

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> April 9, 2012
	<b>Agenda Item No.</b> 25 <b>Roll Call No.</b> <u>12-0529</u> <b>Communication No.</b> <u>12-173</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

Approval of Recapture Agreement Template for the HOME Assisted Home Buyer Program.

**SYNOPSIS:**

The City of Des Moines provides funding to developers and home buyers from the HOME Investment Partnerships (HOME) for its Home Buyer Projects. The HOME rule 24 CFR 92.254(a)(5) establishes the HOME requirements participating jurisdictions must use for all home buyer activities. The U.S. Department of Housing and Urban Development issued a new notice in January, 2012 that requires the City to amend its templates to reflect new interpretations of the HOME rule requirements.

**FISCAL IMPACT:**

Amount: No Fiscal Impact

Funding Source: The Community Development Department’s Home Buyer Program is funded through the U.S. Department of Housing and Urban Development’s HOME Investment Partnership Program (HOME), an annual entitlement program for affordable housing.

**ADDITIONAL INFORMATION:**

The HOME program provides funding for affordable housing within the City of Des Moines. Specifically, 24 CFR 92.254 “Qualification as Affordable Housing: Homeownership”, states that in order for homeownership housing to qualify as affordable housing it must:

1. Be single-family modest housing.
2. Be acquired by a low-income family as its principal residence.
3. Meet affordability requirements for a specific period of time as determined by the amount of assistance.

In order to ensure affordability, the City of Des Moines must impose either resale or recapture requirements on the housing. A new template for the recapture requirements is proposed and is on file in the City Clerk’s office. The recapture provision in the new template imposes a lien in which the assistance to the home buyer is forgiven over a period of five or ten years, depending upon the amount of assistance to the home buyer. No payment is due on the lien amount as long as the house is the principal residence of the home buyer. If the house is sold or transferred, the amount of assistance not forgiven is due and payable to the City of Des Moines. Any amount due to the City is limited to the net proceeds of the house.

**PREVIOUS COUNCIL ACTION(S):**

Date: March 28, 2011

Roll Call Number: 11-0524

Action: [Revised](#) forms of agreement for the HUD, HOME Assisted Home Buyer Program. ([Council Communication No. 11-186](#)) **Moved by Hensley to adopt. Motion Carried 7-0.**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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