


COUNCIL COMMUNICATION

	Number:	24-527	Meeting:	December 23, 2024
	Agenda Item:	32	Roll Call:	[]
	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 2119 23rd Street.

SYNOPSIS:

HOME, Inc. is planning to construct one (1) single-family housing unit, or one (1) HOME unit, at 2119 23rd 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 loan costs.

FISCAL IMPACT:

Amount: \$199,000

Funding Source: HOME funding from U.S. 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.
- HOME, Inc. is a CHDO, as defined in the HOME Program. The City must reserve 15 percent (15%) or more of its annual HOME allocation for housing to be owned, developed, or sponsored by community housing development organizations.
- The homes will be sold to income-eligible homebuyers. To be eligible, buyers must earn below 80 percent (80%) of the area median income. For example, a family of four (4) earning less than \$90,400 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 \$285,000, and the estimated development cost is \$378,843 for a difference of \$93,843 between costs and expected market value. This gap is typical of HOME, Inc. projects.
- The house will have 1,406 finished square feet. It will have four (4) bedrooms and two (2) bathrooms. The cost is estimated at approximately \$269 per square foot.

PREVIOUS COUNCIL ACTION(S):

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. Future awards will require similar approval through the Council.

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.