Council Communication

Department: Community Development	Resolution No.: 24 -	City Council: March 11, 2024 Public Hearing: March 25, 2024

Subject/Title

Public hearing on the proposal to enter into a Development Agreement with Spin Lofts, LLC for the construction of a multi-family housing development.

Background/ Discussion

Background

In 2009, the City began acquisition and demolition of structures on the 3.0 acres of land located at 21st Avenue and South 6th Street utilizing Community Development Block Grant (CDBG) and Neighborhood Stabilization (NSP) funds. The properties were considered blighted and/or in foreclosure at the time.

After demolition and the release of a Request for Proposals (RFP), a proposal from CommonBond Communities was chosen. In November of 2012, Wabash Place LLLP entered into a purchase agreement with the City of Council Bluffs for the purchase of this property to develop an affordable multi-family housing project. However, after two unsuccessful Low Income Housing Tax Credit (LIHTC) applications, one Community Development Block Grant – Disaster application and two extensions on closing, the City of Council Bluffs terminated the purchase agreement with Wabash Place LLLP as of January 15, 2015. Then the City re-advertised the availability of the land in August 2015 and received two proposals. J Development was selected from the RFP process; however, this developer eventually withdrew their submittal siting the land was too low and that a significant amount of dirt would have to be brought onto the site to elevate the property. Because of the restrictions on NSP funding through the State of Iowa, it was determined the property would remain vacant until 2022 to release these requirements.

Because CDBG funds were used as well, the City must meet the Housing and Urban Development (HUD) performance measure of creation of affordable housing on the property. This means at least 51% of all units constructed on the site must be rented/sold to persons at or below 80% of the median family income (MFI).

Discussion

In June of 2022, Spin Lofts, LLC entered into a purchase agreement with the City of Council Bluffs for the purchase of this property to develop an affordable multi-family housing project. The City is updating the agreement with an increase in available Interlocal HOME Consortium Funds to $800,000 and to adjust the unit count to 45 units.

This is to convey real property to Spin Lofts, LLC and to consider a proposal in the form of a Purchase, Sale, and Development Agreement ("Agreement").

The Agreement will convey certain City-owned property land to Spin Lofts, LLC for $100,000 and Arch Icon agrees to construct certain minimum improvements consisting of a 45 multi-family apartment building, together with related site improvements.

The draft agreement has been finalized between City's legal counsel and the developer and is ready for Council to review and will be voted on at the March 25, 2024 Public Hearing.

Recommendation

The Community Development Department recommends approval of resolution authorizing the Mayor to execute an agreement for private development with Spin Lofts, LLC providing HOME funds for the construction of a 45 unit multi-family development.

Attachments

Attachment: Draft - Purchase, Sale, and Development Agreement