COUNCIL COMMUNICATION

CITY OF DES MOINES CITY MANAGER'S OFFICE	Number:	**26-085**	Meeting:	**March 9, 2026**
	Agenda Item:	**23**	Roll Call:	**26-0307**
	Submitted by:	**Chris Johansen, Neighborhood Services Department Director**		

AGENDA HEADING:

Approval of $400,000 in Home Investment Partnership (HOME) Program Funds to Market District Apartments, Limited Partnership (LP) for the Development of the Foundry Lofts Multifamily Building Resulting in 46 Affordable Residential Rental Units.

SYNOPSIS:

Market District Apartments, LP plans to construct a two-story, mixed-use, multifamily residential building at 509 Southeast 6th Street. The building will combine multiple underutilized lots and will include 46 total residential units. Of those units, two (2) will be HOME Units affordable to households earning 50 and 60% area median income (AMI). These units will have this designation for 20 years.

FISCAL IMPACT:

Amount: $400,000

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

ADDITIONAL INFORMATION:

- Market District Apartments, LP is the developer, with Christiansen Development as the General Partner of the LP. Gratus Development is the co-developer. Indigo Living has been identified as the property manager. As part of the application, all parties have submitted documentation of their experience with affordable housing.

- The total project cost is anticipated to be approximately $15.65 million. HOME funds will be utilized for the construction costs of activity. The site currently consists of multiple lots which have been acquired from the respective owners and City.

- The environmental assessment, which is required to make a full HOME award, has been completed by Neighborhood Services Staff. An Authority to Use Grant Funds was signed by HUD on January 26, 2026.

- The primary source of funds will be through Low-Income Housing Tax Credit (LIHTC) equity. Other sources in order of magnitude include a permanent private loan, State of Iowa HOME funds, Polk County Housing Trust Fund, and deferred development fees.

- Market District Apartments will additionally be receiving a Tax Increment Financing (TIF) loan from the City of Des Moines' Office of Economic Development.

- Construction is set to begin in July 2026. Only hard costs incurred after execution of the HOME Agreement will be reimbursed.

- Two cross-cutting regulations related to HUD programs shall apply. These are the Build America Buy America Act (BABA) and Section 3 labor hour tracking. Iowa Finance Authority will also be requiring compliance as part of their own HOME funds. Staff will work with the general contractor, as well as Iowa Finance Authority (IFA) staff, to comply with these requirements.

- The newly constructed building will consist of 46 units. Unit mix will include:
    - 6 one-bedroom units,
    - 25 two-bedroom units, and
    - 15 three-bedroom units.

- Of the total units, one (1) two-bedroom unit will be reserved for households earning 60% AMI or below. One (1) two-bedroom unit will be reserved for households earning 50% AMI or below. See below for the 2025 HUD Median Family Income for Des Moines-West Des Moines, IA Metropolitan Statistical Area (MSA) effective 6/1/2025. Income limits for 2026 have yet to be released.

Household Size	50% AMI	60% AMI
1	$40,100	$48,120
2	$45,800	$54,960
3	$51,550	$61,860
4	$57,250	$68,700

- Rents are set by HUD to be affordable to those households. Rent for these units will be $1,216 per month, including utilities.

PREVIOUS COUNCIL ACTION(S):

Date: January 27, 2025

Roll Call Number: 25-0121

Action: Action: Preliminary award of $400,000 of HOME funds to Market District Apartments, LP for the construction of Foundry Lofts at 509 Southeasst 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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