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Date January 27, 2025

PRELIMINARY AWARD OF \$400,000 of HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) FUNDS TO NEWBURY LIVING FOR THE CONSTRUCTION OF NEWBURY COMMONS AT 401 SE 7TH STREET RESULTING IN FORTY-NINE (49) AFFORDABLE HOUSING UNITS

WHEREAS, the City has entered into an Agreement with United States Department of Housing and Urban Development (HUD) for funding of its Home Investment Partnership (HOME) Program pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act; and

WHEREAS, the City's HOME Program is designed to provide affordable rental and home ownership opportunities for low- and very low-income households through acquisition, rehabilitation, and new construction; and

WHEREAS, the construction of new affordable housing is consistent with the City's 2020-2024 Consolidated Plan, which was approved by City Council for submission to HUD on November 4, 2019 by Roll Call 19-1792; and

WHEREAS, representatives of Newbury Living submitted a proposal to City Neighborhood Services staff and provided financial information regarding the project which will result in forty-nine (49) residential rental units, affordable to seniors earning 60% area median income (AMI) currently addressed at 401 SE 7th St.; and

WHEREAS, the site is vacant and currently owned by the City, while two adjacent lots to the east on the 400 block are currently owned by Newbury; and

WHEREAS, applicant has requested \$400,000 of HOME funds to be utilized for program eligible costs associated with construction; and

WHEREAS, up to eleven (11) units will be set aside for households earning up to 60% AMI; and

WHEREAS, the Environmental Assessment is currently underway; and

WHEREAS, this activity is expected to receive a multitude of other funding sources, including Iowa Finance Authority HOME funds resulting in two additional affordable units, a first mortgage, low-income housing tax credits (LIHTC), Polk County Housing Trust Fund Rental Development funds; and

WHEREAS, a preliminary award is required at this time, in lieu of a full agreement, because a preliminary award letter was requested for Newbury Living's upcoming LIHTC application, exact loan terms have not been agreed upon, outstanding documents are still needed



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in order to complete the underwriting process, and the HUD environmental assessment must be completed prior to acquisition of the property using federal funds.

NOW THEREFORE, BE IT RESOLVED, by the City Council by the City of Des Moines, that:

1. The City of Des Moines preliminarily approves \$400,000 of HOME funds for Newbury Living conditional to agreed-upon loan terms, staff completion of project underwriting, and completion of the HUD Environmental Assessment.
2. The Director of the Neighborhood Services Department is authorized and directed to sign said preliminary award letter as attached.

(Council Communication No. 25-034)

Moved by _____ to adopt.

Second by _____.

FORM APPROVED:

/s/ Gary D. Goudelock Jr.
 Gary D. Goudelock Jr.
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN				
SIMONSON				
VOSS				
COLEMAN				
WESTERGAARD				
MANDELBAUM				
GATTO				
TOTAL				
MOTION CARRIED			APPROVED	
_____ Mayor				

CERTIFICATE

I, LAURA BAUMGARTNER, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

_____ City Clerk



January 27, 2025

Newbury Mgt. Co. (Newbury Living)
3408 Woodland Ave
#504 W
West Des Moines, IA 50266

To Whom It May Concern,

This letter serves as a preliminary approval of funding to support Newbury Living's development of Newbury Commons. This is not a final approval.

The City of Des Moines anticipates awarding around \$400,000 of Home Investment Partnership (HOME) funding, through the United States Department of Housing and Urban Development (HUD).

Although staff in the Federal Funds Division of the City of Des Moines Neighborhood Services Department are still underwriting this project, it is reasonable to expect a \$400,000 HOME award. Terms of the loan have not been finalized, yet. However, the funding is expected to contribute to the construction of the Newbury Commons affordable multifamily development. This activity will create 49 total affordable residential rental units to be rented to seniors aged 55 and up. Up to 11 units will be set-aside for households at or below 60% of area median income (AMI) for an affordability period of 20 years.

The City of Des Moines' recommendation is contingent upon approval of a final agreement by the City Council, as well as receiving any additional application information necessary for continued underwriting as requested by City staff, and completion of an approved environmental assessment.

If the above conditions are met, City staff intend to recommend funding this project to the City Council. Overall, City staff support this development and its impact on the workforce housing goals of the City.

Sincerely,

Chris Johansen, Neighborhood Services Director
City of Des Moines