

Date June 8, 2026

AWARD OF \$284,181 IN COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS AND RENTAL ENHANCEMENT PROGRAM FUNDS TO URBAN DREAMS LLC FOR THE SITE INFRASTRUCTURE AND PUBLIC IMPROVEMENTS SUPPORTING THE CONSTRUCTION OF SIX (6) RESIDENTIAL RENTAL UNITS AT 1411-1419 7TH STREET

WHEREAS, on June 9, 2025, by Roll Call No. 25-0863, the City Council approved the 2025-2029 Consolidated Plan for the U.S. Department of Housing and Urban Development (HUD) Consolidated Plan; and

WHEREAS, one of the primary components of the 2025-2029 Consolidated Plan is the increase of affordable housing stock; and

WHEREAS, Local Option Sales and Service Tax (LOSST) Funds previously utilized for the Rental Enhancement Program have been reprogrammed for Neighborhood Services use for the development of affordable rental housing; and

WHEREAS, representatives of Urban Dreams, LLC submitted a proposal to City Neighborhood Services staff and provided financial information regarding the project which includes the construction of rental townhomes at 1411-1419 7th St. Des Moines, Iowa; and

WHEREAS, CDBG funds will be used for the public and site improvements supporting the building; and

WHEREAS, Rental Enhancement LOSST funds can be used for the construction of the rental units; and

WHEREAS, the activity will result in the creation of six (6) total residential rental units comprising two 4-bedroom and four 2-bedroom units; and

WHEREAS, federal CDBG regulations require that at least 51% of units, or four (4) of the units, will be affordable to households earning 80% area median income (AMI) or less; and

WHEREAS, Urban Dreams has indicated that all units will be affordable to households earning 50% AMI or less; and

WHEREAS, the project proposes rent for the affordable units will be less than or equal to Fair Market Rents (FMR) for the Des Moines-West Des Moines, IA Metropolitan Statistical Area (MSA); 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 households; and

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WHEREAS, the project has received or anticipates receiving additional funding from a standard construction loan, Polk County Emergency Rental Assistance (ERA) 2 funds, Prairie Meadows, and capital campaign funding; and

WHEREAS, City staff have completed project due diligence and determined that \$173,181 of CDBG funds can be used on eligible costs and are needed for this project; and

WHEREAS, disbursement of CDBG funds is contingent on the developer demonstrating proof of successfully securing any and all sources of funding to complete the project; and

WHEREAS, City staff has completed project due diligence and determined that \$111,000 of Rental Enhancement Program funds can be used on eligible costs for this project; and

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

1. Once signed by all required parties, the CDBG Agreement, which contains both CDBG and LOSST funding, and including the Promissory Note, Mortgage, and Restrictive Covenant between the City and Urban Dreams, for six (6) residential rental units as part of the project at 1411-1419 7th St, in form on file with the City Clerk, is hereby approved.
2. The Director of the Neighborhood Services Department is authorized and directed to sign said Agreement and related documents, and the Neighborhood Services Department is directed to record said Agreement and all related documents as applicable.
3. The Neighborhood Services Director and his assignees are authorized and directed to administer the CDBG Agreement and related documents in accordance with the terms therein; to approve and execute minor amendments thereto; and to present substantive amendments to the City Council for consideration and approval.

(Council Communication No. 26-197)

Moved by _____ to adopt. Second by _____.

FORM APPROVED:

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

 **Roll Call Number**

Agenda Item Number

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN				
SIMONSON				
V0SS				
BARRON				
WESTERGAARD				
MANDELBAUM				
GATTO				
TOTAL				

MOTION CARRIED

APPROVED

Mayor

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.

Laura Baumgartner, City Clerk