

# COUNCIL COMMUNICATION

	Number:	<b>25-035</b>	Meeting:	<b>January 27, 2025</b>
	Agenda Item:	<b>29</b>	Roll Call:	<b>25-0122</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Preliminary award of \$400,000 of Home Investment Partnership Program (HOME) funds to Market District Apartments, LP for the construction of Foundry Lofts at 509 SE 6th Street resulting in 46 affordable housing units.

## SYNOPSIS:

Market District Apartments, LP plans to construct a four (4)-story multifamily residential building on the site of 509 SE 6th Street. The building will include 46 residential units with all units being affordable to residents earning 60% Area Median Income (AMI) or lower. Of these units, the City will be designating two (2) 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 approval 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.
- The applicant is Market District Apartments, LP. Christiansen Development has been identified as the General Partner of the LP. Gratus Development is the Co-Developer and contact for the project.
- The applicant is requesting a preliminary award 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 \$15.47 million. The construction cost per square foot is estimated to be \$338.50.

- Amount and square footage estimates are detailed below:
  - Six (6) one (1)-bedroom: 556 net sf
  - 25 two (2)-bedroom: 746 net sf
  - 15 three (3)-bedroom: 935 net sf
  - Common area: 1,300 sf
- 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 and applicant’s acquisition of the 515 SE 6th Street lot.
- The majority of other funds will be from Low-Income Housing Tax Credit (LIHTC) equity. Other sources include permanent financing, State of Iowa HOME Funds, Polk County Housing Trust Fund Rental Development funds, City Tax Increment Financing (TIF), and deferred developer fees.
- The number of HOME designated units is still under discussion and review. It is expected that two (2) units will be HOME units reserved for households earning at or below 60% AMI. The Iowa Finance Authority (IFA) may also be designating units under its HOME program.
- See below for the 2024 HUD Median Family Income for Des Moines-West Des Moines, IA MSA effective June 1, 2024.

Household Size	60% AMI
1	\$47,460
2	\$54,240
3	\$61,020
4	\$67,800
5	\$73,260

- HUD also sets rent limits annually. For Foundry Lofts, all HOME units will have rents not exceeding high HOME rents, 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	High HOME Rent Limit
Efficiency	\$ 833
1 Br	\$ 899
2 Br	\$1,080
3 Br	\$1,477
4 Br	\$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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