



Date June 9, 2025

PRELIMINARY AWARD OF \$750,000 IN COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR THE REHABILITATION OF THE UNIVERSITY OF COMMERCE BUILDING AT 615 EUCLID AVENUE, RESULTING IN FOURTEEN (14) AFFORDABLE RESIDENTIAL RENTAL UNITS

WHEREAS, on November 4, 2019, by Roll Call No. 19-1792, the City Council approved the 2020-2024 Consolidated Plan for the U.S. Department of Housing and Urban Development (HUD) Consolidated Plan; and

WHEREAS, one of the primary components of the 2020-2024 Consolidated Plan is the increase of affordable housing stock; and

WHEREAS, representatives of 615 Euclid LLC submitted a proposal to City Neighborhood Services staff and provided financial information regarding the project which will result in eight (8) residential rental units affordable to those at or below 60% Area Median Income (AMI) and six (6) residential rental units affordable to those at or below 80% AMI at 615 Euclid Avenue, Des Moines, Iowa; and

WHEREAS, the use of CDBG funds to rehabilitate housing is an eligible activity if it meets the national objective of the CDBG Program by benefitting low- or moderate-income residents; and

WHEREAS, an Environmental Assessment is still needed; and

WHEREAS, this project has received or is expected to receive additional funding from a standard construction loan, Grayfield Tax Credits, State of Iowa Workforce Housing Tax Credits, and Invest DSM; and

WHEREAS, a preliminary award is required at this time, in lieu of a full agreement, because exact loan terms have not been agreed upon and outstanding documents are still needed in order to complete the underwriting process; and

WHEREAS, a final agreement is contingent on the City receiving level funding of its entitlement grant from HUD in Fiscal Year (FY) 2026.

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

1. The City of Des Moines preliminarily awards \$750,000 in CDBG funds for the rehab project at 615 Euclid Avenue, conditional to agreed-upon loan terms, a passed environmental assessment, completion of project underwriting, and level entitlement grant funding from HUD in FY 2026.



Roll Call Number

Agenda Item Number

32

Date June 9, 2025

2. The Director of the Neighborhood Services Department is authorized and directed to sign said preliminary award letter as attached.

(Council Communication No. 25 - 238)

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



June 9, 2025

Chris Johansen
Neighborhood Services Director
City of Des Moines
602 Robert D. Ray Drive
Des Moines, IA 50309

To Whom It May Concern,

This letter serves as a preliminary award of funding to support the rehabilitation of 615 Euclid Avenue in Des Moines, Iowa. This is not a final award.

The City of Des Moines anticipates awarding \$750,000 of Community Development Block Grant (CDBG) 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 \$750,000 CDBG award. Terms of the loan have not been completely determined, yet. However, the project is expected to create fourteen (14) total affordable residential rental units for a period of fifteen (15) years.

The City of Des Moines' recommendation is contingent upon approval of a final agreement by the City Council, review of additional application information, passing an environmental assessment, and level funding of the City's entitlement grant from HUD in Fiscal Year 2026.

If the above conditions are met, City staff intend to recommend funding this project to the City Council. Overall, 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