

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

**CITY COUNCIL COMMUNICATION 96-391
SEPTEMBER 16, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
SECTION 5(h) AFFORDABLE HOMEOWNERSHIP PROGRAM	◆ RESOLUTION ORDINANCE RECEIVE/FILE	WILLIAM WILKINS HOUSING SERVICES DIRECTOR

SYNOPSIS —

Authorization to sell a public housing single-family unit to a public housing resident.

FISCAL IMPACT —

Revenue derived from the sale of the property goes into the Section 5(h) Operating Budget to cover program costs. The Housing Services Department will net approximately \$26,000 after seller costs are paid. The second mortgage in the amount of \$12,870 is, by program guidelines, held in abeyance for 30 years. If the owner goes the full 30-year term, the second mortgage is forgiven.

RECOMMENDATION —

Approval.

BACKGROUND —

The Department of Housing Services is a participant in the Section 5(h) Affordable Homeownership Program which was approved on September 1, 1992, by the United States Department of Housing and Urban Development. Under this program, single-family homes in the public housing inventory are sold to eligible residents.

A resident has made application with Allied Group Mortgage Company to purchase 1550 - 16th Street.

The appraised price of the property is \$39,000. The projected loan amount is \$24,180, with a second mortgage in the amount of \$12,870. The resident is providing three percent down payment, and is also applying for additional assistance from the Iowa Finance Authority and the Federal Home Loan Bank of Des Moines for the remaining down payment of \$780. The closing of the property is scheduled for September 23, 1996.

This application was presented to the Public Housing Board at their meeting of September 11, 1996. The Board recommended that Council approve the purchase of the property.