

COUNCIL COMMUNICATION

	Number:	21-334	Meeting:	July 19, 2021
	Agenda Item:	39	Roll Call:	21-1123
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Approve HOME Investment Partnerships Program (HOME) Community Housing Development Organization (CHDO) funding for Home Opportunities Made Easy, Incorporated (HOME, Inc.) to construct an affordable single-family home at 1825 9th Street.

SYNOPSIS:

HOME, Inc. is planning to construct one (1) single-family housing unit, or one (1) HOME unit, at 1825 9th Street. HOME program funding of \$200,000 will go toward construction costs incurred by HOME, Inc., of which 10%, or \$20,000, will be available to the home buyer(s) who are low-income, or earning 80% or less of the Area Median Income (AMI), to assist with acquisition costs.

FISCAL IMPACT:

Amount: \$200,000

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. Homebuyers are also required to attend classes regarding credit counseling, financial literacy, and homebuyer education.
- This project's pre-construction appraisal is \$216,000, and the estimated development cost is \$319,593, for a difference of \$103,593 between costs and market value. Previously, HOME, Inc. projects have approximately a \$75,000 gap on average between the development costs and appraisal value. This has changed due to an increase in material costs.

- This house will be located in the West 9th Streetcar Line District listed on the National Historic Register, which is in the River Bend Neighborhood. Because of the placement in a historic district, construction will include materials such as wood windows and wood siding, rather than vinyl, to match the district's character.
- The house will have 1,531 finished square feet. It will have four (4) bedrooms and two (2) bathrooms. The cost is estimated at approximately \$208.75 per square foot.

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:

Additional HOME, Inc. housing projects will come before the Council as requested by the nonprofit developer. In 2021, two (2) HOME, Inc. proposals to construct single-family homes will be presented to Council, of which this is the first.

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