

**DRAFT
LANSING, MICHIGAN
BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE GRANT APPLICATION
KNAPP'S BUILDING HISTORIC RENOVATION**

DESCRIPTION OF ACTIVITIES

There is great interest in this country in preserving buildings of architectural significance. That is particularly true with one of the best examples of Art Deco architecture in the Midwest, the Knapp's Building in Lansing. This yellow and blue Streamline Moderne style National Historic Register building (no.83000851) was once Knapp's Department Store, a local but important retailer in the City. The retailer operated in the building from 1937 until it closed in 1980. The building was used for a period of time by the State, which carried out significant remodeling of the interior space. However, the State vacated the building in 2002.

The site itself has an interesting history. After a building on the site burned, Lieutenant Luther Baker, whose cousin was head of the U. S. Secret Service, and his commander purchased the site with the reward money they received from the capture of John Wilkes Booth, President Lincoln's assassin. The year was 1865.

The building was purchased by the Louis J. Eyde Limited Family Partnership and the George F. Eyde Limited Family Partnership, hereinafter referred to in this application as The Eyde Company (TEC). They purchased it in 1982 and utilized a portion of the building for their offices from 1983 to 1986. The building became vacant when the state vacated in 2002. TEC's vision was to progress the building back into productive use, but the deteriorating economy has prevented that from occurring, until now. TEC has done an extensive evaluation of the building and has had detailed discussions with the State Historic Preservation Office regarding their plan to convert the former department store into a mixed-use building. A study of how a series of programs, including the New Markets Tax Credit (NMTC), the Federal and State Historic tax

credits (HTC) and other programs has resulted in an analysis showing how to fund the project. With indications of recovery and some resurgence in downtown Lansing, TEC has determined that renovating the building now will have it ready for occupancy as the economy recovers.

The Knapp's Building is a five story 175,000 square foot building with 124,128 net leasable area. The current development plans identify the first floor to be converted into 17,310 square feet of retail and office space. The mezzanine will have 14,840 square feet for office uses. The next three floors will house 68,745 square feet of office space. The fifth floor will be condominiumized from the other floors and will include approximately 19 market rate apartments totaling 23,233 square feet. No HUD funds will be used in the conversion of the space into apartments. The Lansing Economic Development Corporation (LEDC) will occupy 10,000 square feet of the first floor and mezzanine for an incubator, providing space and services to start up local business.

The project development costs and funding sources are \$5.4 million in Section 108 loan, \$4.83 million in NMTCs, \$3.77 million in federal HTCs, \$3.59 million in Michigan HTCs, and \$1.8 million in Michigan Brownfield TCs.

In addition \$2 million in BEDI grant funds will be used to pay the interest on the Section 108 loan through the NMTC mandated seven year interest-only period. Depending on interest rates, some amount of the \$2 million can be used for project costs.

The project meets the CDBG program's national objective outlined at 24 CFR 570.208 (a)(4)(i), *Activities benefiting - low and moderate-income persons, job creation or retention activities*. The eligible activity for the project is under 24 CFR 570.703(i)(1) *Economic development activities eligible under Section 570.203*. The project meets the HUD benefit test by providing a projected 218 new jobs, which is less than the \$35,000 cost per job threshold.

RATING FACTOR 1: CAPACITY OF APPLICANT

1. Applicant Capacity

The City has a long history of promoting economic development. The primary focus on economic development is through the Lansing Economic Development Corporation (LEDC), which is under contract with the City to provide those services, as described in detail below.

a. Performance in Administration of CDBG, HOME and other HUD Programs

The City of Lansing has participated in the CDBG program since its inception in 1974. In the 2009-2010 program year, the City had available \$2,189,858 in CDBG funds, and \$929,849 in HOME funds. Owner-occupied housing rehabilitation has historically received the highest priority and the largest share of funding. Other activities supported with CDBG funds include weatherization grants, lead paint hazard reduction grants, community policing, youth recreation programming, micro-enterprise training and lending, support to neighborhood groups, home ownership and foreclosure prevention counseling, tool lending programs, neighborhood clean-up projects, volunteer home repair and handicap accessibility services, assistance with special assessments for low and moderate income households, acquisition and clearance for redevelopment, support for economic redevelopment of neighborhood retail centers serving low and moderate income neighborhoods and assistance for supportive housing development to serve homeless and special needs populations.

The City's CAPER for the 2008-09 program year identified that \$2,548,400 was drawn down, with \$127,240 expended for Economic Development. That program provides loans, technical assistance and training to low- and moderate-income owners of and persons developing micro-enterprises within or planning to locate within the Lansing city limits. The city defines a micro-enterprise as a business with five or fewer employees, including the owner(s).

The City's drawdown rate for the 2009-10 program year as reported on May 2, 2010 was 1.42%. The City has no unresolved monitoring or audit findings.

b. Performance in carrying out economic development.

The City contracts with the Lansing Economic Development Corporation (LEDC) to provide economic development services. These services include business development, recruitment, and retention. The LEDC also manages the Lansing Brownfield Redevelopment Authority (LBRA), the downtown Tax Increment Finance Authority (TIFA) and all tax zones and the Lansing Regional SmartZone, Linking Lansing and U, and the management of all city incentives. Over the last three years the City of Lansing has experienced a historic level of comprehensive economic development, attracting 77 projects valued at approximately \$600 million in private investment and generating over 4,000 private jobs. The industries vary from biotech, national headquarters, insurance industry, cyclotron-related expansions, nanotechnology commercialization, and traditional manufacturing to advanced manufacturing.

Three of the important projects supported by the LEDC in the last five years include:

- Accident Fund's New World Headquarters

This project is the \$180 million renovation and adaptive reuse of a former power plant to a modern office campus. The work began in 2009 and is slated for completion in 2011. Incentives included the creation of a Renaissance Zone, Brownfield Reimbursement, Brownfield and MEGA Tax Credit, Historic Tax Credit, EPA and DEQ Grant funds. The project will retain 632 jobs and create an additional 500 new jobs.

- Christman Building

This historic renovation was granted LEED Platinum Core/Shell and Platinum interior and became the world's first "Double Platinum" LEED certified building. The private funding totaled \$6.72 million and the public incentive was \$1.2 million. The office building reopened in 2009 and retained 200 jobs for Lansing.

- Stadium District

This new \$13 million new construction project is adjacent to Oldsmobile Park, home of the Lansing Lugnuts minor league baseball team. This mixed-use project provides office and retail space and 40 new residential units. The public incentives included Brownfield TIF and Michigan Brownfield Tax Credits.

The LEDC has an extensive and experienced staff. Bob Trezise, Jr. the President and CEO has been with the LEDC for six years. Prior to joining the LEDC, he was employed by the Michigan Economic Development Authority where he created the State's community assistance

program (CAteam) and Michigan's Main Street program. Karl Dorshimer, the LEDC Vice President is a 10 years veteran, working with developments ranging from small home-based microenterprise starts-ups to multi-million dollar redevelopment projects. He also had a key role in the development of the billion dollar GM manufacturing plant. Prior to joining LEDC, he was employed by the Capital Area Michigan Works! Agency.

c. Achieve state and local commitments under a Federal Designation

The City is not a designated EZ, EC or RC.

d. Previous EDI and BEDI grants.

The City has not previously applied for either EDI or BEDI grant funds.

2. Partner Capacity

TEC is the owner of the Knapp's building and plans to convert the building into the mixed-use development described earlier in this application. For over 50 years, TEC has developed a wide range of projects, both new construction and renovations. They currently own over four million square feet of total space, predominantly in Michigan. TEC's strength comes from the diversity of its holdings which include: office, call and data centers, retail, industrial, land developments, apartments, senior housing and residential. It is a full service company with in-house expertise in acquisition, development, sales and leasing, interior design, construction and property management. TEC is conservation oriented in its development philosophy and has always been environmentally responsible in making improvements and using its many properties. The major projects carried out by The Eyde Company in the last five years include:

- Somerset Park Apartments: 240 Unit Luxury Apartment Community located in Bath Township, Michigan (northeast of Lansing). This community of 240 units brings their current apartment holdings (all built by Eyde) to 1,048.
- Single Family Subdivisions – recently (within last 4 years) developed: Central Park Estates, an 81 lot residential community in Meridian Township (Okemos, Michigan) and Georgetown – 150 lot residential community in Meridian – first 2 phases (86 lots) are now complete.

- Hannah Technology & Research Center – during 2009 TEC completed the million dollar renovation to the common areas of the 150,000 square foot office building located at 4600 S. Hagadorn, East Lansing, Michigan. This building is the beacon for the entire 100 +/- acre Hannah development. The entire site was the subject of a major Mixed Use Overlay District approved by the Board of Trustees of Meridian Township last year. The site has now been approved for 1,108 dwelling units with additional commercial and office uses.

Over the past 5 years TEC has completed approximately 150,000 square feet of tenant space within their current office holdings – including medical, office / retail, and data centers

TEC has committed to the City that they will relocate their corporate headquarters from East Lansing to the Knapp’s Building upon completion.

RATING FACTOR 2: DISTRESS/EXTENT OF THE PROBLEM

The attached chart provides the poverty levels and the unemployment rates for the census tracts and block groups that make up the target area within one-half mile of the site. The project is in the downtown Census Tract 14.01, but the area has very few residents. The data are from the 2000 Census.

1. Poverty rate

The poverty rate for the target area was 33.6% based on the demographic data included in the 2000 Census. That level is nearly three times the national average at the time of the 2000 Census which was 12.4% and greater than the Citywide level of 17%.

2. Unemployment rate

Using 2000 Census data, the unemployment rate for the target area was 10.5%, which is twice the national average of 5.8% and greater than the citywide level of 6.3%.

3. Other indicators of social and/or economic decline

This target area has severe economic and social challenges. Based on the 2000 Census, the median household income in the target area is only \$20,998, which is only 50% of the national average of \$41,994. Of the residents of the target area, more than 24% have never graduated from high school and 7.3% are on public assistance.

Lansing is continuing to recover from the reduction in employment at the General Motors Plant from 22,000 to 4,000. And commercial property values are projected to fall by 14% this year. The City's current year Action Plan spells out other distress factors in Lansing:

"The 2000 Census tabulated Lansing's population at 119,128. Population within the City of Lansing has been declining steadily for two decades, although it has been rising slowly in the region. As of 2006, according to the Census Bureau's American Fact Finder, total population in Lansing dropped 7% to 110,629. The number of vacant housing units almost doubled from 3,654 to 6,451 during the same period. By 2007, the last year for which census estimates are available, 7,164 units were vacant, comprising almost 13% of the city's housing stock."

RATING FACTOR 3: SOUNDNESS OF APPROACH

1. Consistency/Appropriateness of Proposed Activities

a. Extent BEDI/108 addresses identified needs

The need being met by the project is to bring needed employment to the downtown that has unemployment that was nearly twice the national average in 2000. The project is estimated to create 218 net new jobs in downtown Lansing. Through Michigan Works! and other outreach, screening, training and placement programs, help lower-income persons secure training to qualify them for higher paying jobs. The 10,000 square foot incubator space being leased by the LEDC will provide start up entrepreneurs with space and services to support and help grow these companies.

b. Project meets unmet needs identified in Consolidated Plan and Analysis of Impediments to Fair Housing Choice

The current year Action Plan to the Consolidated Plan identifies various initiatives. The Economic Development Initiatives "are intended to provide individuals with the education and training necessary to obtain higher paying jobs and also intended to enable the business community to expand and create more jobs in the community". The project is estimated to create 218 net new jobs, many of them higher paying jobs that will be available to lower-income

persons who, with training, will qualify for those better paying jobs. The LEDC incubator fosters new entrepreneurs and helps them grow their companies.

In the Barriers to Affordable Housing section of the Action Plan are identified a series of suggested solutions. And while the apartments in the Knapp's Building will be market rate, at the urging of the City to reduce the concentration of low-income housing in the downtown, the approaches still apply. The report offers both more intensive housing development and the conversion of non-residential structures for new housing as partial solutions. The apartments in the Knapp's Building meet both those solutions, as well as being highly energy efficient, one of the solutions to the high costs of occupancy for tenants.

c. Activities to be carried out with BEDI Grant funds, nature of Brownfields problem

The Knapp's Building has been abandoned for nearly eight years, which has caused general deterioration to the exterior and portions of the interior. Asbestos contamination is found throughout the building and the rehabilitation will completely remove the asbestos at an estimated cost of \$500,000. The asbestos evaluation was conducted by Soils & Materials Engineers, Inc. (SME) and the cost estimates for the asbestos removal are included in their report which has been provided to the City for the NEPA clearance process.

In accordance with Section IV.E.4 of the NOFA, the BEDI and Section 108 funds will not be provided to parties to remediate conditions caused by their own actions for which they have been determined to be legally responsible, nor is the project an EPA NPL site. The use of asbestos in previous renovations in the building was done prior to the building being purchased by the developer.

2. Eligible Activities and CDBG National Objectives

The project meets the CDBG program's national objective outlined at 24 CFR 570.208 (a)(4)(i), *Activities benefiting - low and moderate-income persons, job creation or*

retention activities. The eligible activity for the project is under *24 CFR 570.703(i)(1) Economic development activities eligible under Section 570.203.* The project meets the HUD benefit test by providing a projected 218 new jobs at \$33,945 per job (based on the requested HUD funds of \$7.4 million), which is less than the \$35,000 cost per job threshold. The jobs summary is provided below:

	SF	Jobs per 1,000 SF	Jobs
1st Floor			
Restaurants	10,000	4.0	40
Retail	3,725	2.0	7
Incubator	3,585	3.0	11
<i>Subtotal 1st Floor</i>	<i>17,310</i>		<i>58</i>
Mezzanine			
Office	8,425	1.5	13
Incubator	6,415	3.0	19
<i>Subtotal Mezzanine</i>	<i>14,840</i>		<i>32</i>
2nd Floor			
Office	14,915	1.5	22
TEC offices	8,000	0.0	0
<i>Subtotal 3rd Floor</i>	<i>22,915</i>		<i>22</i>
3rd Floor			
Office	22,915	1.5	34
4th Floor			
Office	12,915	1.5	19
Call Center	10,000	5.0	50
<i>Subtotal 4th Floor</i>	<i>22,915</i>		<i>69</i>
5th Floor			
Apartments	23,233	0.1	2
Total	124,128		218

The project meets the HUD Threshold Requirement by revitalizing area of high unemployment and poverty, which is the case in downtown Lansing.

3. Project readiness

TEC has been planning for the rehabilitation and historic renovation of the Knapp's Building since its purchase in 1982. A substantial amount of work has gone into the historic renovation plan with the State Historic Preservation Office (SHPO) and into the evaluation of the rehabilitation costs. A preliminary bid has been received from a qualified contractor for \$18.886 million, including the asbestos abatement. With the renewed activity in downtown Lansing and the unmet demand for retail, office and market rate apartments, the project is logical, feasible, and will achieve the stated purpose of recycling a brownfields building into a sustainable economic project. Construction will commence by September 2011 and the project will generate near-term measurable economic benefits. The rehabilitation program is cost effective, will be of high quality, and meet all the SHPO standards.

The City had prepared a Market Study and Strategies report that is dated March 2009. The report states, "The study's findings reveal a highly attractive and expanding Downtown Workplace market and a growing Downtown Resident market that provide a strong foundation built upon the momentum of recent landmark projects and the concerted efforts of public and private partners that are driving an economic boom not seen in fifty years". The details of the market study support the demand for each of the uses proposed for the Knapp's Building. The planned rehabilitation of the building is logical given the demand for the space to be created and is feasible as demonstrated in the proformas provided with the application. The planned early start of construction will bring near-term, measurable economic benefits.

The project is ready to proceed based on the following information.

a. Environmental investigation

There is considerable amount of the asbestos ceiling tile present inside the air handling units totaling about 3,900 square feet. There are also about 8,900 square feet of asbestos flooring materials (divided among 11 different types); 16 square feet of glass block window glazing/caulk; 5,400 feet of asbestos pipe insulation; 2,500 square feet of duct insulation; 50 square feet of asbestos wall block; and 50 fire doors. The asbestos evaluation was conducted by Soils & Materials Engineers, LLC, a qualified firm related to environmental issues. The estimated asbestos abatement costs are \$500,000 and are included in the construction estimates.

b. Site control

The Knapp's Building and the site upon which it is located is owned by the developer in fee title and there is no debt against the property.

c. Legislative, regulatory and other approvals

The project is zoned appropriately for the proposed development. The building has the required entitlements.

d. User agreements

A Memorandum of Understanding (MOU) outlining the proposed financing structure was approved by the City of Lansing in preparation for submittal of the Section 108 loan and BEDI grant applications. The MOU identifies the lease terms between the LEDC and TEC for the 10,000 square foot business incubator. The MOU also spells out the performance schedule for the overall rehabilitation of the building. In addition, the MOU sets the schedule for TEC to relocate its office to the Knapp's Building. The MOU is provided with the application. At the time the Section 108 loan and the BEDI grant agreements come to the City for execution, a full Development Agreement related to all the activities is anticipated to be executed.

The MOU calls for the BEDI funds to be used to pay a seven-year interest only period. Whatever BEDI funds are identified as being available beyond those needed for the interest only

period will be pledged as security for the Section 108 Loan as a City Reserve Account. Starting in the third year of the Section 108 loan, the developer will contribute, in equal installments over five years, annual amounts so that by the end of the seventh year the City Reserve Account will equal one year's debt service based on the fully amortizing Section 108 loan debt service for years 8 through 20. Other details of the security and the requirements for appraisals are spelled out in the MOU. If at the end of the seventh year, the appraisal shows the loan to value is less than 70%, any BEDI funds available beyond those in the City Reserve Account will be release for eligible project costs. If the loan to value is more than 70% the developer must elect one of a series of actions spelled out in the MOU to satisfy the City's security requirements.

e. Delivery of economic benefits

The following is the projected development schedule for the project:

Activity	Start	Complete
Final historic submittals	Mar-10	Sep-10
Finalize all tax credits	May-10	Apr-11
Construction plans and specifications	Jun-10	Mar-11
Leasing of retail and office	Apr-10	Oct-14
Historic renovation of building (including asbestos abatement)	Apr-11	Oct-13
Retail and office tenant improvements	Jul-13	Oct-14
Lease apartments	Jul-13	Oct-13
Retail and office tenant hire employees	Oct-13	Oct-14

The historic renovation of the Knapp's Building represents a \$25.6 million investment in Lansing's downtown. The project will also generate an estimated 218 net new jobs. Construction is scheduled to begin by April 2011. It is projected that the Section 108 funds will be completely expended by August 2012. The BEDI funds will be used to pay interest on the Section 108 loan for the first seven years and provide a portion of the Initial Reserve Amount as delineated in the MOU. After the seven year period, excess BEDI funds will be released for eligible project costs.

The construction contract for the project will require Section 3 compliance and along with prevailing wages.

4. Section 108 Application

A full Section 108 Loan Guarantee Assistance application in the amount of \$5,395,500 is being submitted concurrently under separate cover.

5. Financial feasibility/need

a. Use of BEDI/Section 108 to fill gap

A development and operating proforma has been prepared for the project and is provided with this application. For this project, like so many other projects to rehab existing buildings in downtowns, conventional financing is extremely difficult to secure. Only the ability to utilize the Section 108 loan funds, along with federal and state historic, New Market and brownfields tax credit, is the project feasible. Without the Section 108 loan and BEDI assistance the project economics as shown in the attached proforma, achieves only a 4% return on cost (net operating income compared to the total project costs), a has a negative cash on cash return (net income after debt service compared to the equity), a 189% loan to value and a .52 debt coverage ratio. Those numbers are so dismal, because the project can't cover its debt service and has a net loss of \$933,000 in the stabilized year. The high losses are due in part to the inclusion of full property taxes in the expenses. A portion of the assistance for the project is the City's agreement to include the project in a Renaissance Zone, where the property taxes are abated for a significant period. Those factors demonstrate that the project, without public assistance, is not feasible. Even with the public assistance as shown in the proforma, the project only achieves a 5% return on cost, which is below market but with a 15% cash on cash return, which is more normal in a real estate transaction. The project has strong cash flow with a net operating income (NOI) of over \$1.335 million and a net income after debt service of over \$763,000. That results in a 36% loan to value and a 2.33 debt coverage ratio. Those levels provide the City of Lansing with a

strong position in respect to the repayment of the Section 108 loan. The year the income and expenses are figured off is after the 7 year interest-only period. The New Market Tax Credits require interest only the loan portion of the financing. The BEDI grant will pay the interest during that time, allowing the project to fully rent up before the principal on the Section 108 loan starts to be repaid. The Section 108 loan repayment schedule is provided with this application. This summary substantiates that without the public assistance the project would not be feasible.

b. Project costs and financial requirements

The sources and uses for the project (the HUD forms and a more useful summary) are provided as attachments to this application.

Sources		Uses	
Section 108	\$ 5,395,400	Exterior Repairs	\$ 2,170,000
NMTC	\$ 4,830,000	Interior Repairs	\$ 9,654,800
Federal HTD	\$ 3,772,012	Apartment Conversion	\$ 2,550,000
MTC (5%)	\$ 898,098	Office/Retail TI	\$ 5,055,500
MTC (15%)	\$ 2,694,294	Asbestos Abatement	\$ 500,000
MBTC	\$ 1,796,196	Contingency	\$ 500,000
Developer Contribution	\$ 1,500,000	Subtotal for Construction Uses	\$ 20,430,300
Deferred Fee	\$ 1,044,300		
		Predevelopment	\$ 1,500,000
Subtotal Development Sources	\$ 21,930,300	Subtotal Development Uses	\$ 21,930,300
		Building Value Contribution	\$ 2,700,000
Contributed Land	\$ 2,700,000		
Total Sources for Development	\$ 24,630,300	Total Development Uses	\$ 24,630,300
		Section 108 Interest Payments	\$ 2,000,000
BEDI	\$ 2,000,000	Total Uses	\$ 26,630,300
Total Sources (for all purposes)	\$ 26,630,300		

RATING FACTOR 4: LEVERAGING RESOURCES

1. Leveraging of Section 108 Funds

The Section 108 loan request associated with this BEDI application is \$5,395,400. The BEDI grant request is \$2 million resulting in a 2.7 to 1 leveraging ratio.

2. Leveraging Other Financial Resources

The ratio of all other funding sources (not including the Section 108 loan or BEDI funding requests) to the Section 108 loan and BEDI funds is 12.3:1. The table below depicts the other sources of project funding.

Funding Sources	Total (In Millions)
New Market Tax Credits	\$4.830
Federal Historic Tax Credits	\$3.772
State Historic Tax Credits	\$3.594
State Brownfield Tax Credits	\$1.796
Developer Contribution	\$1.500
Contributed Land	\$2.700
Deferred Developer Fees	\$1.044
Total Project Costs	\$19.236

a. Commitments

Attached to this application is evidence of the following commitments:

- City of Lansing transmittal letter
- Lansing Economic Development Corporation commitment letter
- The Eyde Corporation commitment letter
- Memorandum of Understanding among the parties
- Letter from the State Historic Preservation office
- (the NMTC provider) commitment letter
- (the one or more tax credit buyers) commitment letter
- Construction bids
- Capital Area Michigan Work! support letter
- (any potential tenant) letters of interest
- Support letters to the State for the Historic Tax Credits
 - 1) Office of the Mayor – letter of support
 - 2) Office of the Mayor – delineating the designation process
 - 3) Lansing Economic Development Corporation
- (others)

RATING FACTOR 5: ACHIEVING RESULTS AND PROGRAM EVALUATION

1. Performance Measurement Plan

The following are the components to the project’s performance measurements:

a. Identify specific project Outcome(s):

- Historically renovate a National Historic Register building

- Remediate over 20,000 square feet of asbestos material
- Rehabilitate a 175,000 square foot building as a mixed-use development
- Bring 13,725 square feet of retail and restaurants to downtown Lansing
- Bring a 10,000 square foot business incubator to downtown Lansing
- Bring 77,170 square feet of office space to downtown Lansing
- Provide 19 new market rate apartments to downtown Lansing
- Creation of 218 net new jobs
- Expenditure or contribution of \$24.63 million in private sector, state, Federal and tax credit funding for the projects

b. Interim benchmarks: (this will be a repeat of the earlier chart when finished)

Activity	Start	Complete
Final historic submittals	Mar-10	Sep-10
Finalize all tax credits	May-10	Apr-11
Construction plans and specifications	Jun-10	Mar-11
Leasing of retail and office	Apr-10	Oct-14
Historic renovation of building (including asbestos abatement)	Apr-11	Oct-13
Retail and office tenant improvements	Jul-13	Oct-14
Lease apartments	Jul-13	Oct-13
Retail and office tenant hire employees	Oct-13	Oct-14

c. Performance indicators and plans to make adjustments:

The City contracts with the Lansing Economic Development Corporation (LEDC) to coordinate and monitor all aspects of the project. LEDC will coordinate with City Legal and Community Development for any areas which fall under their jurisdiction. LEDC will provide a report no less than monthly to the Director of Planning and Neighborhood Development on the project's progress. As an initial and critical step, the LEDC and the private entities will develop a Scope of Development that will identify the outcomes, benchmarks and performance timetables for the project.

The Director will address any issues or delays that arise during the development period and will provide direction to staff as required, oversee reporting going to the City Council.

2. Policy Priorities

- (a) Project will improve knowledge of homebuyers and renters**

The developer will ensure the apartment leasing staff fully understands the policies against discriminatory practices will be a part of the outreach to those in those categories as well as during the intake process,

(b) The project will encourage accessible design features

Each component of the building will have state of the art designs to ensure complete accessibility. It will meet all current standards including parking, retail, restaurant, office and residential uses.

(c) Provides access to grassroots and faith-based and other community organizations

The Knapp's Building has been used for community events in its current configuration. It is yet to be determined if that will still be the case when the historic restoration is completed.

(d) Project will increase participation of minority serving institutions

While minority businesses will be encouraged to take space in the building or in the incubator space being managed by the LEDC, there is no direct participation in the project by minority serving institutions.

(e) The extent the project will end chronic homelessness

The project does not have an impact on chronic homelessness.

(f) Energy efficient

The developer has committed that the apartments will achieve a five-star ENERGY STAR rating and the renovation will include a series of energy saving elements. The developer is committed to achieving LEED Silver Certification. In order for the building to meet this standard, the energy efficiency of the building envelope will be significantly improved and the new building systems will be designed for energy efficiency.

(g) The extent the project will promote assistance to veterans

Veterans may benefit from the incubator space if they are endeavoring to start a business or may choose to be a tenant in one of the apartments.

