


COUNCIL COMMUNICATION

	Number:	20-424	Meeting:	October 5, 2020
	Agenda Item:	30	Roll Call:	20-1573
	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 (1715 Clark Avenue and 2211 Lincoln Avenue).

SYNOPSIS:

Habitat is planning to construct two (2) single-family housing units, or two (2) HOME units, at 1715 Clark Avenue and 2211 Lincoln Avenue. 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.

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 below.
- 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.

- Additional details by site are below:

Address	Neighborhood	Pre-Construction Appraisal	Estimated Development Cost	Square Feet (Finished)	Estimated Cost per Square Feet	Number of Bedrooms	Number of Baths
1715 Clark Avenue	Mondamin Presidential	\$154,000	\$222,290	1,158	\$192	3	2
2211 Lincoln Avenue	None	\$148,000	\$205,120	1,110	\$185	3	1

- Neither property will have a garage. The garage requirement for 1715 Clark Avenue was waived by Planning and Zoning. It was determined during administrative review that a garage was not required for 2211 Lincoln Avenue.

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:

These are the seventh and eighth Habitat houses 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.

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