COUNCIL COMMUNICATION

CITY OF DES MOINES CITY MANAGER'S OFFICE	Number:	**26-242**	Meeting:	**July 13, 2026**
	Agenda Item:	**40**	Roll Call:	**26-0849**
	Submitted by:	**Chris Johansen, Neighborhood Services Department Director**		

AGENDA HEADING:

Public hearing and approval for an application to US Department of Housing and Urban Development (HUD) for Fiscal Year (FY) 26 Pathways to Removing Obstacles to Housing (PRO Housing)

SYNOPSIS:

The PRO Housing grant is an opportunity for the City to apply and access additional Community Development Block Grant (CDBG) funds to help reduce regulatory barriers to affordable housing production and preservation and increase affordable housing availability. It aligns with the Citywide Housing Strategy as well.

FISCAL IMPACT:

Amount: $6,000,000

Funding Source: Consolidated Appropriations Act, 2026 (Public Law 119-75, approved February 3, 2026), as administered by the US Department of Housing and Urban Development (HUD)

ADDITIONAL INFORMATION:

- The PRO Housing Notice of Funding Opportunity (NOFO) states there will be an estimated 10 awards nationwide from available funding.
- The anticipated project start date is December 1, 2026. All funding obligations—or addresses to which funds will be applied for new construction or rehabilitation—must be under agreement within four (4) years of the grant agreement execution with HUD. The performance period end date to complete construction is six (6) years from the agreement execution, which is estimated to be November 30, 2032.
- Each PRO Housing activity, other than general administration and planning, must meet a CDBG national objective pursuant to Section 101(c) of the Housing and Community Development Act of 1974. This means each activity must benefit low- and moderate-income (LMI) persons, and in this context, will improve permanent residential structures for low- and moderate-income homeowners.
- Unlike the CDBG formula program, which is funding the City receives annually, PRO Housing funds can be used for new construction of affordable housing.

- Although the PRO Housing program will fall primarily under the CDBG regulations, HUD will utilize the minimum affordability standards from the HOME Investment Partnerships Program (HOME) requirements at 24 CFR 92.254(a)(1)-(4) for homeownership.

- The PRO Housing grant opportunity aligns with several tasks within the Citywide Housing Strategy, which was received and filed by Council on July 14, 2025. Citywide Housing Strategy alignment shows up in:
    - General Task #2: Broadly continue to administer federal housing and community development programs while looking for opportunities for alignment with other endeavors.
    - General Task #3: Expand capacity of Improving Our Neighborhoods (ION) initiative.

- Assuming 1) the City receives its request for $6 million, to be obligated to projects between calendar years 2027 and 2030, 2) local funding contributions and leverage stay level, and 3) staffing or contracting with nonprofit affordable housing developers remains stable, this would allow the rehabilitation of 20 to 25 houses per year, on average, at approximately $100,000 per home. Without the PRO Housing grant, the ION program is still expected to scale up, but it would be at a much slower pace.

- Existing local leveraging sources include Local Option Sales and Services Tax (LOSST), annual entitlement of CDBG funds, and Polk County Housing Trust Fund owner-occupied housing rehabilitation program.

PREVIOUS COUNCIL ACTION(S):

Date: June 29, 2026

Roll Call Number: 26-0745

Action: On application to U.S. Department of Housing and Urban Development (HUD) for FY26 Pathways to Removing Obstacles to Housing (PRO Housing), (7-13-26). Sponsor: Mayor Boesen. Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

Date: July 14, 2025

Roll Call Number: 25-1013

Action: Receive and file the Des Moines Citywide Housing Strategy with amendments and refer the strategy to the City Manager to direct preparation of individual action items for future Council consideration. (Council Communication No. 25-273) Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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