

COUNCIL COMMUNICATION

	Number:	25-034	Meeting:	January 27, 2025
	Agenda Item:	28	Roll Call:	25-0121
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Preliminary award of \$400,000 of Home Investment Partnership Program (HOME) funds to Newbury Living for the construction of Newbury Commons at 401 SE 7th Street resulting in 49 affordable housing units.

SYNOPSIS:

Newbury Living plans to construct a three (3)-story multifamily residential building on the site of 401 SE 7th Street. Designs are currently preliminary; however, the building will include 49 residential units reserved for seniors aged 55 and higher. Sixteen (16) of these units will be reserved for residents earning 40% Area Median Income (AMI), and 33 units will be reserved for residents earning 60% AMI. Of these units, the City will be designating up to 11 HOME units. These units will have this designation for 20 years.

FISCAL IMPACT:

Amount: \$400,000

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

ADDITIONAL INFORMATION:

- This is a preliminary award only. A full agreement has not been completed at this time. Exact loan terms have not been finalized; outstanding documents underwriting process and an environmental review must still be completed.
- Applicant is requesting a preliminary approval letter to accompany their Low-Income Housing Tax Credit (LIHTC) application due in February. A full agreement is planned for spring, 2025.
- The total project cost is anticipated to be approximately \$13.8 million. The construction cost per square foot is estimated to be \$187.

- The environmental assessment, which will be required to make a full HOME award, is currently underway and will be completed prior to a full award.
- The majority of other funds will be from a primary mortgage and LIHTC equity. Other sources include State of Iowa HOME Funds, Polk County Housing Trust Fund Rental Development funds, tax increment financing (TIF), and deferred developer fees.
- The building will consist of 41 one (1)-bedroom units and eight (8) two (2)-bedroom units.
- The number of HOME designated units is still under discussion and review. A yet to be determined number of units will be HOME units reserved for households earning at or below 60% or 50% AMI. The Iowa Finance Authority (IFA) will also be designating units through their HOME program, and between the two (2) programs, no more than 11 HOME units can be designated.
- See below for the 2024 HUD Median Family Income for Des Moines-West Des Moines, IA MSA effective June 1, 2024.

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

- HUD also sets High and Low HOME rents. For Newbury Commons, all HOME units will have rents not exceeding \$899 including the utility allowance. See below for the 2024 HUD Rent limits for HOME units for Des Moines-West Des Moines, IA MSA effective June 1, 2024.

Unit Size	Low HOME Rent Limit (for 50% AMI)	High HOME Rent Limit (for 60% AMI)
Efficiency	\$ 833	\$ 833
1 Br	\$ 899	\$ 899
2 Br	\$1,080	\$1,080
3 Br	\$1,469	\$1,477
4 Br	\$1,481	\$1,481

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- City Council – Final Terms of HOME Agreement

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