


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-387	Meeting:	August 21, 2023
	Agenda Item:	33A	Roll Call:	23-1194
	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 1617 22nd Street.

SYNOPSIS:

HOME, Inc. is planning to construct one (1) single-family housing unit, or one (1) HOME unit, at 1617 22nd Street. HOME program funding of \$199,000 will go toward construction costs incurred by HOME, Inc., of which 10%, or \$19,000, 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: \$199,000

Funding Source: HOME funding from US Department of Housing and Urban Development (HUD)

ADDITIONAL INFORMATION:

- Address was previously on the public nuisance list and has been conveyed to HOME, Inc. for \$1 under the conditions of the redevelopment into affordable housing. Hearing and conveyance for property occurred at this same Council meeting.
- 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 \$83,450 would be income eligible. Homebuyers are also required to attend classes regarding credit counseling, financial literacy, and homebuyer education. HOME, Inc. is HUD certified to provide these classes.
- This project's pre-construction appraisal estimate is \$225,000, and the estimated development cost is \$349,409 for a difference of \$125,409 between costs and expected market value. This gap is typical of HOME, Inc. projects due to an increase in material costs.

- The house will have 1,400 finished square feet. It will have four (4) bedrooms and two (2) bathrooms. The cost is estimated at approximately \$250 per square foot.

PREVIOUS COUNCIL ACTION(S):

Date: August 7, 2023

Roll Call Number: [23-1082](#)

Action: Set hearing for conveyance of City-owned property to HOME, Inc., for rehabilitation of housing.

- (A) On conveyance of City-owned property at 1617 22nd Street to HOME, Inc. for rehabilitation of housing, (8-21-23). Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Absent: Sheumaker.

Date: March 23, 2020

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

Action: Allocation of HOME funds for development of affordable housing to the following:

- (A) HOME, Inc. using CHDO Set-Aside funds. ([Council Communication No. 20-134](#)) 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 2023, HOME, Inc. has been awarded two (2) such HOME awards. This is the third, and a fourth may be awarded by the end of the year.

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