Council Communication

Department: Community Development	Resolution No.: 22 -	City Council: February 28, 2022 Public Hearing: February 28, 2022

Subject/Title

Resolution selecting Arch Icon as the preferred developer for approximately 3 acres of City-owned land at the southeast corner of 21st Avenue and S. 6th Street and to enter into a purchase, sale, and development agreement.

Background/ Discussion

Background

In 2009, the City began acquisition and demolition of structures on the three 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 Recovery 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.

Since 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).

On January 11, 2022, the City issued an updated RFP for the redevelopment of the three acres. The RFP closed on February 10, 2022. Developers were required to submit proposals that demonstrate their capacity to satisfy the requirements of the RFP including:

1. Application
2. Project Summary – A brief written description of the project.
3. Project Plans – A scaled plot plan of the proposed development. The plot plan should illustrate the location of structures, parking areas, ingress and egress, open or landscape areas, etc. The developer must also submit additional information such as elevation drawings, photos of similar projects, typical floor plans, etc.
4. Developer Experience – Provide a listing of previous projects completed, especially with regard to projects that are relevant to the proposed development.
5. Project Timeline – A timeline for the project design, bidding and construction.
6. Financial Summary – Developer must provide a proposed cost and source of funding for the

project, including a 10-year project proforma. Developer must also outline expected funding sources and projected date all financing will be secured.

7. Project Contingencies – Indicate any special assistance needed to implement the project, such as financial assistance, state or federal applications, or other public participation.

One developer, Arch Icon, responded to the RFP. This proposal was reviewed by staff of the Community Development Department and was scored using the following criteria, which was detailed in the RFP ensuring developers knew how they would be evaluated.

1. Design, Aesthetics and Quality of Construction Materials and Landscaping (40%): While still affordable housing, the quality of design and materials is essential. A combination of durable materials and transparency with an urban appearance must be utilized. Preference will be given to developers that:

    a. Utilize architectural details such as color changes, material changes, minor wall offsets, height variations, wall setbacks, accent lines and upper floor step back to articulate building elevations.
    b. Maximize the "exterior construction (durability)" points in the IFA 2022-2023 QAP.

2. Developer's Experience and Capacity (30%): The makeup/description of the developer's project team. The names of individuals involved and the roles they will perform must be listed. Provide a description of the qualifications and experience of the specific individuals who will be involved in the work described in this RFP, including staff and other professionals.

3. Number of Units Proposed, Unit Sizes and Timeline (15%):

    a. Consideration for receiving the land will be the minimum improvements which shall include a minimum of 50 dwelling units. Preference will be given to developers that maximize the number of dwelling units to 75. This can be achieved through phasing if needed.
    b. Preference will be given to developers who maximize the number of units as well as the number of market rate units. Provide a target resident type (homeless, senior, family, etc.) if applicable. Maximize the "market rate incentive" points in the IFA 2022-2023 QAP.
    c. Proposals will also be scored on the length of time it will take to construct and occupy the project.

4. Funding Sources (15%): Provide a list of proposed funding sources and when the funds are expected to be awarded/confirmed.

Discussion

Arch Icon submitted a two phase proposal called Spin Lofts with a total of 80 multi-family rental units to be built over a period of up to four years. Phase 1 includes a 4-story building with 50 units with a unit mix of one-, two- and four- bedrooms for low to moderate income families in the area. The income qualifications are (12) units to families at or below 60% AMI, (28) units at or below 40% AMI, (5) units designated for families near homelessness and (5) units will be market-rate. Phase 2 includes a 4-story building with 30 units with a mix of one-, two- and four-bedroom apartments with (7) units at 60% AMI, (17) units at 40% AMI, (3) designated for families near homelessness and (3) market-rate apartments. The estimated project cost is $18.1 million.

Although Spin Lofts will be funded primarily with low-income housing tax cred (LIHTC) as affordable housing, it will be designed and built as a market-rate project with amenities including a leasing office, community room, fitness room, outdoor patio, and courtyard with playground. Each apartment unit will be furnished with washer, dryer, oven, refrigerator, dishwasher, microwave, and storage.

Staff reviewed the proposals and believes the Arch Icon project fully complies with the requirements of the RFP. Staff will have discussions with the selected firm regarding additional goals and design ideas. Once this is complete, contracts for the project with the firm will be brought back to City Council for approval including a purchase agreement and development agreement (including incentives) with the selected developer.

Staff is recommending using the following incentives:

a. $700,000 HOME-ARP funds
b. $400,000 HOME funds
c. Up to $650,000 City bond funding for the reconstruction of 21st Avenue and dirt to raise the site
d. Urban Revitalization property tax abatement for four (4) years, 100% of created increment

Recommendation

Staff recommends selecting Arch Icon as the preferred developer for approximately 3 acres of City-owned land at the southeast corner of 21st Avenue and S. 6th Street and to enter into a purchase, sale, and development agreement.

Attachments

1. Arch Icon Proposal