



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-477

SYNOPSIS -

AGENDA:

OCTOBER 25, 1999

Approval of Homeownership 5(h) Program Plan revisions to the U.S. Department of Housing and Urban Development (HUD).

SUBJECT:

FISCAL IMPACT -

HOMEOWNERSHIP
5(h) PROGRAM
PLAN REVISION

Estimated income at \$460,000 per year for five years.

RECOMMENDATION -

TYPE:

Approval.

RESOLUTION
ORDINANCE
RECEIVE/FILE

BACKGROUND -

SUBMITTED BY:

RUSSELL
UNDERWOOD
INTERIM HOUSING
DIRECTOR

Since 1992, the Department of Housing Services has administered a Homeownership Program to sell single-family Public Housing Units to low- and moderate-income families. The Program Plan must be approved by HUD. Since its inception, 17 single-family Public Housing Units have been sold.

The proposed revisions to the existing Homeownership Plan primarily reflect a policy which would make the program more marketable, update some of the language regarding the program from 1992 to 1999, and move the administration of it to an administering agency/organization. Specifically:

- Removes mandatory down-payment requirement. Replace this with the family complying with whatever down payment will be required by the mortgage product they select.

- Changes 30-year promissory/secondary mortgage to seven years, prorated each anniversary year. Forgivable at the end of

seven years, if the purchaser meets requirements.

- Discounts 33 percent of the appraised value of the property to reflect the sale price of the unit to the purchaser.

An administering agency/organization would provide the following:

- Advertising and Program Promotion
- Screening and Selection of qualified buyers
- Assessment, counseling, and homeownership training of qualified buyers
- Qualifying buyers and providing mortgage options
- Assist in loan closings
- Provide follow-up contacts with purchasers on a quarterly basis for one year after closing

Payment to the agency/organization will be 10 percent of the sale price, not to exceed \$5,000 per unit.

Currently, 47 of 124 units identified for sale are vacant. Persons residing in units to be sold would have first option to buy. If they do not wish to purchase, they could be moved to equal or better accommodations in other public housing units not designated for sale.

Attachment