


# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>24-385</b>	Meeting:	<b>October 7, 2024</b>
	Agenda Item:	<b>24</b>	Roll Call:	<b>24-1352</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Preliminary Commitment of \$700,000 in CDBG (Community Development Block Grant) Funds for Varsity Lofts Resulting in Six (6) Total Affordable Residential Rental Units.

## SYNOPSIS:

Des Moines Film is a 501c3 nonprofit arts organization dedicated to growing a vibrant local film culture and community. This project will include complete acquisition and rehabilitation of the building located at 1213 and 1215 25th Street. The building currently contains six (6) vacant one (1)-bedroom apartment units on the second floor. Upon completion of the rehabilitation, all will be affordable to households with incomes at or below 60% AMI (area median income) for a minimum of 15 years.

The project site is adjacent to Varsity Cinema. In 2020 Des Moines Film acquired and completed a \$5 million rehabilitation of this historic theater.

## FISCAL IMPACT:

Amount: \$700,000

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

## ADDITIONAL INFORMATION:

- The total project cost is anticipated to be approximately \$1.7 million.
- This project is not intended to be used for student housing.
- This is a preliminary commitment only. A full agreement has not been completed, at this time. Exact loan terms have not been finalized and outstanding documents are still needed in order to complete the underwriting process.
- Aside from a standard mortgage, other sources of funding for this project include Invest DSM funds and developer equity.

- The project site is adjacent to Varsity Cinema. In 2020 Des Moines Film acquired and completed a \$5 million historic rehabilitation of the theater.
- Upon completion, all six (6) units will be affordable to households at or below 60% AMI for a minimum of 15 years. See below for the 2024 HUD Median Family Income for Des Moines-West Des Moines, IA MSA effective 6/1/2024.

Household Size	60% AMI
1	\$47,460
2	\$54,240
3	\$50,850
4	\$61,050
5	\$65,550

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

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- City Council – Final Terms of CDBG Agreement

For more information on this and other agenda items, please call the City Clerk’s Office at 515-283-4209 or visit the Clerk’s Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk’s Office on Thursday afternoon preceding Monday’s Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk’s Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).