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Date April 25, 2011

**AUTHORITY TO PRELIMINARILY COMMIT \$250,000 OF
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN FUNDS FOR
COMPLETION OF REHABILITATION AND SITE IMPROVEMENTS AT
THE MURILLO APARTMENTS AT 605 16TH STREET (1531 HIGH)**

WHEREAS, the City of Des Moines is an Entitlement City and receives Community Development Block Grant (CDBG) funds annually under 24 CFR 570; and

WHEREAS, rehabilitation of rental housing is an eligible CDBG activity and is consistent with the CITY's Consolidated Plan which was last amended by City Council by Roll Call No. 11-013 on January 28, 2011, and

WHEREAS, Murillo Apartments, a building eligible for the National Register of Historic Places, was moved from its original location, and has sat unfinished and vacant for the two years due to financial problems; and

WHEREAS, Ryan Galloway, 1312 Locust St. Des Moines, IA 50309 has a contract to purchase the building for \$175,000; and

WHEREAS, Ryan Galloway is an experienced developer in affordable housing and is working with Banker's Trust on securing funding and has equity to put into the property; and

WHEREAS, City staff has met with several proposed developers and real estate agents but no proposals have moved forward because of financial difficulties; and

WHEREAS, Mr. Galloway has requested a CDBG loan for \$250,000 to complete the rehabilitation and site improvements on the building; and

WHEREAS, financing of the loan will be in compliance with all CDBG regulations under 24 CFR 570 including a five-year affordability requirement for four of the units and all construction and affordability monitoring;

WHEREAS, City funding is proposed to be a \$210,000 loan at 0% interest rate amortized over twenty years with payment to begin in June of 2012 as well as a grant of \$40,000 to cover affordability for four of the five years; and

★ **Roll Call Number**

Agenda Item Number

37

Date April 25, 2011

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

1. City staff is authorized to commit \$250,000 of CDBG funds for rehabilitation and completion of site improvements for the Murillo Apartments at 605 16th Street subject; and
2. Final terms and loan documents to be approved by City Council at a future meeting.

(City Council Communication No. 11- **235**)

MOVED BY _____ TO ADOPT

FORM APPROVED:



 Michael F. Kelley
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				
MOTION CARRIED			APPROVED	
_____ Mayor				

CERTIFICATE

I, DIANE RAUH, 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