

## COUNCIL COMMUNICATION

	Number:	<b>20-269</b>	Meeting:	<b>June 22, 2020</b>
	Agenda Item:	<b>51</b>	Roll Call:	<b>20-1033</b>
	Submitted by:	<b>Chris Johansen, Community Development Director</b>		

### AGENDA HEADING:

Approve HOME Investment Partnerships Program (HOME) Funding for Greater Des Moines Habitat for Humanity to construct an affordable single-family home at 1901 Franklin Avenue.

### SYNOPSIS:

Greater Des Moines Habitat for Humanity is planning to construct one (1) single-family housing unit, or one (1) HOME unit, at 1901 Franklin Avenue in the Mondamin Presidential Neighborhood. HOME funding totaling \$31,500 will go toward construction costs incurred by Habitat. Up to \$3,500 will be available to the home buyer who is low-income or earning 80% or less of the Area Median Income (AMI), to assist with acquisition costs. The house will have three (3) bedrooms, two (2) baths, and an unfinished basement. It will also have a detached garage.

### FISCAL IMPACT:

Amount: \$35,000

Funding Source: HOME funding from 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.
- The home will be sold to an income-eligible homebuyer. 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.
- Habitat projects have approximately a \$50,000 gap on average between the development costs and appraisal value. This project's pre-construction appraisal was \$168,000, and total development costs are estimated to be \$229,060.
- Most of the funding, or \$192,560, is from Habitat's unrestricted funds; \$5,000 is expected to be from donations or gifts-in-kind; and \$31,500 is the City's HOME funds. An additional \$3,500 will be set aside to help with homebuyer acquisition costs.

**PREVIOUS COUNCIL ACTION(S):**

Date: March 23, 2020

Roll Call Number: [20-0526](#) and [20-0527](#)

Action: Allocation of Home Investment Partnership Program (HOME) funds for development of affordable housing to the following:

- (A) [Home](#) Opportunities Made Easy, Incorporated (HOME, Inc.) using Community Housing Development Organization (CHDO) Set-Aside funds. ([Council Communication No. 20-134](#)) Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Greater](#) Des Moines Habitat for Humanity. ([Council Communication No. 20-135](#)) Moved by Gatto to adopt. Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

This is the first of several affordable homeownership projects expected to receive HOME funds. There will be at least nine (9) more HOME developer contracts with Habitat to approve in 2020, once project addresses are known, project underwriting has been completed, and the sites pass environmental reviews.

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](mailto:cityclerk@dmgov.org).