



Roll Call Number

12-1883

Agenda Item Number

46A

Date December 3, 2012

APPROVAL OF \$3,000,000 COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY LOAN (CDBG-DR) AND \$250,000 HOME INVESTMENT PARTNERSHIPS FUNDING (HOME) LOAN AND EXECUTION OF CONTRACT DOCUMENTS WITH 713 WALNUT, LLC c/o THE ALEXANDER COMPANY FOR DEVELOPMENT OF 120 APARTMENTS

WHEREAS, the Iowa Economic Development Authority (formerly Iowa Department of Economic Development) received Community Development Block Grant Program Disaster Recovery (CDBG-DR) Funds from the United States Department of Housing and Urban Development pursuant to P.L. 110-329, Second Federal Disaster Appropriation to administer under a statewide allocation plan after the disasters of 2008; and

WHEREAS, by Roll Call 09-645 on April 20, 2009; the City of Des Moines entered into contract 08-DRH-209 with the Iowa Economic Development Authority (IEDA) to provide funding for disaster relief in Des Moines; and

WHEREAS, IEDA sent a notice to the City of Des Moines dated March 1, 2010 notifying the City that additional funding was available for creation of new multi-family housing (Rental) within the City of Des Moines; and

WHEREAS, upon receiving the IEDA notice of funding, the City notified developers of multi-family housing (Rental) within the City of Des Moines and asked for proposals; and

WHEREAS, on June 25, 2010, 713 Walnut, LLC c/o the Alexander Company, Inc. of 145 E. Badger Road, Madison WI, submitted an application to the City of Des Moines to use \$3,000,000 of CDBG-DR funding to develop 140 units of housing at 713 Walnut Street, formerly the Younkens Department Store and referred to as the Younkens Housing Development; and

WHEREAS, by Roll Call 10-1096 on June 28, 2010, the City of Des Moines authorized submittal of the Younkens Housing Development proposal to the Iowa Economic Development Authority (IEDA); and

WHEREAS, the City was notified by IEDA that the Younkens Housing Development Proposal was funded and on November 8, 2010 by Roll Call 10-1849, the City of Des Moines approved Major Amendment #4 to CDBG-DR Contract (08-DRH-209) between IEDA and the City to accept the \$3,000,000 award for the Younkens Housing Development; and

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WHEREAS, the project has been difficult to develop and the Alexander Company has had to explore several funding options which have taken time and caused changes to the proposal; and

WHEREAS, the Younkers Housing Development has now changed to 120 units of housing, all of which will be marketed toward persons and families at 60% of median income and will utilize 4% Low Income Housing Tax Credits through the Iowa Finance Authority as a funding source; and

WHEREAS, even with the 4% Low Income Housing Tax Credit Equity, historic federal tax Credits Equity, State Historic Rebate, Enterprise Zone Equity, Brownfield-Grayfield Tax Credit Equity and CDBG-DR funds, there is still a \$250,000 financing gap in the project which will be filled with HOME funds; and

WHEREAS the CDBG-DR loan agreement is structured as a non-receding lien for a period of ten years at which point it is forgiven in full if all the conditions of the funding are met according to the requirements of Community Development Block Grant Disaster Recovery Contract (08-DRH-209); and

WHEREAS, the HOME loan agreement is structured as a \$250,000 loan at 1% interest rate with an annual payment of approximately \$9,000, which loan may be repaid or renegotiated in year 17 of the project when the requirements of the 4% LIHTC have been completed; and

WHEREAS, the City proposes to enter into a loan agreement with 713 Walnut, LLC c/o the Alexander Company for use of \$3,000,000 of CDBG-DR funds and \$250,000 of HOME funds for construction of housing subject to all environmental and cross-cutting provisions required by the CDBG-DR and HOME programs; and

WHEREAS the National Equity Fund is purchasing the Low Income Tax Credits and the Historic Tax Credits, and Citibank N.A. is providing construction and permanent financing, Subordination and/or Subordination, Nondisturbance and Attornment Agreements (SNDA) may be required between the City and the other financier.

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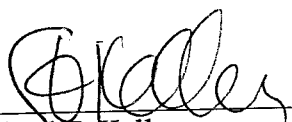
NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Des Moines, Iowa that the Council

1. Approves the HOME and CDBG-DR loan documents between the City of Des Moines and 713 Walnut, LLC, c/o the Alexander Company dependent upon final Environmental approvals; and
2. Approves any subordination and Subordination, Nondisturbance and Attornment Agreements between the City of Des Moines and other lenders depending on final legal department review;
3. Authorizes the execution of all documents by the Director of the Community Development Department.

(City Council Communication No. 12-600)

MOVED BY Hensley TO ADOPT.

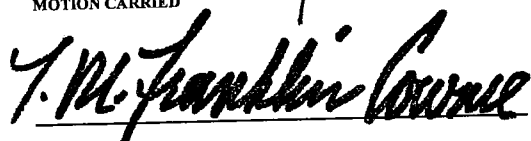
FORM APPROVED:


 Michael F. Kelley
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GRIESS	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MEYER	✓			
MOORE	✓			
TOTAL	7			

MOTION CARRIED

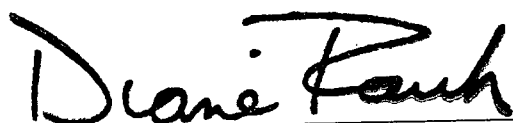
APPROVED


 T. M. Franklin
 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.


 Diane Rauh
 City Clerk