

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: March 12, 2012
	Agenda Item No. 23 Roll Call No. <u>12-0396</u> Communication No. <u>12-121</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Amend HOME agreements with Home Opportunities Made Easy, Incorporated (Home, Inc.) to allow Community Housing Development Organization (CHDO) proceeds to be used for acquisition and rehabilitation of foreclosed properties and limited administrative costs.

SYNOPSIS:

By Roll Call Numbers 10-525 and 10-1277, on April 12, 2010 and August 9, 2010 respectively, the City of Des Moines entered into agreements with Home, Inc. to provide construction financing for new owner-occupied housing and reuse any proceeds from the sale of the houses for certain activities related to the construction or renovation of affordable housing in Des Moines. This action amends those agreements to allow HOME, Inc. to use up to 10% of the CHDO proceeds for administrative costs and allow for the proceeds to be used for acquisition and rehabilitation of foreclosed properties. The reuse of HOME proceeds is possible because of HOME, Inc’s status as a HUD certified Community Housing Development Organization (CHDO), the only one currently operating in Des Moines.

FISCAL IMPACT:

Amount: NA

Funding Source: HOME Grants – SP036 CDD049900

ADDITIONAL INFORMATION:

Home, Inc., as the City’s only Community Housing Development Organization (CHDO) under the HOME program, may receive up to \$50,000 of HOME Program Administrative funds to operate its affordable housing programs. For 2012 the City’s HOME program has been cut by 30% to \$739,540. This funding cut does not supply sufficient funds to provide administrative support to HOME, Inc. The amendment to the CHDO agreements will allow Home, Inc. to use CHDO proceeds for limited administrative costs, replacing some of the administrative funds Home, Inc. had expected in 2012.

The original contracts allowed the use of CHDO proceeds for new construction or for rehabilitation of properties redeemed through the tax sale certificate process. With the increase in foreclosed property around the city, this amendment will allow HOME, Inc. to use CHDO proceeds for acquisition and rehabilitation of foreclosed properties.

Any future projects must be approved by City staff prior to commitment of the CHDO proceeds. The proceeds must be used for HOME eligible activities but are not subject to all the HOME Program rules. For example, renovation projects funded with CHDO proceeds do not have to adhere to all the lead base paint requirements of HOME projects and a different definition of low income is allowed.

The amended HOME agreements allow HOME, Inc. to retain the proceeds of the sale of 1622 Forest, 1351 Forest and 453 Hillside for use in the following activities all of which must be approved by City staff: 1) New construction of housing; 2) Renovation of properties acquired through the tax sale certificate process; 3) Acquisition and preparation of property suitable for single-family home construction; 4) Renovation of owner-occupied housing; 5) Holding costs during remarketing of lease-purchase properties; 6) Holding costs of vacant land held for infill construction; 7) Acquisition and rehabilitation of any foreclosed property; and 8) Administrative costs up to 10% of the total proceeds for costs incurred after July 1, 2012.

PREVIOUS COUNCIL ACTION(S):

Date: August 9, 2010

Roll Call Number: 10-1277

Action: [Home](#) Agreements with Home Opportunities Made Easy, Inc. (HOME, INC.) for development of single-family homes at 1351 Forest Avenue and 453 E. Hillside Avenue. ([Council Communication No. 10-483](#)) **Moved by Moore to adopt. Motion Carried 7-0.**

Date: April 12, 2010

Roll Call Number: 10-525

Action: [Contract](#) with Home Opportunities Made Easy (HOME), Inc. for use of Community Housing Development Organization (CHDO) proceeds from 1622 Forest Avenue developed by Community Housing Development Corporation (CHDC). ([Council Communication No. 10-176](#)) **Moved by Coleman to adopt. Motion Carried 7-0.**

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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