

## COUNCIL COMMUNICATION

	Number:	<b>25-356</b>	Meeting:	<b>September 29, 2025</b>
	Agenda Item:	<b>78</b>	Roll Call:	<b>25-1352</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

### AGENDA HEADING:

Approval of HOME Investment Partnership (HOME) Program 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 Avenue for 32 units.

### SYNOPSIS:

The Beacon Village LLC plans to undergo renovation for an adaptive reuse of the vacant Village Inn Motel at 1348 E. Euclid Avenue by converting them into affordable rental units for households who meet the income eligibility requirements for HOME and CDBG funding. The rehabilitation will result in 32 efficiency units. The City of Des Moines intends to provide \$100,000 of HOME funds and \$650,000 of CDBG funds in the form of forgivable loans and each with terms of 15 years.

### FISCAL IMPACT:

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

Funding Source: U.S. Department of Housing and Urban Development (HUD)

### ADDITIONAL INFORMATION:

- A preliminary commitment was approved for The Beacon Village Phase II Project with the Beacon Village LLC on August 18, 2025. A full commitment was contingent upon staff review of the full project application and other administrative requirements for CDBG and HOME funding. The Beacon Village LLC has since met these requirements.
- On August 15, 2025, Neighborhood Services was granted an Authorization to Use Grant Funds (AUGF) by HUD, completing the environmental review process.
- The total project cost is estimated to be \$4,750,000. CDBG and HOME funds will fund items associated with the hard construction costs.
- Along with City of Des Moines HOME and CDBG funding, this project will also leverage Polk County ERA II funds (\$1,300,000). The Beacon Village LLC project team is in the process of applying for funding through Federal Home Loan Bank, State of Iowa (HOME-ARP), Polk County Housing Trust Fund, Grayfield Tax Credits, and National Housing Trust Fund.

- The use of CDBG funds for the rehabilitation of rental housing is an eligible activity when it fulfills a national objective of the CDBG Program – specifically, by benefiting low- to moderate-income (LMI) individuals. To meet this objective, at least 51% of the project’s beneficiaries must be classified as LMI.
- The Beacon Village Phase II project will consist of 32 efficiency units. Of these, 17 units, or 51%, will be eligible under the CDBG program, of which one (1) of those units will be designated as HOME-assisted. In order to maintain compliance with federal requirements, Beacon Village LLC must provide documentation after construction demonstrating that the residents of these designated units meet the income eligibility thresholds for CDBG and HOME programs.
- Ongoing compliance will be monitored through the annual collection and review of income documentation, as well as required annual inspections of the HOME-assisted unit, throughout the duration of the regulatory compliance period. A restrictive covenant will be placed on the property, placing a 15-year compliance period for the purpose of ensuring that the facility serves a LMI group throughout this period.
- This activity will be subject to Davis Bacon Labor Act, or federal wage requirements, as well as Section 3 hours reporting. The Beacon Village LLC intends to comply with required contract language requirements for contractors and subcontractors and will work with the City on certified payroll reporting and Section 3 labor hours during the activity.
- The project will be mindful of energy efficiency and safety of the residents. All units will be fully sprinklered for safety, and the energy efficiency improvements will include Energy Star windows, Energy Star appliances, attic insulation beyond code required R value, and new high efficiency heating and cooling system in each unit.
- The Beacon Village Phase II project is one-half (1/2) of a larger project by the Beacon Village LLC. A previous renovation of one (1) building containing 32 units has already been completed and is leased up.
- The Beacon Village receives referrals through a coordinated network of partners across Polk County and Central Iowa. Referral sources include correctional institutions such as the Iowa Correctional Institution for Women (ICIW), Polk County jail diversion programs, and reentry-focused organizations like Full Circle Recovery. Additional referral partners include Central Iowa Shelter & Services (CISS), Kingdom Living Iowa, ThriveNow, Bridges of Iowa, parole and probation officers, recovery counselors, and direct outreach from prospective residents via word of mouth and community engagement efforts.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: August 18, 2025

Roll Call Number: [25-1120](#)

Action: [Preliminary](#) Award of HOME Program Agreement for \$100,000 and CDBG Agreement for \$650,000 to the Beacon Village LLC for the Beacon Village Phase II Renovation of 1348 E. Euclid Avenue for 32 units. ([Council Communication No. 25-316](#)) Moved by Voss to adopt. Second by Simonson. Motion Carried 6-0. Absent: Gatto.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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