



**Council  
Communication**  
Office of the City Manager

**Date**

April 24, 2006

**Agenda Item No.** 32  
**Roll Call No.** ~~06-~~  
**Communication No.** 06-239  
**Submitted by:** Larry Hulse, Community  
Development Director

**AGENDA HEADING:**

Approval of an Agreement to Commit Funds to Community Housing Initiatives, Inc. for rehabilitation of 34 units of rental housing to be purchased from the Des Moines Municipal Housing Agency.

**SYNOPSIS:**

Recommend approval of an agreement to commit HOME Investment Partnership Program (HOME) funds to Community Housing Initiatives, Inc. (14 W 21<sup>st</sup> Street, Spencer, Iowa 51301, Doug LaBounty, Executive Director) for rehabilitation of 34 units of rental housing to be purchased from the Des Moines Municipal Housing Agency. The commitment allows utilization of HOME funds to complement the Disposition Plan of the Des Moines Municipal Housing Agency and continues affordable family rental housing within Des Moines.

**FISCAL IMPACT:**

Amount: \$250,000

Funding Source: Fiscal Year 2005-06 Operating Budget, Home Grants, SP036 CDD049900 HOME2005002, HOME Investor-Owned 2005, page 356.

**ADDITIONAL INFORMATION:**

The Des Moines Municipal Housing Governing Board authorized the Director of the Des Moines Municipal Housing Agency (DMMHA) to enter into negotiations with Community Housing Initiatives, Inc. (CHI) to purchase 52 units of housing for affordable rental units. CHI has a history of providing affordable housing in Iowa and working with federally-funded housing programs.

CHI has been working on assembling a funding package for purchase and renovation of the rental units. They have chosen to break the units into phases and are first looking at the purchase, renovation, and management of 34 units of housing located in 12 separate buildings.

CHI has secured a commitment of funds from the following:

Neighborhood Finance Corporation	\$220,000 loan at 4% interest
Polk County Housing Trust Fund	\$547,000 forgivable loan
IDED Housing Trust Fund	\$800,000 grant

This action approves an “Agreement to Commit” for \$250,000 of City HOME funds for the project. The money is only to be spent for rehabilitation of the units. The Community Development Director will review all materials and terms and execute the final HOME agreements with the developer pending final approval of an Offer to Purchase by the Municipal Housing Governing Board.

Under the HOME rules, a participating jurisdiction has 24 months to commit its annual HOME allocation and 60 months in which to spend the funding. Commitment must be in the form of a written agreement. The City’s community Development Department was notified by the U.S. Department of Housing and Urban Development that the City needed to commit \$367,000 in HOME funds by April 30, 2006 or lose the funds. The approval of this agreement with CHI commits \$250,000 of these funds. On April 10, 2006, City Council approved an Agreement to Commit Funds for \$152,000 to Community Housing Development Corporation (CHDC) for construction financing of a single family house to be sold to a low income family. The CHI commitment and CHDC commitment ensure that available HOME funds are committed and will be used for affordable housing in Des Moines.

**PREVIOUS COUNCIL ACTION(S):**

Date: April 10, 2006

Roll Call Number: 06-655

Action: Agreement to commit funds to Community Housing Development Corporation for development of a single family home at 1317 Clark Street. (Council Communication No. 06-203) Moved by Hensley to adopt. Motion Carried 6-1.

Date: July 25, 2005

Roll Call Number: 05-1761

Action: MHAGB Extra Item 1 - Authorizing the Municipal Housing Agency to negotiate with Community Housing Initiatives (CHI) for the disposition sale of 54 Public Housing Units. (Call City Clerk Office for list). (Council Communication No. 05-422) Moved by Hensley to adopt. Motion Carried 6-2.

**BOARD/COMMISSION ACTION(S): NONE**

Date:

Roll Call Number:

Action:

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

