-Income Housing Tax Credits (LIHTC) in the 2018 Iowa Finance Authority (IFA) round and to completion of an Environmental Review Record per U.S. Department of Housing and Urban Development (HUD) requirements, and authorized the Community Development Director to prepare the applicable HOME Agreement and related documents for City Council consideration and approval following LIHTC award if so approved by IFA; and

WHEREAS, the Developer has received an allocation of LIHTC funds from IFA and the Environmental Review Record has been completed; and



.....
Date September 10, 2018

WHEREAS, the Project will include 10 senior housing units assisted with HOME funds, which units will be required to remain affordable for twenty years from completion of the Project to households at or below sixty percent (60%) of area median income (8 units) and at or below fifty percent (50%) of area median income (2 units); and

WHEREAS, as negotiated in accordance with the preliminary allocation approved by Roll Call No. 17-1895, the HOME Agreement between the City and Developer provides that City's HOME funds in the amount of \$250,000.00 are to be granted in the form of a loan at one percent (1%) interest, with annual payment of interest only with a principal balloon payment at the end of a 20-year loan term; and

WHEREAS, said HOME Agreement and loan documents associated therewith shall be subordinate to the security interests held by Developer's senior mortgage lender, and subject to a Loan Rider required by Developer and its Limited Partner U.S. Bancorp Community Development Corporation ("Limited Partner") requiring non-recourse provisions, General Partner replacement, transfer of interest in the Developer's Limited Partner, replacement of the Project property management agent by the Limited Partner, and purchase rights of Developer's General Partner; and

WHEREAS, City Community Development Department staff has reviewed and found the estimated construction costs and operating costs for the project to be reasonable, the rents to be in conformance with HOME requirements, and the debt-to-income ratio to be in conformance with City guidelines; and

WHEREAS, the Developer is an experienced developer and is contributing financially to the Project through donating the land, providing a 0% interest loan of \$278,915 to the General Partner, deferring \$440,000 of the development fee, and contributing \$96,607 of equity; and

WHEREAS, in accordance with HUD requirements, an Environmental Assessment has been completed and Notice of Finding of No Significant Impact and Notice of Intent to Request a Release of Funds was published in the Des Moines Register on July 7, 2018 with the Authority to Use Grant Funds signed on August 20, 2018.

NOW THEREFORE, BE IT RESOLVED, by the City Council by the City of Des Moines, that:

1. The HOME Agreement between the City and Melbourne Apartments IV, LLLP, for 10 units of affordable senior housing as part of the development project at 5515 SE 14th Street, including the Promissory Note, Mortgage, and Restrictive Covenant, and Loan Rider required by the Developer's Limited Partner, in form on file with the City Clerk, is hereby approved.
2. The Director of the Community Development Department is authorized and directed to sign said Agreement and related documents, and the Community Development Department is directed to record said Agreement and all related documents as applicable.
3. The Community Development Director and his assignees are authorized and directed to administer the HOME Agreement and related documents in accordance with the terms therein; to approve and execute minor amendments thereto; and to present substantive amendments to the City Council for consideration and approval.



Roll Call Number

Agenda Item Number

31

Date September 10, 2018

(Council Comm. No. 18 - 458)

MOVED BY _____ TO ADOPT

FORM APPROVED:

Glenna K. Frank

Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BOESEN				
COLEMAN				
GATTO				
GRAY				
MANDELBAUM				
WESTERGAARD				
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