

COUNCIL COMMUNICATION

	Number:	20-135	Meeting:	March 23, 2020
	Agenda Item:	27B	Roll Call:	20-0527
	Submitted by:	Chris Johansen, Community Development Director		

AGENDA HEADING:

Resolution regarding allocation of Home Investment Partnership Program (HOME) funds to Greater Des Moines Habitat for Humanity (Habitat) for development of affordable housing.

SYNOPSIS:

Habitat is one (1) of the City's primary partners in the development of affordable homeownership opportunities. City staff asked that developers requesting HOME funds for homebuyer projects submit a 5-year schedule, allowing the City to better plan future allocations and input more accurate homebuyer goals into the 2020-2024 Consolidated Plan to HUD.

FISCAL IMPACT:

Amount: \$365,000 in 2020 and \$400,000 each year from 2021-2024, for a total of \$1,965,000

Funding Source: HOME funding from 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.
- 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. Habitat homebuyers are also required to attend classes regarding credit counseling, financial literacy, and homebuyer education.
- Although this resolution is a commitment to Habitat based on a preliminary review of information, individual project sites will go through a secondary evaluation process to ensure compliance with program rules and regulations, once addresses are known.
- Each individual project will receive \$35,000 to help with development costs.

- Habitat projects have approximately a \$50,000 gap on average between the development costs and appraisal value. This means their average home costs between \$160,000 and \$200,000 to build, but the selling price to a low-income homebuyer ranges from \$120,000 to \$190,000.

PREVIOUS COUNCIL ACTION(S):

Date: November 4, 2019

Roll Call Number: [19-1792](#)

Action: [On](#) the proposed 2020-2024 Consolidated Plan, which includes the 2020 Action Plan, for the US Department of Housing and Urban Development (HUD) Consolidated Plan. ([Council Communication No. 19-476](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

There will be at least 10 HOME developer contracts to approve in 2020, once project addresses are known, project underwriting has been completed, and the sites pass environmental reviews.

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