


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	25-109	Meeting:	March 24, 2025
	Agenda Item:	42	Roll Call:	25-0459
	Submitted by:	Cody Christensen, Development Services Director Steven L. Naber, P.E., City Engineer		

AGENDA HEADING:

Hold hearing for approval of documents for conveyance of excess City property located at 515 SE 6th Street and vacated north/south alley right-of-way adjoining 515 SE 6th Street to 509 SE 6th, LLC for \$189,000.

SYNOPSIS:

Recommend approval of conveyance of excess City property located at 515 SE 6th Street and vacated north/south alley right-of-way adjoining 515 SE 6th Street to 509 SE 6th Street, LLC (Jake Christensen, Manager; 215 East 3rd Street, Suite 300, Des Moines, Iowa 50309) for \$189,000. This action is required by Iowa law prior to making a final determination on the proposed sale by resolution.

The proposed land sale is being introduced as a result of a planned housing project, Foundry Lofts, a four (4)-story, 46-unit apartment building at 509 SE 6th Street, Des Moines, Iowa, which is directly adjacent to properties currently owned by 509 SE 6th Street, LLC. There is no current or anticipated public need for this property, and this conveyance will eliminate future maintenance and liability costs for the City and will return the property to the tax rolls, as well as support the expansion project for this Iowa based company.

FISCAL IMPACT:

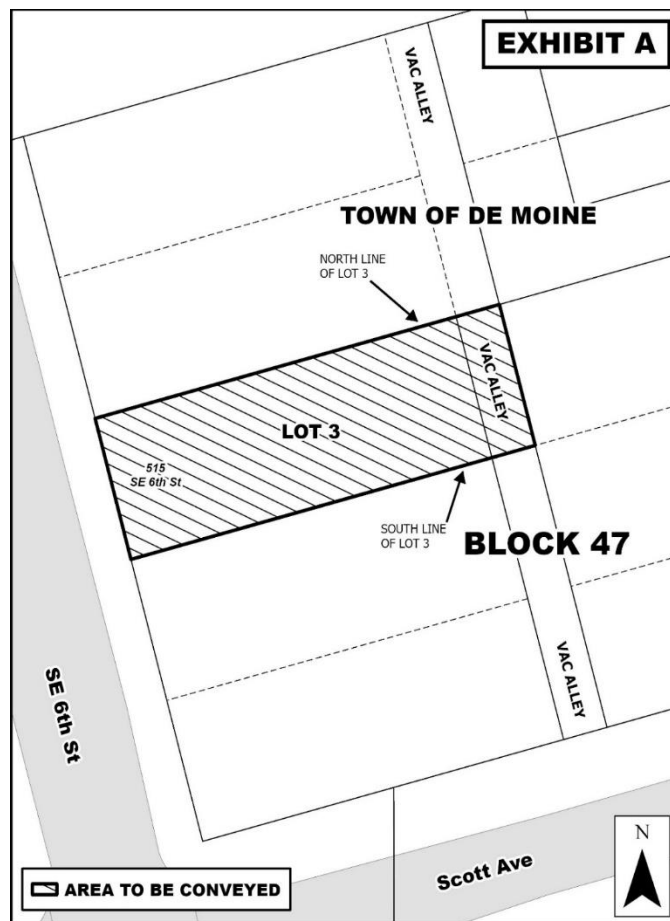
Amount: \$189,000 (Revenue)

Funding Source: Sale proceeds are used to support general operating budget expenses: Org – EG064090

ADDITIONAL INFORMATION:

- The proposed \$15 million project is located south of East Martin Luther King, Jr. Parkway between SE 6th Street and SE 7th Street and will include 46 dwelling units.
- The project is located within the Thriving Communities Designation boundary provided by the Iowa Finance Authority (IFA) to the City of Des Moines. The project will be applying to the Low-Income Housing Tax Credits (LIHTC) Program through IFA.
- The project will provide a variety of unit types including six (6) one (1)-bedroom units, 25 two (2)-bedroom units, and 15 three (3)-bedroom units. Downtown Des Moines currently lacks many housing options for families, especially units with three (3) bedrooms. Foundry Lofts provides a unique opportunity for larger households to live affordably in a downtown setting.

- Affordability requirements will target households earning 30%, 40%, and 60% of Area Median Income (AMI). Rents will be set well below LIHTC maximums.
- The development will be 100% electric and be built with energy efficiency standards – Home Energy Rating Systems (HERS) Index of 60 or less and Energy Star appliances.
- In addition to the growing neighborhood amenities of the Market District, the development will also have a playground, community room, exercise room, in unit washer and dryers, 10% fully American with Disabilities Act (ADA) accessible units and onsite video security system and controlled entry for residents.
- 509 SE 6th, LLC has offered to the City of Des Moines the purchase price of \$189,000 for the purchase of the City-owned property located at 515 SE 6th Street and vacated north/south alley right-of-way adjoining 515 SE 6th Street, subject to reservation of any and all easements upon the property now in place, until such time as said easements are abandoned or relocated at no cost to the City of Des Moines.
- The property consists of approximately 9,408 square feet and the purchase price of \$189,000 is equal to the fair market value of the property as determined by an independent appraisal.
- The closing on the land sale is contingent upon the buyer securing LIHTC.
- There is no current or anticipated public need for this property, and this conveyance will allow the buyer to construct the planned housing project, eliminate future maintenance and liability costs for the City and will return the property to the tax rolls.



PREVIOUS COUNCIL ACTION(S):

Date: March 10, 2025

Roll Call Number: [25-0353](#)

Action: [On](#) conveyance of excess City property located at 515 SE 6th Street and vacated north/south alley right-of-way adjoining 515 SE 6th Street to 509 SE 6th, LLC, \$189,000, (3-24-25). Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

Date: January 27, 2025

Roll Call Number: [25-0123](#)

Action: [Preliminary](#) terms of an Urban Renewal Development Agreement with 509 SE 6th, LLC for the construction of Foundry Lofts, a 46-unit apartment building located at 509 SE 6th Street. ([Council Communication No. 25-031](#)) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

Date: January 27, 2025

Roll Call Number: [25-0122](#)

Action: [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. ([Council Communication No. 25-035](#)) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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