



**Council**  
**Communication**  
Office of the City Manager

**Date**

March 10, 2008

**Agenda Item No.** 35  
**Roll Call No.** 08-  
**Communication No.** 08-108  
**Submitted by:** Larry Hulse, Director  
**Community Development Department**

**AGENDA HEADING:**

Authorizing Execution of HOME Contract Documents with Home Opportunities Made Easy, Inc. for renovation of housing to be sold for affordable home ownership as condominium units.

**SYNOPSIS:**

Recommend authorization for execution of HOME Contract Documents with Home Opportunities Made Easy, Inc. (Home, Inc.) for renovation of housing to be sold for affordable home ownership as condominium units. This project involves allocation of City HOME funds of \$330,000 for rehabilitation of ten units (5 duplexes) that the Governing Board of the Des Moines Municipal Housing Agency (DMMHA) has sold to Home Opportunities Made Easy, Inc (1111 9<sup>th</sup> Street, Des Moines, Iowa 50314, Pam Carmichael, Executive Director). The renovated housing will be sold to low income homeowners as condominium units located in the 5100 block of Bel Aire Road.

**FISCAL IMPACT:**

Amount: \$330,000 – City HOME Loan to be advanced during construction as work is completed.

Funding Source: FY 2007-08 Operating Budget, SP036, CDD49900, HOME 2007009, page 315.

**ADDITIONAL INFORMATION:**

HOME, Inc. is a local non profit housing developer and housing service provider that has worked extensively with the City of Des Moines on new construction and rehabilitation projects for low income home owners. In 2007, HOME, Inc proposed the purchase and rehabilitation of duplex units owned by the DMMHA located in a cul-de-sac in the 5100 block of Bel Aire Road for low-income homeownership. Over the past year, the agency worked on legal aspects of a condominium project and secured financing commitments. The City of Des Moines Municipal Housing Agency Governing Board approved the sale of the housing to HOME, Inc. at its February 11<sup>th</sup> meeting by Roll Call 08-192. The name of the project will be Bel-Aire Commons.

HOME, Inc. is developing the legal documents to sell and establish the duplexes as condominium units. A Home Owners' Association will be incorporated for Bel Aire Commons and a horizontal property regime will be established to maintain and regulate the common areas. The exterior walls surrounding each unit or any pipes, wires conduits or other utility lines through each unit, which are utilized for more than one unit, will be maintained by the Bel Aire Commons Association rather than an individual homeowner. The Horizontal Property Regime will require

that a professional property manager be hired to manage maintenance and repair to the common areas during the duration of the City liens.

Subsidy funding for the project will include \$250,000 from the Polk County Housing Trust Fund (PCHTF) for purchase and \$330,000 for rehabilitation of ten of the units from City HOME funds. The City will place a forgivable lien against each unit assisted for a ten year period requiring that the property be occupied by a low income family as their principal place of residence. The PCHTF money will also be forgivable and cause a lien to be placed against the property. Private bank funding will also be used for purchase and rehabilitation, but will require repayment.

Total development of each unit will cost approximately \$101,000. The City and PCHTF subsidies will lower the end cost of each unit to approximately \$59,000. HOME, Inc. has projected a monthly PITI (principal, interest, taxes, and insurance) of \$580 plus a \$150 monthly association fee for maintenance etc. This will bring the total payment to \$730 per month, which is affordable to a family earning in the \$25,000 to \$30,000 range.

This will be the first low income condominium project that the City has assisted with HOME funding. The HOME funding ensures that housing sold by the DMMHA remains affordable and provides a homeownership opportunity for a very low income segment of the community. HOME, Inc. has been an excellent developer and provider of affordable housing opportunities in the City.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD ACTION(S):**

Date: March 5, 2008 - Neighborhood Revitalization Board

Roll Call Number: N/A

Action: Support of HOME funds for Rehabilitation Loan for HOME, Inc. Project, Bel Aire Commons

Date: February 11, 2008 - Des Moines Municipal Housing Agency Governing Board

Roll Call Number: 08-192

Action: [Approving](#) conveyance of 5117/5119, 5118/5120, 5123/5125, 5124/5126, 5128/5130 & 5129/5131 Bel Aire Road to Home Inc. ([Board Communication No. 08-054](#)) Moved by Vlassis to adopt. Motion Carried 6-2.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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