


COUNCIL COMMUNICATION

	Number:	24-528	Meeting:	December 23, 2024
	Agenda Item:	33	Roll Call:	[]
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Preliminary Commitment of \$500,000 in Home Investment Partnership (HOME) Funds for the Acquisition of the Goldfinch Lofts Multifamily Building Resulting in 28 Affordable Residential Rental Units.

SYNOPSIS:

Cutler Development plans to construct a two (2)-story multifamily residential building on the site of 3422 Ingersoll Avenue. Designs are currently preliminary; however, the building will include 28 residential units affordable to households earning between 30-80% area median income (AMI). This Council item reflects Neighborhood Services' preliminary commitment to award \$500,000 of HOME funds for this acquisition.

FISCAL IMPACT:

Amount: \$500,000

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

ADDITIONAL INFORMATION:

- Of the proposed 28 units, the City will be designating two (2) units which will be affordable to households experiencing homeless or at very low income (at or below 30% AMI). These units will have this designation for 20 years.
- The total project cost is anticipated to be approximately \$11.84 million.
- This is a preliminary commitment only to be included in the developers' Low-Income Housing Tax Credit (LIHTC) application package to the State of Iowa. A full agreement has not been completed at this time. A full agreement is planned for spring 2025.
- Exact loan terms and full underwriting will be finalized when the environmental review has been approved by HUD. The environmental assessment, which will be required to make a full HOME award, is currently underway.

- HOME funds will be utilized for the acquisition costs of activity site consisting of 3422, 3416, and 3404 Ingersoll Avenue.
- The majority of other funds will be from a primary mortgage. Other sources include owner equity, LIHTC, and Polk County Housing Trust Fund Rental Development funds.
- The building will consist of 24 one (1)-bedroom units and four (4) two (2)-bedroom units. Two (2) two (2)-bedroom units will be reserved for households experiencing homelessness or earning at or below 30% AMI. Anawim Housing has been identified as the supportive services provider for these units.
- This 30% AMI designation is voluntary by the developer. At a minimum, under a HOME award, units must be affordable to households earning 50% or 60% AMI (one [1] each for this activity). See below for the 2024 HUD Median Family Income for Des Moines-West Des Moines, IA MSA effective June 1, 2024.

Household Size	30% AMI	50% AMI	60% AMI
1	\$23,750	\$39,550	\$47,460
2	\$27,150	\$45,200	\$54,240
3	\$30,550	\$50,850	\$61,020
4	\$33,900	\$56,500	\$67,800
5	\$39,550	\$61,050	\$73,260

- The current proposed rent for the HOME-restricted units is \$899. Rent limits for the HOME Program are set by HUD annually.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

A final HOME Agreement will be on a future Council agenda. The Office of Economic Development is also negotiating terms for a grant agreement that will be on a January 2025 Council agenda.

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