


COUNCIL COMMUNICATION

	Number:	19-149	Meeting:	April 8, 2019
	Agenda Item:	28	Roll Call:	19-556
	Submitted by:	Chris Johansen, Community Development Director		

AGENDA HEADING:

Approval of Home Investment Partnership Program (HOME) Agreement with Home Opportunities Made Easy, Inc. (HOME, Inc.) to construct two (2) rental units at 1321 and 1325 Fremont Street, Des Moines, IA using Community Housing Development Organization (CHDO) set-aside funds.

SYNOPSIS:

HOME, Inc. is one (1) of the City's main nonprofit developers that receives HOME funds to help produce affordable housing. The project is to construct a new duplex across two (2) adjacent parcels—1321 and 1325 Fremont Street—as an infill project in the Capitol Park Neighborhood. The project would have two (2), 3-bedroom rental units that would be reserved for low-income households. The total project is expected to be \$500,000, and \$35,000 in HOME funds would be used per unit for a total award of \$70,000.

FISCAL IMPACT:

Amount: \$70,000

Funding Source: HUD

ADDITIONAL INFORMATION:

- The City receives an annual allocation between \$750,000 and \$1 million in HOME funds from HUD. HOME funds are designated to either construct or rehab affordable homeownership and rental housing.
- HOME, Inc. is the City's only certified CHDO under the HOME Program, which is a designation that means 15% of the City's HOME allocation is set aside for CHDO activities. In addition, in 2016, Council made a resolution to provide at least \$250,000 each program year to HOME, Inc. from 2017 through 2020.
- Overall, the project is expected to have \$500,000 in development costs. The Iowa Finance Authority is providing \$360,000 in state HOME funds, and Polk County Housing Trust Fund is providing \$70,000 to the project.

- There will be two (2), 3-bedroom units, each with 1.5-baths. The building will have two (2) stories. The main living area for each unit will be on the first floor, and the bedrooms will be on the second floor. There will not be a basement. Each unit will have a detached garage that sits off the alley to the south and rear of the duplex.
- Each rental unit in the duplex will rent for \$850, and utilities will be paid by the tenants. Utilities are anticipated to be approximately \$282 per month, for a total rental amount of \$1,132; the current HOME rent limit for a 3-bedroom unit is \$1,181. The units will be income-restricted. To be eligible, tenants must earn below 60% of the area median income. For example, a family of four (4) earning less than \$48,000 would be income-eligible.
- Construction is anticipated to start in May 2019 and completed in December 2019. The units would be available to rent in January 2020.

PREVIOUS COUNCIL ACTION(S):

Date: October 24, 2016

Roll Call Number: [16-1828](#)

Action: [Allocation](#) of Home Investment Partnership Program (HOME) Funds to Home Opportunities Made Easy, Incorporated (HOME, Inc.) for development of affordable housing using Community Housing Development Organization (CHDO) Set-Aside Funds. ([Council Communication No. 16-605](#)) Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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