



Roll Call Number

24-0664

Agenda Item Number

30

Date May 6, 2024

APPROVE SUBORDINATION AGREEMENTS OF EXISTING HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) MORTGAGE ON 3314 E 7th ST and 1617 22nd ST TO CENTRAL BANK CONSTRUCTION LOAN TO HOME OPPORTUNITIES MADE EASY (HOME, INC)

WHEREAS, the City has entered into an Agreement with United States Department of Housing and Urban Development ("HUD") for funding of its HOME Program pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act; and

WHEREAS, the City's HOME Program is designed to provide affordable rental and home ownership opportunities for low- and very low-income households through acquisition, rehabilitation, and new construction; and

WHEREAS, the construction of new affordable housing is consistent with the City's 2020-2024 Consolidated Plan, which was approved by City Council for submission to HUD on November 4, 2019 by Roll Call 19-1792; and

WHEREAS, on March 23, 2020 by Roll Call 20-0526, City Council approved a five-year financial commitment, totaling up to \$1,875,000 of HOME funds in the form of forgivable loans, to HOME, Inc. to construct at least 10 homeownership housing units for low-income households and provide homebuyer assistance for 22 low-income homebuyers between 2020 and 2024; and

WHEREAS, Council approved a HOME Award of \$199,000 with HOME, Inc on August 21, 2023 to construct a single-family new construction home at 1617 22nd St, secured by a forgivable HOME Mortgage in the same amount; and

WHEREAS, Council approved a HOME Award of \$199,000 with HOME, Inc on September 9, 2023 to construct a single-family new construction home at 3314 E 7th St, secured by a forgivable HOME Mortgage in the same amount; and

WHEREAS, construction loans from private lenders to complete financing of the construction projects are taken out by partners to further leverage HOME awards; and

WHEREAS, Central Bank in Ankeny reached out to Neighborhood Services staff to subordinate the HOME Mortgages to their upcoming construction mortgages on both 1617 22nd St and 3314 E 7th St. each for \$100,000, and provided the necessary request for subordination and mortgage information on April 17th, 2024, which was reviewed by staff and determined to meet the requirements to approve a subordination; and

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WHEREAS, a Subordination Agreement for each property was prepared by Neighborhood Services and is available for inspection in the Neighborhood Services offices; and

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

1. The Subordination Agreements whereby the City will subordinate its forgivable HOME Mortgage to Central Bank's Mortgages on both 3314 E. 7th Street and 1617 22nd Street, are hereby approved.
2. The City Manager or his designee is hereby authorized to execute, on behalf of the City, said Subordination Agreement following approval as to form by the Legal Department, and to execute any other document necessary to implement the Agreement.

(Council Communication No. 24-177)

Moved by Coleman to adopt.

Second by Gatto

FORM APPROVED:

/s/ Gary D. Goudelock Jr.
Gary D. Goudelock Jr., Assistant City Attorney

CERTIFICATE

I, LAURA BAUMGARTNER, 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.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN	✓			
SIMONSON	✓			
VOSS	✓			
COLEMAN	✓			
WESTERGAARD	✓			
MANDELBAUM	✓			
GATTO	✓			
TOTAL	7			
MOTION CARRIED			APPROVED	

Conie Boesen Mayor

Laura Baumgartner City Clerk