

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 14, 2010
	Agenda Item No. 36 Roll Call No. [Roll Call] Communication No. <u>10-340</u> Submitted by: Larry Hulse, Community Development Director

AGENDA HEADING:

Approving the template format for the development agreement documents to be used within the City of Des Moines Jumpstart Housing Assistance Program.

SYNOPSIS:

On April 12, 2010 (Roll Call # 10-527) Council authorized the submittal of a development plan for the use of \$878,808 in CDBG-DR from the Iowa Department of Economic Development (IDED) to build single-family owner-occupied homes to replace homes destroyed during the heavy rains and flooding of 2008. Initial approval of that development plan was received May 21, 2010 and a contract amendment to receive the funds is being prepared. Since this type of funding has not been used to build new construction homes by the City of Des Moines before, a new development agreement template was developed. This action will approve the template so that once the IDED contract is received, the projects can begin construction.

FISCAL IMPACT:

Amount: \$878,808

Funding Sources: The funds have been initially approved, a contract amendment is being prepared, and Council has authorized the execution of the contract amendment once it is received from IDED. The Iowa Department of Economic Development is administering the Federal Community Development Block Grant (CDBG) Disaster Recovery Funds per a statewide allocation plan approved by the Department of Housing and Urban Development.

ADDITIONAL INFORMATION:

The Development Plan, approved by Council April 12, 2010 (Roll Call # 10-527) includes the construction of 19 new homes throughout the City of Des Moines. Ten of these homes will be built by Habitat for Humanity and will be targeted at families with income below 80% Area Median Income (AMI). The other nine homes will be offered to families making up to 100% AMI and will be built by three local housing developers: Madden Construction, De Leon Construction and Jerry Lohner Sr.

In summary, the plan calls for six homes with four bedrooms and at least two bathrooms, six homes with three bedrooms and two bathrooms and seven homes with three bedrooms and one bathroom. The homes range in size from 1,056 square feet to 1,654 square feet and will feature energy efficient systems and appliances, a range of architectural styles and features and will offer a wide selection of home styles and locations for families in Des Moines. In accordance with the regulations of the program, each house built under this program may be eligible for a subsidy up to 25% of the Development Cost of the home. Funds awarded to a property will be secured with a lien that is forgiven over 5 years and home will be made available to families with low and moderate incomes.

The following chart outlines the proposed use of the \$878,808 that has been allocated to the City of Des Moines for the construction of new single-family owner-occupied homes:

Des Moines Proposed Budget (Up to \$878,808 Allocated)	
Administrative (<i>City of Des Moines</i>)	\$17,576
Project Delivery (<i>City of Des Moines</i>)	\$105,000
Closing Cost Assistance (<i>End Buyer</i>)	\$46,239
Construction (<i>4 Developers</i>)	\$709,993
TOTAL	\$878,808

Funds will be amended into an existing contract (08-DHR-209). The previous action on the Development Plan on April 12, 2010 also authorized the Mayor to sign the contract amendment once it is received. If the amendment contains any substantial changes to the terms of the contract, the amendment will be brought back before Council.

The action before Council is to approve a Development Agreement Template that will be used with each developer and property address. It outlines the specific state, local and federal regulations the developer must comply with. It also outlines requirements that are specific to the CDBG-DR funding that is being used to help fund these homes. Additional requirements such as architectural style shingles and other design requirement will also be added specific to each agreement. A copy of the template is attached to the roll call as Exhibit A.

PREVIOUS COUNCIL ACTION(S):

Date: April 12, 2010

Roll Call Number: 10-527

Action: Community Development Block Grant – Disaster Recovery (CDBG-DR) Development Plan to build owner-occupied single-family homes to replace homes destroyed during the heavy rains and flooding of 2008. (Council Communication No. 10-197) Moved by Coleman to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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