


## COUNCIL COMMUNICATION

	Number:	<b>25-316</b>	Meeting:	<b>August 18, 2025</b>
	Agenda Item:	<b>20</b>	Roll Call:	<b>25-1120</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

### AGENDA HEADING:

Preliminary Award of Home Investment Partnership Program (HOME) Agreement for \$100,000 and Community Development Block Grant (CDBG) Agreement for \$650,000 to the Beacon Village LLC for the Beacon Village Phase II Renovation of 1348 E Euclid Ave for 32 Units.

### SYNOPSIS:

The Beacon Village LLC plans to rehabilitate the Village Inn Motel at 1348 E Euclid Ave. into a two-story multifamily residential building in the Beacon Village. The building will include thirty-two (32) residential units. Of those units, seventeen (17) will comply with federal grant requirements. One (1) will be a HOME and CDBG Unit and sixteen (16) will be CDBG Units. The units will be affordable to households earning 50% Area Median Income (AMI) or less. These units will have this designation for fifteen (15) years.

### FISCAL IMPACT:

Amount: \$750,000 (\$100,000 HOME, \$650,000 CDBG)

Funding Source: Home Investment Partnership (HOME) Program and Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD)

### ADDITIONAL INFORMATION:

- The Beacon Village LLC is the property owner, and Kiernan Development is the developer.
- The total project cost is anticipated to be approximately \$4.75 million. HOME funds will be utilized for the construction costs of the activity. The cost per unit is estimated to be \$148,438, and cost per square foot is estimated to be \$438.
- The environmental assessment, which is required to make a full HOME award, has been prepared by Neighborhood Services Staff. The environmental assessment is currently under review by HUD. An Authority to Use Grant Funds is expected from HUD on or around August 15, 2025.
- The Beacon Village LLC has received a commitment of \$1,000,000 from Polk County.

- Construction is estimated to begin in March 2026. Only costs incurred after execution of the HOME Agreement will be reimbursed.
- Three cross-cutting regulations related to HUD programs shall apply. These are 1) the Build America Buy America Act (BABA), 2) Davis Bacon and Related Acts (DBRA), and Section 3 labor hour tracking
- The newly constructed building will consist of thirty-two (32) one-bedroom units. One (1) unit will be eligible as both a HOME and CDBG-compliant unit, and an additional sixteen (16) units will be CDBG-compliant. All units will be affordable for households earning 50% AMI or below. See below for the 2025 HUD Median Family Income for Des Moines-West Des Moines, IA MSA effective 6/1/2025.

Household Size	50% AMI
1	\$40,100
2	\$45,800
3	\$51,550
4	\$57,250
5	\$61,850

- The proposed rent per unit per month to be charged to tenants is \$615.00.

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

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

A final commitment with the associated agreements will be presented at a future Council meeting in fall 2025.

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