

COUNCIL COMMUNICATION

	Number:	20-355	Meeting:	August 17, 2020
	Agenda Item:	28	Roll Call:	20-1330
	Submitted by:	Chris Johansen, Community Development Director		

AGENDA HEADING:

Approve HOME Investment Partnerships Program (HOME) Funding for Greater Des Moines Habitat for Humanity (Habitat) to construct affordable single-family homes (1603 Lynn Street and 1609 Washington Avenue).

SYNOPSIS:

Greater Des Moines Habitat for Humanity is planning to construct two (2) single-family housing units, or two (2) HOME units, at 1603 Lynn Street in the King Irving Neighborhood and 1609 Washington Avenue in the Mondamin Presidential Neighborhood. HOME funding of \$31,500 per unit will go toward construction costs incurred by Habitat. Up to \$3,500 per unit will be available to the home buyers who are low-income or earning 80% or less of the Area Median Income (AMI), to assist with acquisition costs. The total award is \$70,000 in HOME funds. The split-level houses will have three (3) bedrooms, one (1) bath, and an unfinished basement. Neither will have a garage.

FISCAL IMPACT:

Amount: \$70,000

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 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.
- Habitat projects have approximately a \$50,000 gap on average between the development costs and appraisal value. This project's pre-construction appraisals and estimated development costs are as follows:

	Pre-Construction Appraisal	Estimated Development Cost
1603 Lynn Street	\$148,000	\$194,655
1609 Washington Avenue	\$148,000	\$208,655*

**1609 Washington Avenue had higher land acquisition costs, which accounts for the difference in development costs between two (2) similar plans.*

- Most of the funding is from Habitat’s unrestricted funds; \$5,000 for each project is expected to be from donations or gifts-in-kind; and \$31,500 per project is the City’s HOME funds. An additional \$3,500 per project will be set aside to help with homebuyers’ 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 second and third of several affordable homeownership projects expected to receive HOME funds. There will be at least nine (9) HOME developer contracts with Habitat to approve in 2020, once project addresses are known, project underwriting has been completed, and the sites pass their 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.