

**OFFICE OF THE CITY MANAGER
DES MOINES, IOWA**

**CITY COUNCIL COMMUNICATION 96-220
MAY 28, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
HOME RENTAL REHABILITATION FUNDS — OAKRIDGE NEIGHBORHOOD	◆ RESOLUTION ORDINANCE RECEIVE/FILE	JAMES GRANT COMMUNITY DEVELOPMENT DEPARTMENT

SYNOPSIS —

A financing plan to rehabilitate 81 units at the Oakridge Neighborhood (ON) has been prepared.

FISCAL IMPACT —

The approximately \$900,000 project proposes using \$200,000 of City HOME Rental Rehabilitation dollars, \$600,000 of State HOME dollars, and \$100,000 of Iowa Finance Authority funds. ON already has a commitment of \$250,000 for roof repair on all the 35 buildings. No General Fund dollars will be allocated to this project.

RECOMMENDATION —

Approval.

BACKGROUND —

City staff has received a request from Margaret Toomey, Director of ON, to use federal HOME funds for renovation of 81 units. Staff has had several discussions with the Des Moines U.S. Department of Housing and Urban Development office, the State Office of Economic Development (IDED), the Iowa Housing Corporation, and Iowa Finance Authority in assessing the physical and financial needs and resources for rehabilitation at ON. Ms. Toomey, on behalf of ON, has or will be submitting applications to these agencies for funding.

There is significant need for rehabilitation of these units. ON has received a \$250,000 grant from the Federal Home Loan Bank to replace all pitched roofs, but the funds cannot be used for replacement of flooring, counter tops, and kitchen and bathroom cabinets, many of which are the original equipment.

At its May 1, 1996 meeting, the City's Neighborhood Advisory Board recommended approving the request for HOME funds to be used for this project. The unanimous vote was preceded by discussion of the need for low-income units within the City and support for maintaining the units within ON.

City staff is currently evaluating a *pro-forma* to determine the amount and form of the City's participation in the project. Preliminary analysis of the ON budget would indicate that the City's participation would need to be in the form of a grant rather than a loan.

HOME regulations require that joint City/State projects such as this be administered by the City. If the City and State both decide to participate in the renovation, a contract will be developed and executed by the City and the IDIED. Additional contracts for the use of HOME Funds will be developed and executed by the City and ON.