


# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>23-444</b>	Meeting:	<b>October 2, 2023</b>
	Agenda Item:	<b>49</b>	Roll Call:	<b>23-1339</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Preliminary commitment of \$300,000 in Community Development Block Grant (CDBG) funds for rehabilitation of the North Des Moines Townhall at 1601 6th Avenue, resulting in upper-story affordable rental units.

## SYNOPSIS:

Ntontan LLC is an entity created for the acquisition and historic rehabilitation of the two (2)-story building at 1601 6th Avenue. The building is also known as the former North Des Moines Townhall. The first floor will be rehabilitated and used as flexible space for commercial use and community gatherings. CDBG funds will be allocated towards the rehabilitation of the second floor where four (4) single-unit apartments will be rehabilitated. All four (4) will be affordable to households at or below 80% of the area median income (AMI) and rents will be less than or equal to Fair Market Rents (FMR) for the Des Moines-West Des Moines, IA Metropolitan Statistical Area (MSA) as determined by the U.S. Department of Housing and Urban Development (HUD) for a period of 15 years.

## FISCAL IMPACT:

Amount: \$300,000

Funding Source: CDBG from HUD

## ADDITIONAL INFORMATION:

- The total project cost is anticipated to be approximately \$3.5 million.
- This is a preliminary commitment only. A full agreement has not been completed, at this time, because exact loan terms have not been agreed upon and outstanding documents are still needed in order to complete the project underwriting process. Further, the developer has requested a preliminary commitment to potentially secure additional grant funding.
- Aside from developer equity and a standard construction loan, other sources of funding for this project include State Historic Tax Credits, Work Force Housing Tax Credits, Polk County Housing Trust Fund, Tax Increment Financing, Neighborhood Commercial Revitalization Program, and Mainstreet Iowa.

- Many different commercial tenants have existed on the first floor and the second floor has primarily been apartment units throughout the building's history. The rehabilitation will maintain the historic nature of the building through consultation with the State Historic Preservation Office (SHPO).
- After rehabilitation, each unit will have rent less than or equal to the FMR for Des Moines-West Des Moines, IA MSA for at least 15 years. See below for the current Fair Market Rents by unit size.

Unit Size	FMR
Efficiency	\$ 833
1 Bedroom	\$ 899
2 Bedroom	\$1,080
3 Bedroom	\$1,477
4 Bedroom	\$1,481

- After rehabilitation, each unit will be affordable to households at or below 80% of the AMI. For example, a household of two (2) earning \$66,800 or less would be eligible based on income. See below for the 2023 HUD Median Family Income for Des Moines-West Des Moines, IA MSA effective 6/15/2023.

Household Size	80% AMI
1	\$58,450
2	\$66,800
3	\$75,150
4	\$83,450
5	\$90,160

#### **PREVIOUS COUNCIL ACTION(S):**

Date: August 7, 2023

Roll Call Number: [23-1088](#)

Action: [Preliminary](#) terms of the first amendment to the Urban Renewal Development Agreement with North Des Moines Town Hall, LP for the renovation of 1601 6th Avenue into a mixed-use residential and commercial development. ([Council Communication No. 23-357](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Absent: Sheumaker.

Date: May 22, 2023

Roll Call Number: [23-0735](#)

Action: Support for Workforce Housing Tax Credit benefit applications to be submitted to the Iowa Economic Development Authority for the following: ([Council Communication No. 23-267](#))

- (F) [North](#) Des Moines Town Hall, LLP (Chaden Halfhill, Partner) for Falcon Project at 1601 6th Avenue. Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Absent: Sheumaker.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- City Council – Final Terms of CDBG Agreement

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