



Date October 2, 2023

**PRELIMINARY COMMITMENT OF \$300,000 IN COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR REHABILITATION OF THE NORTH DES MOINES TOWNHALL AT 1601 6<sup>th</sup> AVENUE, RESULTING IN UPPER-STORY AFFORDABLE 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**, Ntontan LLC, has applied for Community Development Block Grant (CDBG) funds to be used for the creation of four (4) affordable single unit apartments through rehabilitation of 1601 6<sup>th</sup> Avenue; 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**, after rehabilitation, the four (4) single unit apartments will be affordable to households at or below 80% of the area median income (AMI) and rents will be less than or equal to Fair Market Rents (FMR) for the Des Moines-West Des Moines, IA Metropolitan Statistical Area (MSA) as determined by the U.S. Department of Housing and Urban Development (HUD) for a period of fifteen (15) years; and

**WHEREAS**, an environmental review, including consultation with the State Historic Preservation Office (SHPO), was completed on July 15, 2023; and

**WHEREAS**, a preliminary commitment is required at this time, in lieu of a full agreement, because exact loan terms have not been agreed upon, outstanding documents are still needed in order to complete the project underwriting process, and the developer requests a preliminary commitment in order to potentially secure additional grant funding.

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

1. The City of Des Moines preliminarily commits \$300,000 in CDBG funds for the rehabilitation of 1601 6<sup>th</sup> Avenue, which will result in four (4) affordable rental units, conditional to agreed upon loan terms and completion of project underwriting at a later date.



**Roll Call Number**

**Agenda Item Number**

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**Date** October 2, 2023

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

(Council Communication No. 23-~~44~~)

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
COWNIE				
BOESEN				
GATTO				
MANDELBAUM				
VOSS				
WESTERGAARD				
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

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October 2, 2023

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 commitment of funding to support Ntontan LLC's rehabilitation project at 1601 6th Avenue Des Moines, Iowa 50313. This is not a final commitment.

The City of Des Moines anticipates awarding \$300,000 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 \$300,000 CDBG award. Terms of the loan have not been completely determined, yet. However, the funding is expected to contribute to the second story rehabilitation which will create four (4) single-unit apartments. All of the apartments will be affordable to households at or below 80% of the area median income (AMI) and rents will be less than or equal to Fair Market Rents for the Des Moines-West Des Moines, IA Metropolitan Statistical Area (MSA) as determined by the U.S. Department of Housing and Urban Development (HUD) for a period of fifteen (15) years.

The City of Des Moines' recommendation is contingent upon approval by the City Council, as well as receiving any additional application information necessary for continued underwriting as requested by City of Des Moines staff.

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

Sincerely,

Chris Johansen, Neighborhood Services Director  
City of Des Moines