



Roll Call Number

16-0473

Agenda Item Number

26

Date March 21, 2016

**APPROVING SUBORDINATION OF CDBG-DR AGREEMENT AND RESTATED
RESTRICTIVE COVENANTS FOR REFINANCE OF 2000 HIGH STREET
(INGERSOLL SQUARE PARTNERS L.L.C.)**

WHEREAS, on October 22, 2012, by Roll Call No. 12-1622, the City of Des Moines approved a \$3,000,000 CDBG-DR loan and contract documents with the predecessor of Ingersoll Square Partners L.L.C. (Frank Levy and Craig Mettillle)("Developer") to assist with the development of 63 units of housing at 2000 High Street (Ingersoll Phase II); and

WHEREAS, the contract documents for Ingersoll Phase II included a restrictive covenant for affordable housing on 33 of the units and a forgivable mortgage/lien of \$3,000,000, which is to be forgiven at the end of a ten-year period of affordability for low-income housing; and

WHEREAS, in 2007, Developer constructed Ingersoll Phase I, which includes 70 units of housing at 1900 High Street and a retail strip with an address of 1906 Ingersoll Avenue, and which was built with no federal or City funding; and

WHEREAS, the Developer has determined that it is financially and operationally advantageous to combine both projects under one ownership entity, known as Ingersoll Square Partners L.L.C., and to refinance the debt on each property under a HUD guaranteed mortgage 223(f) loan product; and

WHEREAS, the Developer believes that the HUD loan, with a 35-year term and 3.91% interest rate, will add stability, diminish risk and add longevity to the project; and

WHEREAS, in accordance with Contract 08-DRH-209 between the City of Des Moines and Iowa Economic Development Authority, as approved on April 20, 2009 by Roll Call No. 09-645, the refinance requires the approval of the Iowa Economic Development Authority which is currently being sought; and

WHEREAS, City staff is negotiating with the Developer and HUD regarding the form of the subordination agreement and/or revised Restrictive Covenants, as determined applicable by HUD, in order for Developer to timely refinance the projects, which is anticipated to occur prior to March 31, 2016.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The proposed subordination and/or restatement of the CDBG-DR Restrictive Covenants and related agreement and lien(s) between the City and Ingersoll Square Partners, L.L.C., as described and for the purposes stated above, is hereby approved, subject to approval by the Iowa Economic Development Authority.



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- 2. The Mayor is hereby authorized and directed to sign all applicable document(s) on behalf of the City of Des Moines, following approval as to form by the City's Legal Department, and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on said document(s).
- 3. The Community Development Director or his designee is authorized and directed to coordinate with the Developer, the U.S. Department of Housing and Urban Development (HUD), and the Iowa Economic Development Authority to finalize negotiations and closing on the refinance of the projects.

(City Council Communication No. 16-157)

MOVED BY Gatto TO ADOPT.

FORM APPROVED:

Glenna K. Frank
 Glenna K. Frank
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MOORE	✓			
WESTERGAARD	✓			
TOTAL	7			

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
7. M. Franklin Council Mayor

Diane Rauh
 City Clerk