

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 27, 2011
	Agenda Item No. MHGB3 Roll Call No. <u>11-1063</u> Communication No. <u>11-395</u> Submitted by: Douglas C. Romig, Housing Services Director

AGENDA HEADING:

Approving an amended Policy for use of the proceeds from sales for Public Housing units for capital development projects, Homeownership initiatives and future sale proceeds

SYNOPSIS:

Approving the use of proceeds from sales of Public Housing units for capital development (internet connectivity, computer stations) at the Agency’s Public Housing Manors and to support down payment and closing costs assistance for Homeownership initiatives for the Agency’s 5h, Section 8 and future Section 32 program initiatives. Additionally, the Des Moines Municipal Housing Agency is requesting approval that 100% of all future sale proceeds are made available to the Department for Section 18 HUD eligible activities.

FISCAL IMPACT:

Amount: \$450,000 – Total Estimate
\$350,000 Homeownership initiatives
\$100,000 Internet connectivity and computer stations at Public Housing Manors

Funding Source: Section 18 Sales from proceeds (scattered site single family home sales) – FY12 Operating Budget - Disposed Homes; SP350 HSG021500, page 140.

ADDITIONAL INFORMATION:

Through the disposition of the Des Moines Municipal Housing Agency Public Housing scattered site units, the Agency has amassed a Development Fund principle balance of approximately \$12.8 million with interest earnings of \$911,586, for a total fund balance of approximately \$13.7 million. Funds acquired through disposition were received with approximately 53% coming from the private sector sales and 47% coming through negotiated sales with local non-profit agencies providing low-income housing.

On February 23, 2004, by Roll Call No. 04-341, the Municipal Housing Governing Board (MHGB) approved the “Policy for the Use of Proceeds from the Disposition of Public Housing Units” and authorized development of a Section 32 Plan for submittal to U.S. Department of Housing and Urban Development. On Wednesday, June 15, 2011, by Roll Call No. PH 11-41, the Des Moines Public Housing Board recommended approval of the uses described below in this communication to the Municipal Housing Governing Board. Attached to the Roll Call for this item is the previously approved Policy for the Use of Proceeds from Disposition of Public Housing Units and the recommended new

Affordable Housing Development Fund Guiding Principles. The Des Moines Municipal Housing Agency worked with local service providers and governmental entities to establish the Affordable Housing Development Fund Guiding Principles and received recommendations for approval from the Polk County Housing Continuum Board on October 13, 2010, Homeless Coordinating Council on October 19, 2010 and Public Housing Board on October 20, 2010. During a Municipal Housing Governing Board workshop, these guiding principles were presented to the Board on October 25, 2010.

Since 2005, the Des Moines Municipal Housing Agency has invested \$3.63 million in capital improvements to its five apartment complexes, homes within its 5h (homeownership) program, occupied disposition properties and relocation costs for occupied properties that have been sold. These funds represent the 25% of the dedicated sale proceeds that were to be used for this purpose. At this time staff is requesting approval to use funds from the dedicated 75% of proceeds that have been held in the Development Fund to fund these two initiatives and additional Public Housing unit rehabilitations of some of its scattered site single family homes.

The current balance within this account is approximately \$13.7 million. On May 23, 2011, by Roll Call No. 11-0851, the Municipal Housing Governing Board approved issuing 38 Project Based Section 8 Vouchers to Central Iowa Shelter & Services and authorized the Housing Services Director to submit a formal request to the U.S. Department of Housing and Urban Development to request financial approval for the use of Section 18 sale proceeds to be used towards the allowable uses under the regulations to support their development. Staff anticipates that \$3.5 million of the Development Fund will be used for this purpose. Additionally, the Des Moines Municipal Housing Agency has submitted a request for review of our Revolving Loan Development Fund program whereby \$10.0 million would be set aside to support low-income housing development projects. Staff is still waiting for a formal response from the Washington D.C. HUD offices on this request. Based on the remaining inventory of approved and submitted disposition units (scattered site single family home and Royal View Manor) to HUD, staff anticipates generating an additional \$3.0 million in future sales.

Future proceeds would be used for the following purposes; 1) maintain the \$10.0 million Development Fund balance to be used for the Revolving Loan program if approved by HUD; 2) Acquisition of additional Public Housing units; 3) Renovations of current and future Public Housing units; 4) Supportive services as approved by HUD; 5) Homeownership initiatives and other eligible activities under the Section 18 proceeds from sales HUD requirements.

PREVIOUS COUNCIL ACTION(S):

Date: May 23, 2011

Roll Call Number: 11-0851

Action: [Approving](#) issuance of 50 Project-based Section 8 Vouchers and authorizing the Housing Services Director to submit a request to U.S. Department of Housing and Urban Development (HUD) for capital funding support of the energy efficient rental units as part of Central Iowa Shelter and Services Development Project. **Moved by Coleman to adopt. Motion Carried 7-0.**

Date: February 23, 2004

Roll Call Number: 04-341

Action: Approval of the “Policy for the Use of Proceeds from Disposition of Public Housing Program Units” and authorize development of a Section 32 Plan for submittal to U.S. Department of Housing and Urban Development. (Council Communication No. 04-090). **Moved by Hensley to approve. Motion Carried 8-0.**

BOARD/COMMISSION ACTION(S):

Board: Public Housing Board

Date: June 15, 2011

Resolution Number: PH 11-41

Action: Recommendation to Municipal Housing Governing Board to approve the Affordable Housing Development Fund Guiding Principles.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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