

COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	22-511	Meeting:	November 7, 2022
	Agenda Item:	24	Roll Call:	22-1732
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Approval of \$80,000 in Community Development Block Grant (CDBG) funds for rehabilitation costs including foundation and exterior repairs at 1065 and 1067 21st Street.

SYNOPSIS:

Professor Holdings, LLC is an Ames based company with two (2) owners, who acquired and began managing multiple apartment buildings in Des Moines, primarily in the Drake Neighborhood, in 2021. Substantial repairs were identified and the owner reached out to the City inquiring about rehabilitation funding to assist with repairs. Owner has provided all materials requested by the Neighborhood Services Department necessary to review the project and Community Development Block Grant (CDBG) funding was determined to be the best qualifying program. Scope of work includes exterior repairs, parking lot concrete additions to move a dumpster location, modest unit remodeling, and foundation repairs. City staff is seeking authority to execute an \$80,000 CDBG contract with Professor Holdings, LLC in order to complete the necessary work to complete repairs and maintain safe and decent affordable housing to the low- and moderate-income residents.

FISCAL IMPACT:

Amount: \$80,000

Funding Source: CDBG from the US Department of Housing and Urban Development (HUD).

ADDITIONAL INFORMATION:

- 1065 and 1067 21st Street are two (2) 3-story multifamily buildings both built in 1900. Residents of all three (3) buildings share a parking lot behind the buildings, waste disposal, and common areas.
- There are seven (7) units between the two (2) buildings. All residents are either Housing Choice Voucher recipients or otherwise low-moderate income, as confirmed by the owner and submitted rent rolls. This means household income, relative to household size, is at least 80% of the area median income (AMI) for the Des Moines/West Des Moines Metropolitan Statistical Area (MSA). Rents for all units are below the Fair Market Rate (FMR) for their respective sizes and will remain under FMR as a requirement of the CDBG Agreement.

- As confirmed by the owner, no rehabilitation will occur while a unit is occupied or otherwise is under lease. Existing tenants are given priority to move into a post-rehabbed unit if they so choose.
- Full scope of work includes repairs to siding, gutters, concrete, common areas, modest unit remodeling, foundation, and minor repairs to comply with neighborhood inspection requirements. Federal funds are slated to be used on gutters, partial foundation, siding, and concrete.
- Owner has been briefed on lead-based paint, asbestos, and radon abatement requirements, which will accompany the project.
- The majority of repairs are currently funded through a private lender and investor equity. CDBG funds were calculated to be approximately 40% of the total expected sources of funds.
- Professor Holdings LLC is also working with Invest DSM for other repairs on properties within their service area. Other owned properties are anticipated to also use CDBG funding in the future and have already passed environmental review. The City will use case-by-case discretion in considering future awards to this owner based on performance of this current award.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Future CDBG Awards to other owned properties if Neighborhood Services Department deems these projects acceptable and if award amounts would require council approval.

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