


## COUNCIL COMMUNICATION

	Number:	<b>25-182</b>	Meeting:	<b>May 5, 2025</b>
	Agenda Item:	<b>31</b>	Roll Call:	<b>25-0660</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

### AGENDA HEADING:

Approval of HOME Investment Partnerships Program, as authorized under the American Rescue Plan (HOME-ARP), Agreement with Starts Right Here, LLC for \$1,000,000 for the construction of STAY at 525 E 9th Street.

### SYNOPSIS:

Starts Right Here, LLC plans to acquire and undergo rehabilitation of 525 E 9th Street, turning the former church into permanent supportive housing for households who meet the Qualifying Population eligibility requirements for HOME-ARP funding. The renovation will result in 18 single room occupancy units. The City of Des Moines intends to provide \$1,000,000 HOME-ARP funds in the form of a forgivable loan with a term of 15 years.

### FISCAL IMPACT:

Amount: \$1,000,000 HOME-ARP

Funding Source: U.S. Department of Housing and Urban Development (HUD)

### ADDITIONAL INFORMATION:

- HOME-ARP is a one (1)-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:

	<b>HOME-ARP</b>	<b>HOME</b>
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"> <li>• Homeless</li> <li>• At-risk of homelessness</li> <li>• Victims of domestic violence</li> <li>• Other populations who may be low-income and cost-burdened by housing</li> </ul>	<ul style="list-style-type: none"> <li>• First-time homebuyers at or below 80% Area Median Income (AMI)</li> <li>• Tenants at or below 60% AMI</li> </ul>
Eligible Projects	<ul style="list-style-type: none"> <li>• Rental housing new construction</li> <li>• Rental housing rehab</li> <li>• Tenant-based Rental Assistance (TBRA)</li> <li>• Non-Congregate Shelter</li> </ul>	<ul style="list-style-type: none"> <li>• Rental housing new construction</li> <li>• Rental housing rehab</li> <li>• TBRA</li> <li>• Homeownership new construction</li> <li>• Homeownership acquisition and rehab</li> <li>• Homebuyer assistance</li> </ul>
Typical Projects Funded	<ul style="list-style-type: none"> <li>• Monarch Apartments</li> <li>• Greater Des Moines Supportive Housing</li> <li>• Starts Right Here STAY</li> </ul>	<ul style="list-style-type: none"> <li>• 10-12 single-unit homes for first time homebuyers</li> <li>• 5 rental units constructed every other year</li> </ul>
Other Information	HOME-ARP funds overall are intended for permanent housing but allows some flexibility for non-congregate 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 or 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 American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds, awarded through the U.S. Department of Treasury for a variety of uses at the City's discretion.
- Starts Right Here, LLC plans to use HOME-ARP funds for construction of STAY through the rehabilitation of 525 E 9th Street, the former site of a church. The project will contain 18 single room occupancy units. Five (5) of the units will be designated as City-funded HOME-ARP units.
- On-site services will include high school education programs including personalized instruction through Des Moines Public Schools and weekly case management provided by Starts Right Here staff. Starts Right Here will provide employment support through partnerships with community organizations across the metro for job training or post-secondary opportunities after graduation from high school. In addition, Starts Right Here will provide onsite breakfast and lunch food for residents and students and nutrition and healthy living education, and a weekly resiliency class that focuses on student self-awareness and regulation.
- Units at Starts Right Here, LLC will be repurposed from a church into single room occupancy units. Every unit will have a bathroom and kitchen.

- As a condition of federal funds, lead-based paint remediation, asbestos abatement, and radon mitigation will be a part of the construction scope of work as applicable.
- Rehabilitation is expected to be completed within 12 months of the agreement; however, the agreement allows for up to three (3) years for project completion, which includes lease up.
- The project is expected to be approximately \$7 million.

**PREVIOUS COUNCIL ACTION(S):**

Date: February 10, 2025

Roll Call Number: [25-0188](#)

Action: [Preliminary Award](#) of \$1,000,000 in HOME Investment Partnership Program, as authorized under the HOME-ARP, to Starts Right Here, LLC for the construction of STAY at 525 E 9th Street. ([Council Communication No. 25-051](#)) Moved by Voss to adopt. Second by Gatto. Motion Carried 6-0.

Date: December 9, 2024

Roll Call Number: [24-1666](#)

Action: [On](#) approval of HUD substantial amendment to the HOME Investment Partnerships Program – HOME-ARP. ([Council Communication No. 24-503](#)) Moved by Gatto to adopt. Second by Mandelbaum. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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