

Date January 27, 2025

**PRELIMINARY AWARD 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
FORTY-SIX (46) 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 Market District Apartments LP submitted a proposal to City Neighborhood Services staff and provided financial information regarding the project which will result in forty-six (46) residential rental units, affordable to seniors earning 60% area median income (AMI) currently addressed at 509 SE 6th St.; and

WHEREAS, HOME funds are expected to be utilized for program eligible costs associated with construction; and

WHEREAS, one (1) unit will be set aside for households earning up to 60% AMI; and

WHEREAS, one (1) unit will be set aside for households earning up to 50% AMI; and

WHEREAS, the Environmental Assessment is currently underway; and

WHEREAS, the parcels to house the site are currently owned by the associated 509 SE 6th LLC, while the other parcel to be included will be acquired after the completion of the Environmental Assessment; 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 commitment letter was requested for Market District Apartment LP's upcoming LIHTC



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application, exact loan terms have not been agreed upon, outstanding documents are still needed 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 Market District Apartments, LP 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. 25-035)

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			

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.

Mayor

City Clerk



January 27, 2025

Market District Apartments LP
215 East 3rd St.
Ste 300
Des Moines, IA 50309

To Whom It May Concern,

This letter serves as a preliminary approval of funding to support Market District Apartments LP's development of Foundry Lofts. 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 building which will be the site of the Foundry Lofts affordable multifamily development. This activity will create 46 total affordable residential rental units. 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