


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	22-211	Meeting:	May 9, 2022
	Agenda Item:	54	Roll Call:	[]
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Approval and submission HOME Investment Partnerships Program supplemental funding, as authorized under the American Rescue Plan (HOME-ARP), Allocation Plan as an amendment to the 2021 Annual Action Plan to the US Department of Housing and Urban Development (HUD).

SYNOPSIS:

In 2021, the City received an allocation of HOME-ARP funds as part of the American Rescue Plan Act of 2021, which addresses the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses. The allocated amount is \$3,556,317 and is in addition to the regular 2021 HOME allocation. The HOME-ARP grant agreement with HUD was approved by City Council by Roll Call No. 21-1563.

As a condition of the HOME-ARP funds, awarded communities must prepare an allocation plan detailing how the City intends to use the funds to best serve the qualifying populations meant to benefit from the HOME-ARP program. These qualifying populations include individuals and families who are homeless, at risk of homelessness, homeless veterans, households or individuals fleeing domestic violence, and other populations at risk of housing instability. Eligible activities include the production or preservation of affordable housing; tenant-based rental assistance (TBRA); standalone supportive services, and the purchase or development of non-congregate shelter.

A public hearing, which concluded the public comment period, occurred on April 18, 2022 by Roll Call No. 22-0634, Council voted to continue discussion of this plan to May 9, 2022. The plan has been updated to clarify Council and public comments, as well as expand certain sections to fit with updated HOME-ARP guidelines released after the first draft of the plan was prepared.

FISCAL IMPACT:

Amount: \$3,556,317

Funding Source: HUD provided funding through the entitlement Home Investment Partnerships American Rescue Plan Program (HOME-ARP).

ADDITIONAL INFORMATION:

- HOME-ARP is a one-time HUD funding source allocated to participating jurisdictions, such as the City of Des Moines, who also receive a HOME Program annual allocation. HOME-ARP closely follows the model of the existing HOME program, with slight differences in program administration due to the targeted populations and activities. Below is a table showing the primary differences between the annual HOME program and HOME-ARP.

	HOME-ARP	HOME
Award Frequency	One-time allocation	Annual allocation since 1992
Amount	\$3.5 million	Between \$750,000 and \$1 million each year
Populations Assisted	<ul style="list-style-type: none"> Residents at or below 30% Area Median Income (AMI) Homeless or at-risk of homelessness 	<ul style="list-style-type: none"> First-time homebuyers at or below 80% AMI Tenants at or below 60% AMI
Eligible Projects	<ul style="list-style-type: none"> Housing construction (new or rehab) TBRA Supportive services Non-congregate shelter 	<ul style="list-style-type: none"> Housing construction (new or rehab) TBRA
Typical Projects Funded	None as this is a new funding source	<ul style="list-style-type: none"> 10-12 new single-unit homes for first-time homebuyers 5 rental units constructed every other year
Other Information	HOME-ARP funds overall are intended for permanent housing but allows some flexibility for temporary shelter. It merges traditional HOME requirements with homeless programs, such as Emergency Solutions Grant (ESG) or Continuum of Care (CoC) grant, requirements.	HOME funds are intended for permanent housing, either rental units with leases for 12 or more months and homeownership units.

- The HOME-ARP funds, awarded through HUD to help to address and end homelessness in entitlement communities, is not to be confused with the sizable ARPA funds, awarded through the US Department of Treasury for a variety of uses at the City's discretion.
- Consultation partners for the development of the HOME-ARP allocation plan included the following: Polk County Continuum of Care (CoC, recently renamed to Homeward), Des Moines Municipal Housing Agency, Children and Families of Iowa, Des Moines Veterans Administration, IMPACT Communication Action Partnership, United Way of Central Iowa, and HOME, Inc. Publicly available data from the CoC, Homeless Management Information System (HMIS), and the U.S. Census were also used to the plan.
- Neighborhood Services Department staff will be consulting with additional agencies – Central Iowa Center for Independent Living, LUNA Iowa, Nissa African Family Services, and the Des Moines Civil and Human Rights Department – prior to submission of the final plan to HUD.

- The development of affordable housing was continually identified as the best use of the HOME-ARP funds to fill current gaps in the homelessness system (lack of truly affordable and supportive housing) and the best fit for Housing First goals of partner organizations. This activity includes preservation and new construction of affordable housing set-aside for homeless households, at very low income (<30% AMI), or other at-risk populations such as those fleeing domestic violence, veterans, or refugees.
- While the provision of supportive services was an eligible, standalone activity, the City did not allocate funding for it. All affordable housing development projects will be required to include supportive services as part of the development or through partnership with service providers. “Affordable Housing Development” as a funding category allows projects to create an operating reserve to help with supportive services.
- A Request for Proposals (RFP) to include HOME-ARP eligible activities is currently being developed by Neighborhood Services Department staff and will further reflect the desired projects the City and its partners expect to meet HOME-ARP goals.
- Included in the HOME-ARP allocation are 15% for the administration of planning of the program and 5% for non-profit operating costs. Both are set at the statutory limit to ensure programmatic efficiency of the program and capacity for ongoing monitoring of projects using HOME-ARP funds, which will have affordability periods set a minimum of 15 years. This means City staff will have time dedicated to project compliance beyond the HOME-ARP agreement end date.
- HOME-ARP funds must be expended by September 2030. As mentioned above, compliance will extend beyond this. It is expected that staff will be monitoring this program until the year 2050.
- See below for the proposed allocation of HOME-ARP funds:

	Funding Amount	Percent of the Grant	Statutory Limit
Supportive Services			
Acquisition and Development of Non-Congregate Shelters	\$177,815.85	5%	
Tenant Based Rental Assistance (TBRA)			
Development of Affordable Rental Housing	\$2,667,237.75	75%	
Non-Profit Operating	\$177,815.85	5%	5%
Non-Profit Capacity Building			5%
Administration and Planning	\$553,447.55	15%	15%
Total HOME-ARP Allocation	\$3,556,317.00		

PREVIOUS COUNCIL ACTION(S):

Date: April 18, 2022

Roll Call Number: [22-0634](#)

Action: [On](#) approval of the U.S. Department of Housing and Urban Development (HUD) Home Investment Partnerships Program – American Rescue Plan Allocation Plan (HOME-ARP). Moved by Gatto to continue to the May 9, 2022, Council Meeting. Second by Sheumaker. Motion Carried 7-0.

Date: March 22, 2022

Roll Call Number: [22-0416](#)

Action: [On](#) approval of the U.S. Department of Housing and Urban Development (HUD) Home Investment Partnerships Program – American Rescue Plan Allocation Plan (HOME-ARP), (4-18-22). Moved by Boesen to adopt. Seconded by Gatto. Motion Carried 7-0.

Date: October 18, 2021

Roll Call Number: [21-1563](#)

Action: [2021](#) Home Investment Partnerships Program Supplemental Funding, as authorized under the American Rescue Plan (HOME-ARP), Grant Agreement with U.S. Department of Housing and Urban Development (HUD). ([Council Communication No. 21-446](#)) Moved by Boesen to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- HOME-ARP awards made using this program and funding to be brought to Council for approval.

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