


# COUNCIL COMMUNICATION

	Number:	<b>24-356</b>	Meeting:	<b>September 16, 2024</b>
	Agenda Item:	<b>50</b>	Roll Call:	<b>24-1258</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Commitment of \$400,000 in Home Investment Partnership Program (HOME) Funds for construction of Alley Landing at 2701 Douglas Avenue, resulting in 40 affordable rental units.

## SYNOPSIS:

Alley Landing Limited Partnership and Woda Cooper Companies (developer) plan to construct a 40-unit residential rental building on the site of the former Plaza Lanes bowling alley and recreational center. All units will be affordable to those earning between 50% and 60% Area Median Income (AMI). The City of Des Moines intends to award \$400,000 in HOME funds in the form of a repayable 0% interest loan with a term of 20 years.

## FISCAL IMPACT:

Amount: \$400,000

Funding Source: U.S. Department of Housing and Urban Development (HUD)

## ADDITIONAL INFORMATION:

- The project will feature 40 total affordable rental units along with a playground and dog park. There will be a total of five (5) HOME units funded under the City of Des Moines HOME Agreement. Four (4) of those units will have High HOME rents and one (1) will have Low HOME rent.
- There will also be a total of five (5) HOME units funded under a separate HOME Agreement between the developer and Iowa Finance Authority (IFA). Four (4) of those units will have High HOME rents and one (1) will have Low HOME rent.
- There will be a total of four (4) one (1)-bedroom units, 21 two (2)-bedroom units, and 15 three (3)-bedroom units.

HOME Rent Limits for Des Moines - West Des Moines, IA MSA (Effective 6/1/2024)							
	Efficiency	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom	6 bedroom
2024 Low HOME Rent Limit	\$833	\$899	\$1,080	\$1,469	\$1,481	\$1,703	\$1,925
2024 High HOME Rent Limit	\$833	\$899	\$1,080	\$1,477	\$1,481	\$1,703	\$1,925

- There will be a total of eight (8) units set aside for Section 8 project-based vouchers.
- The location of Alley Landing, in the Lower Beaver Neighborhood, is less than half of a mile from the VA Central Iowa Health Care System Campus. Housing for veteran individuals or families experiencing or at risk of homelessness will be a priority.
- Construction is expected to begin fall 2024 and be completed in late fall 2025.
- Primary sources of funding for the project include:

Funding Source	Amount	% of Total Sources
LIHTC (IFA)	\$10,233,977	77%
First Mortgage	\$ 1,825,000	14%
HOME Funds (IFA)	\$ 500,000	4%
HOME Funds (City of Des Moines)	\$ 400,000	3%
ARPA Funds	\$ 175,000	1%
Deferred Developer Fee	\$ 138,128	1%
45L Tax Credit Equity	\$ 17,800	< 1%
General Partner Loan	\$ 100	< 1%
<b>Total</b>	<b>\$13,290,005</b>	<b>100%</b>

- The loan structure consists of a 0% interest, 20-year loan with a 2% annual payment and a final principal payment in Year 20. Principal payments will be \$8,000 per year, and the final loan payment in Year 20 will be \$248,000.

**PREVIOUS COUNCIL ACTION(S): NONE**

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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