

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 14, 2010
	Agenda Item No. 45 Roll Call No. [Roll Call] Communication No. <u>10-324</u> Submitted by: Larry Hulse, Community Development Director

AGENDA HEADING:

Resolution amending 2009 program allocations and adopting 2010 program allocations for the Home Investments Partnerships Program (HOME) operated by the Community Development Department.

SYNOPSIS:

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 2009 HOME allocations reflect the heavy demand for HOME funds this year and the additional Neighborhood Stabilization Funds and Community Development Block Grant Disaster Recovery Funds that have been available. The 2010 allocations represent funding for programs to meet housing needs in the community as identified in the HUD Consolidated Plan and previous City Council actions.

FISCAL IMPACT:

Amount: \$1,182,485

Funding Source: SP036 CDD49900 HOME Investment Partnership (HOME) funds - Page 72 of 2010 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 09-1332 on July 27, 2009, the City Council amended the 2008 Program Allocations and adopted the 2009 Home Program Allocations for expenditure of HOME funds.

HOME adjusted 2009 Program Allocations - The adjustments to the adopted 2009 program allocations reflect the strong demand for all housing funds this year. More nonprofits have filed applications with the city for permanent affordable rental housing. In addition, staff has attempted to provide more funding for projects through substituting CDBG-DR, Jumpstart, and Neighborhood Stabilization Funds when available and keeping HOME funds available for those projects only eligible for HOME funds. More nonprofits have filed applications with the city for permanent affordable rental housing.

At its meeting on June 2, 2010, the Neighborhood Revitalization Board recommended the following adjusted allocation for 2009 and a new allocation for 2010.

HOME <u>Adopted</u> 2009 Program Allocation/Project Costs	
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

CHDO Homebuyer Projects	\$150,000
CHDO Operating	\$50,000
Subtotal	\$1,010,000
TOTAL	\$1,186,387*
*includes \$100,000 of program income (Estimated)	

HOME <u>Adjusted</u> 2009 Program Allocation/Project Costs	
NCS Administrative Costs	
Sub-total	\$176,387
Program Costs	
Rental (LIHTC)	\$250,086
Rental Pilot Program	\$274,999
Homebuyer New Construction	\$54,000
Homebuyer Acquisition/Rehab	\$000
Rental New Construction	\$300,000
CHDO Homebuyer Projects	\$50,000
CHDO Operating	\$160,000
Subtotal	\$1,089,085
TOTAL	\$1,265,472*
includes \$179,085 of Program Income (Actual)	

NCS Administration: The HOME regulations allow for including 10% of the HOME allocation and program income for administrative costs.

Rental (LIHTC) reflects the dollars reserved for the Low Income Housing Tax Credit projects allocated by the Iowa Finance Authority. On December 21, 2009 by Roll Calls 09-2283, 09-2284, 09-2286 and 09-2287, the City Council reserved \$100,000 for each of four projects dependent upon each project receiving an allocation of low income housing tax credits. Four projects, Christ the King Elderly Housing, Fort Des Moines Elderly Housing, South View Elderly Housing and Olive Street Brickstone Family Housing received an allocation of LIHTC funding from the Iowa Finance Authority. The \$250,000 shown is reserved for two (2) projects that received funding and an additional \$250,000 is included in the 2010 program allocations for the other two (2).

Rental Rehabilitation will provide funding for a nonprofit housing agency to rehabilitate a building to provide permanent affordable housing for low income tenants.

Home Buyer New Construction – Most of the home buyer new construction is being funded through Neighborhood Stabilization Funds and the CDBG DR funds. This line item reflects two projects in

King-Irving which were preliminary committed two years ago but have yet to begin because of the economy. They are located on the northwest corner of 13th and Clark.

Rental New Construction was committed to the Anawim development of 6 units at 2024 Forest Avenue by Roll Call 09-1930 on October 29, 2009. The housing is combined with the new Anawim Offices but the offices are being paid for by private fundraising and a mortgage.

The **CHDO Homebuyer** was reserved for new construction financing and subsidy for Community Housing Development Corporation (CHDC) at 1351 Forest Avenue. CHDC dissolved its board as of June 7, 2010. Home Opportunities Made Easy, Inc. (Home, Inc.) has taken ownership of this lot and will proceed with a new construction home at this or another Home, Inc. owned lot.

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. As the City’s only CHDO, Home Inc. contracted with the City for this funding by Roll Call 10-524 on April 12, 2010.

HOME Proposed 2010 Program Allocation	
NCS Administrative Costs	
Sub-total	\$211,391
Program Costs	
New Construction Rental (LIHTC)	\$250,000
New Construction Rental (Not-LIHTC)	\$260,000
Homebuyer New Construction	\$251,094
Homebuyer Acquisition/Rehab	\$---
CHDO Homebuyer Projects	\$160,000
CHDO Operating	\$50,000
Sub-total	\$971,094
TOTAL	
Includes \$100,000 of program income	\$1,182,485*

NCS Administration: The City has underutilized its administrative dollars the last three years so the administrative costs are higher than have been shown in the past.

Rental LIHTC (New construction): This includes funding for two LIHTC projects that received funding in the 2010 allocation round (See 2009 description for more information)

Rental Forest Avenue – This money is tentatively reserved to provide funding for the redevelopment project at 22nd and Forest. The City will also make application for \$960,000 of CDBG-DR funds for rental housing and help the developer apply for funds through the Polk County Housing Trust Fund. Staff is currently working with the Drake Neighborhood Association, Anawim Housing, and Hubbell Development on this project.

Home Buyer New Construction will be used for Habitat's ten houses in twenty days to be developed at 10th and Maury.

Home Buyer Acquisition/Rehabilitation will be addressed through the Neighborhood Stabilization Program (NSP) and will not be included in the HOME budget this year.

The **CHDO Homebuyer** is reserved for a HOME, Inc. project as the City's only certified CHDO.

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. Home, Inc. is the City's only CHDO at this point and it is recommended they receive the funding for 2010 to help with the operating budget.

PREVIOUS COUNCIL ACTION(S):

Date: April 12, 2010

Roll Call Number: 10-524

Action: [Contract](#) with Home Opportunities Made Easy (HOME), Inc. for \$50,000 of HOME funds for operating support as a designated Community Housing Development Organization (CHDO). ([Council Communication No. 10-177](#)) Moved by Coleman to adopt. Motion Carried 7-0.

Date: December 21, 2009

Roll Call Number: 09-2283, 09-2284, 09-2286, 09-2287

Action:

Support and preliminary commitment of Home Funds on Applications to Iowa Finance Authority (IFA) of Low-Income Housing Tax Credits (LIHTC) on new construction for the following: ([Council Communication No. 09-888](#))

- (A) [Christ](#) the King, LLC – 28 units of low-income senior housing at 5601 SW 9th Street. Moved by Hensley to adopt, and refer to the City Manager to work with other interested parties to perform a Market Study of Downtown housing. Motion Carried 7-0.
- (B) [Akers](#) Holding, L.L.C. – 30 units of low-income senior housing between 5th and 6th on SW Army Post Road. Moved by Hensley to adopt. Motion Carried 7-0.
- (D) [Curly](#) Top, LLC – 40 units of low-income senior housing at 1900 SE 6th Street. Moved by Hensley to adopt. Motion Carried 7-0.
- (E) [Olive](#) Street Brickstone, LLP – 20 units of low-income family housing at 18th Street and Olive Avenue. Moved by Hensley to adopt. Motion Carried 7-0.

Date: October 26, 2009

Roll Call Number: 09-1930

Action: [HOME](#) contract documents with Anawim (d/b/a Anawim Housing) for new construction of six low-income rental housing units as part of mixed-use building at 2024 Forest Avenue. ([Council Communication No. 09-739](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: July 27, 2009

Roll Call Number: 09-1332

Action: [Amending](#) 2008 Program Allocations and adopting 2009 Program Allocations for the Home Investments Partnerships Program (HOME). ([Council Communication No. 09-499](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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: June 2, 2010

Board: Neighborhood Revitalization Board

Action: Recommend approval of amended HOME 2009 Budget allocations and the proposed 2010 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.

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