



Agenda Item:

35A

COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

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Roll Call

Submitted by: Chris M. Johansen, Director, Housing Services Department

SUBJECT—

City Council approval of Home Investment Partnerships (HOME) Program carryover funds for the 2005 Neighborhood Conservation Services (NCS) New Construction Program.

SYNOPSIS—

City Council approval to carryover prior years' HOME funds for the 2005 NCS New Construction Program.

FISCAL IMPACT—

Carryover \$1,070,331 of HOME funding for the 2005 NCS New Construction Program.

RECOMMENDATION—

Approval

BACKGROUND—

The Community Development Department NCS Division administers the HOME New Construction Program. The 2004 program was allocated \$746,730 of 2004 HOME funding and \$812,000 of HOME carryover funds for a total of \$1,558,730.

Of the total 2004 funding, \$1,258,083 or 81% has been expended, contracted or committed to projects. NCS contracted funds to construct 22 single-family homes, of which 16 are under construction and 6 have been completed. In addition, funding was committed to help build 118 units of multifamily affordable housing divided among three projects: Rose of Des Moines, East Village Square and Court Avenue Housing (Spaghetti Works). The City's HOME funding will leverage \$1,450,000 of State HOME funding and over \$30.5 million in private investment.

Summary of HOME New Construction Program Funding

Total 2004 New Construction HOME Funds	\$1,558,730
Funds Expended	\$ 488,399
Funds Contracted/Committed to Projects	\$ 769,684
Funds Remaining to Commit	\$ 300,647
Total 2005 HOME Funding	\$1,748,841
Carryover Contracted/Committed to Projects	\$ 769,684
2005 Funding Committed	\$ 564,348
2004/2005 Funding Remaining to Commit	\$ 414,809

The carryover funds are critical for continuing the City's commitment to affordable housing. In 2005 the NCS and Neighborhood Development staff worked together to develop a Request for Proposals (RFP) for single-family construction. The RFP gave priority to Neighborhood Revitalization Board (NRB) goals adopted in the HUD Consolidated Plan that included Neighborhood Revitalization areas and the development of opportunities for homeownership for large families. Six developers submitted requests for assistance to build 37 single-family houses. Five developers and 29 units are being recommended for conditional approval, representing a commitment of \$329,348 of HOME funding and a total investment of \$5,186,605. In addition, the NRB recommended and the City Council approved earmarking \$190,000 of 2005 HOME funding for HOME, Inc. to construct new housing and \$45,000 for Spectrum Resources, Inc. The City has annually committed HOME funding for affordable housing projects funded by Low-Income Housing Tax Credits. Those applications are not made until October, so some flexibility is needed in the program to be able to assist those affordable housing applications at that time.

At their meeting on April 6, 2005, the NRB reviewed the proposed HOME carryover for the above projects and recommended approval.