



Council Communication

Office of the City Manager

Date April 20, 2009

Agenda Item No. 29
Roll Call No. 09-
Communication No. 09-217
Submitted by: Larry Hulse, Community
Development Department Director

AGENDA HEADING:

Authorizing execution of additional HOME Contract Documents with Community Housing Initiatives, Inc. for renovation of 12 units of senior rental housing at 3716 Indianola Road.

SYNOPSIS:

This project involves executing an additional HOME agreement with Community Housing Initiatives, Inc. (14 W 21st Street, Spencer, Iowa 51301, Doug LaBounty, Executive Director) to add additional funding for rehabilitation of 12 units of senior housing at 3716 Indianola Road. The units must comply with new parking and landscaping requirements under the Zoning Ordinance and the HOME program will provide an additional \$40,550 for paving, landscaping, and handicapped accessibility. Council is asked to approve the supplemental HOME documents for 3716 Indianola Road.

FISCAL IMPACT:

Amount: \$40,550 – City HOME Loan to be advanced during construction as work is completed. City has previously committed a HOME Loan of \$88,224 for this property.

Funding Source: City HOME Loan of \$40,550 is funded through Home Investment Partnerships FY 09-10 Special Revenue Funds HOME Grants --SP036 CDD49900 HOME funds page 72.

ADDITIONAL INFORMATION:

On February 12, 2007 by Roll Call 07-253, the City Council approved HOME documents for a total of \$250,000 to rehabilitate 34 units of housing consisting of 8 duplexes in the 4000 block of 49th Street, 3 duplexes in the 5200 block of SE 6th and a 12 unit town house development at 3716 Indianola Road for a total of 34 units. By Roll Call 06-2051 on October 23, 2006 and Roll Calls 07-091 and 07-092 on January 22, 2007, the Des Moines Municipal Housing Agency Governing Board approved the sale of these buildings to Community Housing Initiatives, Inc.

The 12-unit townhouse development at 3716 Indianola was constructed by the Des Moines Public Housing Authority by a special permit. On July 17, 1979 the Board of Adjustment allowed the construction of twelve units of multi-family housing at 3716 Indianola but required that the housing consist of elderly units owned by a public agency. Because of the age of the Board of Adjustment decision, it was not noted in the original title opinion when the property was sold by the Des Moines Municipal Housing Agency to CHI. CHI appealed the 1979 Board of Adjustment decision requesting that the restriction on elderly rentals and ownership by a public agency be removed. On May 5, 2008, the Board of Adjustment approved the change that the

property could be owned by a private entity but kept the restriction on elderly rental. The Board also added the requirement that the parking and landscaping be improved to the City's current standards.

CHI is choosing to make some additional improvements to the units to accommodate the needs of elderly persons and is redoing the parking and landscaping. The cost of the additional improvements is \$52,043. The Community Development Department has reviewed the sources and uses for the Indianola Road property and agreed to provide an additional \$40,550 (\$3,379/unit) for paving, landscaping, and handicapped accessibility. This will bring the City's HOME commitment for the units at 3716 Indianola Road to \$10,731 per unit or \$128,772 for rehabilitation of the 12 units. There is a ten year forgivable lien on the property for the amount of the funding.

The units to be renovated will be occupied by elderly families below 50% of median income and are considered to be low rent HOME units. The construction subsidy provided by the HOME loan allows the developer to provide the units at a lower monthly rent. The net rent for one bedroom units will be \$485, for 2-bedroom units \$535, and for 3-bedroom units \$585.00.

CHI is a nonprofit housing development organization that is based in Spenser, Iowa. The Executive Director is Doug LaBounty. CHI has worked on successful developments in numerous Iowa and Nebraska towns that utilize Low Income Housing Tax Credits, Historic Tax Credits and Iowa Department of Economic Development funds. In order to begin development and management of their units in Des Moines, they have opened an office in the East Village.

The Community Housing Initiatives Project is financed with multiple funding sources including, Federal Home Loan Bank, State HOME, Polk County Housing Trust Fund and NeighborWorks America. The units to be rehabilitated were sold by the Des Moines Municipal Housing Agency at 75% of assessed value. The project does not utilize Low Income Housing Tax Credits. The City is not administering the State HOME funds for this project.

PREVIOUS COUNCIL ACTION(S):

Date: February 12, 2007

Roll Call Number: 07-253

Action: Execution of HOME contract documents with Community Housing Initiatives, Inc. for renovation of low-income rental housing. (Council Communication No. 07-081) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: December 18, 2006

Roll Call Number: 06-2474

Action: Extension of "Agreement to Commit HOME Funds" to Community Housing Initiatives, Inc. for rehabilitation of 34 units of rental housing. (Council Communication No. 06-785) Moved by Vlassis to adopt. Motion Carried 6-0.

Date: April 24, 2006

Roll Call Number: 06-775

Action: 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. (Council Communication No. 06-239) Moved by Hensley to adopt. Motion Carried 6-1.
Absent: Coleman.

BOARD/COMMISSION ACTION(S):

Date: May 28, 2006

Board: Board of Adjustment

Action: Amended Special Permit to allow 3716 Indianola to be owned other than a public agency but continued to require that the property be rented to elderly occupants and required conformance with current City Landscaping and parking standards.

Date: January 22, 2007

Board: Des Moines Municipal Housing Agency Government Board

Roll Call Number: 07-091 and 07-092

Action: (A) 3716 Indianola Rd. to Community Housing Initiatives, Inc. (Council Communication No. 07-039) Moved by Hensley to adopt. Motion Carried 8-0.
(B) 5209-11 SE 6th to Community Housing Initiatives, Inc. (Council Communication No. 07-038) Moved by Hensley to adopt. Motion Carried 8-0.

Date: October 23, 2006

Board: Des Moines Municipal Housing Agency Government Board

Roll Call Number: 06-2051

Action: 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. (Council Communication No. 06-239) Moved by Hensley to adopt. Motion Carried 6-1.
Absent: Coleman.

Date: February 7, 2006

Board: Neighborhood Revitalization Board

Action: Support of HOME funds for rehabilitation of Community Housing Initiative Project.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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