

COUNCIL COMMUNICATION

	Number:	19-252	Meeting:	June 3, 2019
	Agenda Item:	32	Roll Call:	19-0890
	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) homeownership units at 210 and 215 Watson Avenue 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 two (2) new single-family homes at 210 and 215 Watson Avenue in the Birdland area. The homes would be sold to two (2) low-income households. Each house is expected to have between \$255,000 and \$260,000 in development costs. The City would contribute \$150,000 in CHDO Set-Aside funds per house for a total of \$300,000; any proceeds from the projects would then be recycled into other affordable housing projects produced by HOME, Inc.

FISCAL IMPACT:

Amount: \$300,000 in federal HOME funds

Funding Source: US Department of Housing and Urban Development (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 at least 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 projects are expected to have more than \$500,000 in development costs. The City of Des Moines is the primary funder. Polk County Housing Trust Fund is providing \$40,000 per project, and additional funds will be from HOME, Inc. A funding breakdown is below:

Source of Funds	210 Watson Avenue	215 Watson Avenue
City of Des Moines	\$ 150,000	\$ 150,000
PCHTF	\$ 40,000	\$ 40,000
HOME, Inc.	\$ 64,851	\$ 70,567
Total	\$ 254,851	\$ 260,567

- 210 Watson Avenue: 210 Watson Avenue will be a 1,406-square-foot home with three (3) bedrooms and two (2) full baths. The house will have two (2) stories, and there will not be a basement. It will have a detached, 2-car garage off the alley. The anticipated appraised value is expected to exceed \$165,000.
- 215 Watson Avenue: 215 Watson Avenue will be slightly larger at 1,680 square feet. It will have four (4) bedrooms and two (2) full baths. The house will have two (2) stories, and there will not be a basement. It will have a detached, 2-car garage off the alley. The anticipated appraised value is expected to exceed \$185,000.
- The homes will be sold to income-eligible homebuyers. To be eligible, buyers must earn below 80% of the area median income. For example, a family of four (4) earning less than \$70,000 would be income-eligible. Between \$20,000 and \$30,000 of down payment assistance will be available to the homebuyers to ensure affordability. HOME, Inc. also works with the buyers to provide credit counseling, financial literacy, and homebuyer education.
- Construction is anticipated to start in June 2019 and conclude in November 2019. The units would be available to buy in December 2019.

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 6-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.