



# Council Communication

Office of the City Manager

**Date** July 27, 2009

**Agenda Item No.** 27  
**Roll Call No.** 09-  
**Communication No.** 09-499  
**Submitted by:** Larry Hulse, Community  
Development Director

## **AGENDA HEADING:**

Resolution amending 2008 program allocations and adopting 2009 program allocations for the Home Investments Partnerships Program (HOME) operated by the Community Development Department.

## **SYNOPSIS:**

Recommend approval of the resolution amending 2008 program allocations and adopting 2009 program allocations for the HOME program. The resolution recommends allocation amounts for types of housing programs funded with HOME dollars and administered by the Community Development Department. The process of adopting an “annual budget” for the expenditure of HOME funds was approved by Roll Call 06-569 on March 20, 2006 when the Council approved several processes and procedures for operation of the HOME program. The proposed adjustments to the 2008 HOME allocations reflect changes that have occurred because several commitments made for Low Income Housing Tax Credit Projects have not utilized funds. The 2009 allocations represent funding for programs to meet housing needs in the community as identified in the HUD Consolidated Plan.

## **FISCAL IMPACT:**

Amount: \$1,186,387

Funding Source: SP036 CDD49900 HOME Investment Partnership (HOME) funds - Page 108 of 2009 Operating Budget

## **ADDITIONAL INFORMATION:**

The City of Des Moines has received HOME funds administered through the U.S. Department of Housing and Urban Development (HUD) since 1992 as a part of its Entitlement funds. Expenditure of HOME funds must be directly related to housing construction or housing renovation, for those households or persons below 80% of median income. Annually, the Neighborhood Revitalization Board (NRB) recommends to City Council on the use of HOME funds consistent with the goals of the Consolidated Plan. HOME funds must be committed via a written agreement with developers, owners, contractors or Community Development Organizations within 24 months of their receipt by the city.

By Roll Call 08-881 on May 19, 2008, the City Council adopted the 2008 Home Budget Allocations for expenditure of HOME funds to be committed by March 31, 2010. The 2008 amendments are recommended by staff to reflect the changes in the secondary market for Low Income Housing Tax Credit Projects and a need for funding to match an IDDED grant to the City/Greater Des Moines Habitat for Humanity for new construction.

At its meeting on July 1, 2009 the NRB recommended the following amended budget for 2008 and a new budget for 2009.

<b>HOME Adopted 2008 Program Allocation/Project Costs</b>		<b>HOME Adjusted 2008 Program Allocation/Project Costs</b>	
Rental (LIHTC)	\$500,000	Rental (LIHTC)	\$250,000
Rental Pilot Program	\$115,744	Rental Pilot Program	\$0
Homebuyer New Construction	\$54,000	Homebuyer New Construction	\$320,000
Homebuyer Acquisition/Rehab	\$0	Homebuyer Acquisition/Rehab	\$109,000
Homebuyer ADDI	\$9,256	Homebuyer ADDI	\$0
CHDO Homebuyer Projects	\$155,811	CHDO Homebuyer Projects	\$155,811
CHDO Operating	\$48,990	CHDO Operating	\$48,990
<b>TOTAL</b>	<b>\$883,801</b>	<b>TOTAL</b>	<b>\$883,801</b>

**Rental** - reflects the dollars reserved for the Low Income Housing Tax Credit projects allocated by the Iowa Finance Authority. Several projects discussed last fall are no longer pursuing LIHTC, have been rejected for LIHTC or are not asking for HOME funds. There is one project, MLK Brickstones, that has received an allocation of tax credits so \$250,000 funding is still reserved for this project.

**Rental Pilot** - There are no projects in the queue for the **Rental Pilot Project** so this money was reallocated for New Construction.

**HOME Buyer New Construction** – This funding has been significantly increased to provide funding match for Habitat for Humanity and other nonprofit housing developers. Greater Des Moines Habitat and the City of Des Moines have been awarded CDBG funds through the Iowa Department of Economic Development for construction of replacement housing for units lost in the flood. Habitat intends to build 13 units this next year and will also utilize the HOME 2008 funds. The sites will be scattered but several are in the King Irving and Mondamin Neighborhoods. Habitat has a pool of buyers so the soft housing market is not a problem for their program.

**Home Buyer Acquisition/Rehabilitation** - This allocation was increased to address foreclosed homes outside the areas of the city covered by the Neighborhood Stabilization Program (NSP).

**Home Buyer ADDI** - The **Down Payment Assistance** utilized funding from 2007 to meet this obligation and the 2008 funding has been reallocated to Homebuyer Acquisition/Rehab.

The **CHDO Homebuyer** is reserved for new construction financing and subsidy for Community Housing Development Corporation (CHDC) at 1351 Forest Avenue. This will result in a CHDO proceeds project for CHDC.

**CHDO Operating** – City’s may provide operating assistance to CHDO’s of up to \$50,000 or 5% of the City’s HOME funds. The amount provided must be less than ½ the agency’s operating budget. CHDC is the City’s only CHDO at this point and received the operating budget for 2008.

**HOME Proposed 2009 Program Allocation**

NCS Administrative Costs	
Sub-total	\$176,387
Program Costs	
Rental (LIHTC)	\$250,000
Rental Rehabilitation	\$360,000
Homebuyer New Construction	\$100,000
Homebuyer Acquisition/Rehab	\$100,000
Homebuyer ADDI	NA
CHDO Homebuyer Projects	\$150,000
CHDO Operating	\$50,000
Sub-total	\$1,010,000
<b>TOTAL 2009 HOME Budget</b>	<b>\$1,186,387*</b>

\*The above total includes \$100,000 of program income divided among programs.

**Administration Costs** - The HOME regulations allows for including 10% for City administration and 5% CHDO administration. Of the allocation \$176,387 is used by City staff for administration and \$50,000 is used by CHCD for administration.

**Rental LIHTC** - (Either rehabilitation or new construction): This includes funding for one LIHTC project.

**Rental Rehabilitation** – Staff has spoken with owners of several rental projects concerning upcoming projects. Some of these projects may have children under six and will also provide match for the County’s Lead Base Paint grant. The City has “committed” to use HOME funds for rental projects to provide match for Polk County’s Lead Based Paint Grant. Staff intends for these dollars to do double duty in these instances.

**Home Buyer New Construction** will be used for the non-profits, specifically for lots that have been obtained through the tax certificate process.

**Home Buyer Acquisition/Rehabilitation** was included to address foreclosed homes outside the areas of the city covered by Neighborhood Stabilization Program (NSP).

**Down payment Assistance** HUD has no separate allocation of down payment assistance this year. The City can use regular HOME funds for down payment for non-profit new construction or acquisition rehabilitation if the need arises.

The **CHDO Homebuyer** is reserved for a CHDO homebuyer project, such as building a new house. Staff and the NRB will continue to work with the CHDC Board and staff on evaluation of the CHDC restructuring to determine at what level they will continue to develop additional affordable housing. Staff will also work with nonprofits to develop additional CHDO’s for Des Moines.

**CHDO Operating** – City’s may provide operating assistance to CHDO’s of up to \$50,000 or 5% of the City’s HOME funds. The amount provided must be less than ½ the agencies operating budget. CHDC is

the City's only CHDO at this point and it is recommended they receive the funding for 2009 to help with the operating budget.

**PREVIOUS COUNCIL ACTION(S):**

Date: May 19, 2008

Roll Call Number: 08-881

Action: Amending 2007 Program allocations and adopting 2008 Program allocations for the Home Investments Partnerships Program (HOME). (Council Communication No. 08-303) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: June 18, 2007

Roll Call Number: 07-1170

Action: 2007 Allocations for the HOME Investments Partnerships Program (HOME). (Council Communication No. 07-364) Moved by Hensley to adopt. Motion Carried 6-1.

Date: March 20, 2006

Roll Call Number: 06-569

Action: Adoption of new policies and procedures for administration of the HOME Investment Partnership Act (HOME PROGRAM). (Council Communication No. 06-140) Moved by Hensley to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Date: July 1, 2009

Roll Call Number: Neighborhood Revitalization Board

Action: Recommend approval of amended HOME 2008 Budget allocations and the proposed 2009 HOME Budget allocations

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

The City Council approves commitments of HOME for new construction projects, CHDO Proceed developments, and any development using Low Income Housing Tax Credits.

Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).