

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	October 10, 2016
	<b>Agenda Item No.</b>	<b>28</b>
	<b>Roll Call No.</b>	<b><u>16-1720</u></b>
	<b>Communication No.</b>	<b><u>16-575</u></b>
	<b>Submitted by:</b>	<b>Phillip Delafield, Community Development Director</b>

**AGENDA HEADING:**

Approval of HOME Investment Partnership Program (HOME) funds with Greater Des Moines Habitat for Humanity (Habitat) for development of six (6) single-family housing in the Birdland Area.

**SYNOPSIS:**

This action approves \$210,000 of HOME funds for Habitat to develop no fewer than six (6) single-family houses to be sold to income eligible home buyers. Habitat is a nonprofit housing organization with offices at 2200 E. Euclid Avenue, Des Moines IA 50317 (President/Executive Director, Lance Henning).

The houses will be built in the 300-400 blocks of Watson Avenue in the Birdland Neighborhood on ground purchased from the City of Des Moines. Habitat will build 10 houses on Watson, six (6) will be assisted with HOME funds.

**FISCAL IMPACT:**

Amount: \$210,000

Funding Source: Federal Funds HOME 2015

**ADDITIONAL INFORMATION:**

- By Roll Call No. 15-0043 on January 12, 2015, the City Council approved the Birdland Area Redevelopment Plan (Plan) which included a goal for redevelopment of low density housing.
- The Plan was developed by the City of Des Moines and MSA Professional Services with a planning committee composed of neighborhood residents and business.
- The City of Des Moines issued a Request for Proposal (RFP) to sell several lots in Birdland owned by the City of Des Moines after adoption of the plan.
- Greater Habitat for Humanity responded to the RFP to purchase lots for single-family homeownership along Watson Avenue.
- By Roll Call No. 15-1810 on October 26, 2015, the City Council held a public hearing to convey multiple lots on Watson Avenue to Habitat.
- The new houses will be located on the north and south sides of the 300 and 400 blocks of Watson Avenue in Birdland.

- A total of 10 units will be built on the Watson sites, six (6) of those houses will be assisted with HOME funds. Other houses will be assisted with funding from Polk County Housing Trust Fund or Federal Home Loan Bank grants.
- Habitat for Humanity will use three (3) different house styles on the site. There will be no garages, but each property will have a shed for storage and a paved parking from the street to the back of the house.
- Construction costs are an average of \$177,000 with an estimated appraised value of \$127,000 - \$144,000. The City requires energy upgrades, all appliances, and cement board siding which add to costs.

<b>Funding Sources for Total Project (10 Units)</b>	<b>Total Costs (10 Units)</b>	<b>Funding Sources and Costs for 304 Watson Avenue</b>
PCHTF	\$40,000	0
City HOME	\$210,000	\$35,000
Federal Home Loan	\$60,000	0
In-kind donations	\$60,000	0
Private donations (non-loan)	\$1,400,000	\$142,000
<b>Total</b>	<b>\$1,770,000</b>	<b>\$177,000</b>

- The homes will be sold to households below 80% of median income. For a family of four (4), that amount is \$61,400.
- Habitat for Humanity provides the end-financing for the home purchasers at 0% interest for a 20-year term. All mortgage payments are used by Habitat for building or rehabilitating additional homes for low-income families.
- A combined “Finding of No Significant Impact” and “Notice of Intent to Request Release of Funds” was published in the Des Moines Register on September 20, 2016, a “Request for Release of Funds” was mailed to Department of Housing and Urban Development (HUD) Omaha on October 6, 2016, and execution of City documents is dependent upon receiving an “Authorization for Use of Grant Funds” from HUD that completes the Environmental Assessment for the Birdland Areas Redevelopment of Low Density Housing.
- The “Authorization for Use of Grant Funds” should be received by the week of October 24<sup>th</sup>, allowing Habitat to begin construction before the end of the year.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 26, 2015

Roll Call Number: [15-1810](#)

Action: [On](#) conveyance of multiple City-owned properties in the Birdland Area to Greater Des Moines Habitat for Humanity, \$56,000. ([Council Communication No. 15-559](#)) Moved by Moore to adopt. Motion Carried 6-1. Absent: Mahaffey.

**BOARD/COMMISSION ACTION(S):**

Board: Board of Adjustment

Date: July 27, 2016

Resolution Number: NA

Action: Approve re-subdivide four (4) existing parcels for redevelopment of six (6) single-family houses.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Future Habitat developments will request HOME or CDBG funds.

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