

Date November 06, 2006

RESOLUTION AUTHORIZING A \$250,000 GRANT APPLICATION TO THE POLK COUNTY HOUSING TRUST FUND FOR THE CITY OF DES MOINES MINOR REPAIR LOAN PROGRAM

WHEREAS, the Polk County Housing Trust Fund has issued a request for proposals soliciting applications for grant funding for Owner Occupied Repair Programs in Polk County; and,

WHEREAS, the City of Des Moines Community Development Department operates a Minor Repair Loan Program for low-income homeowners to provide assistance to correct emergency conditions that make a property unsafe and uninhabitable; and,

WHEREAS, the Polk County Housing Trust Fund grant will be used in conjunction with Community Development Block Grant (CDBG) and Federal Home Loan Bank funds for the City's Emergency Repair Loan Program administered by the Neighborhood Conservation Services (NCS) Division of the Community Development Department; and

WHEREAS, a grant request for \$250,000 from the Polk County Housing Trust Fund, attached hereto as Exhibit A, has been prepared by the City of Des Moines for submission.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the submission of a \$250,000 grant request to the Polk County Housing Trust Fund for the City of Des Moines Minor Repair Loan Program is hereby authorized and the City Manager or his designee is authorized to sign the grant application, to carry out its terms and conditions, and to execute the resulting grant application if the grant is awarded to the City of Des Moines.

(Council Communication No. 06-701) Moved by _____ to adopt.

APPROVED AS TO FORM: Ann DiDonato Ann DiDonato, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
VLASSIS				
TOTAL				
MOTION CARRIED		APPROVED		
_____ Mayor				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

_____ City Clerk

EXHIBIT 1: Program Description

The purpose of the Minor Home Repair Loan Program is to correct emergency conditions for low-income homeowners that make a property unsafe and uninhabitable and ultimately make its owners homeless. The program also provides repairs to homeowners who have become disabled and would not be able to remain in their homes without adaptations. Upon completion, the home should be in generally sound condition.

1. The average assistance provided is \$8,500, but projects may range from approximately \$6,000 to \$10,000. The \$8,500 is provided from multiple funding sources including Community Development Block Grant, Federal Home Loan Bank, and Polk County Housing Trust Fund. The level of funding per loan is an increase from the amount submitted last year because of increased labor and material costs. The \$8,500 average may be exceeded in certain circumstances because of the size of home or need for a handicapped bathroom. Each loan is funded by three sources, approximately 33% CDBG, 33% PCHTF, and 33% Federal Home Loan Bank.
2. Eligibility requirements include
 - The dwelling must be owned and occupied by the applicant for the past twelve months prior to applying.
 - Contract Purchasers must have a legally binding contract sales instrument filed with the Polk County Recorder's Office; and
 - The income of the household may not exceed 50% of the Median Family Income as determined by family size.
3. Projects are selected based on applicant eligibility and repair feasibility in the order in which they are received. When a loan application is submitted, homeownership is verified through the Polk County Tax Assessor's Office. Occupancy may be established through examination of phone, gas, and water bills.
4. There is a limit of one Neighborhood Development Services financial assistance project per property, regardless of ownership, within the prior seven years.
5. A home is infeasible for the Minor Home Repair Loan Program when repair costs to make the home safe for occupancy exceed the maximum program amount. City staff will work with the homeowner to determine if they can qualify for another program that may increase the amount of funding available. If the repair needed is very small, homeowners are referred to chore service programs in the community, such as Senior Wise or the County's minor home repair.

6. No repayment is required in the Minor Home Repair Loan Program. All homeowners are below 50% of median income and it would be a major strain on the household to pay back the funding. A five-year lien is placed on the property.

EXHIBIT 2: Extraordinary Circumstances

None

EXHIBIT 3: Marketing

A significant referral network has developed concerning the Minor Home Repair Loan Program. Non-profit, government, and health agencies are familiar with the program and make frequent referrals. For example, the Des Moines Water Works refers clients to the city when a waterline breaks.

The most important part of marketing is through the city's two neighborhood site offices. These area offices maintained in the central city that provide direct service to households. The Financial Analyst for the Neighborhood Development Division trains the neighborhood site office staff in the variety of programs offered by the City of Des Moines, Polk County and nonprofit housing organizations.

In 2006, in order to ensure that all of the residents of Des Moines were aware of this program, the Neighborhood Conservation Services Division did two major outreach efforts. The first was to meet with key agencies that interface with clients who have housing needs, and the second was to inform the general public of the program. To accomplish the first goal Tom Nancarrow of the NCS staff conducted outreach sessions at the following locations: 1) HOLA the Hispanic Outreach Center, 2) HOME Inc. 3) CHDC and 4) with City's site office staff.

An additional purpose of the outreach training is to avoid duplication and have referrals become effective for the clients. The second goal was achieved by sending a Press Release to the Des Moines Register for placement in the Metro sections. Additionally, a brief article was published in the City Source, the City's official newsletter, which is distributed quarterly with the residential water billing.

EXHIBIT 4: Additional Information

None

EXHIBIT 5: Financial Characteristics

Program Budget - The City of Des Moines has operated the Minor Home Repair Loan Program for over twenty-five years. Over that time, repair costs have escalated in general and in particular for emergency items. The Rehabilitation Inspectors each have over twenty years of experience in the construction field and work with the local market to determine costs. In addition, they work with computer aided data-bases such as "RESPEC" to make determinations on cost reasonableness of repairs. The Rehabilitation Inspectors at the City work with a large number of homeowners each year and are accurate at estimating the cost of repairs in the Des Moines market, particularly in emergency situations.

Over time, the assistance levels for minor home repairs have been adjusted to keep pace with inflation. The average assistance level of \$8,500 is generally adequate to address one emergency issue and make the house save for the homeowner. Individual contracts with homeowners do not include a contingency amount because of the accuracy of the Rehabilitation Inspectors.

Insurance Coverage – The City of Des Moines requires that all contractors have a level of insurance that satisfies the Polk County Housing Trust Fund amounts. See attached Appendix II

Time Frame - The City of Des Moines currently has an agreement with the Polk County Housing Trust Fund that runs until December 2008. This grant request supplements that existing program and extends the completion for expenditure of funds to December 2007. Based on current expenditure rates, the money can be effectively used during that time period.

Assessed Values – The Minor Home Repair Loan Program generally assists those property owners with homes in below normal condition that are assessed well below the county median value. Below is a table showing five properties completed in 2005 that includes the 2005 assessed value. The average assessed value is \$50,400.

Contract Date	Rehabilitation Address	Assessed Value
04/27/05	1548 20th	\$37,100
05/13/05	1454 E. 14th	\$65,600
06/28/05	4122 4th	\$66,000
09/07/05	1525 16th	\$31,100
03/15/05	254 Hackley	\$52,600

EXHIBIT 6: Applicant Experience

Appendix I is completed and attached.

The City has operated the current Minor Home Repair Loan Program for over twenty-five years. The City currently has two Rehabilitation Inspectors as well as a Senior Inspector who work with the homeowner to develop a work-write up, find a contractor and fix the emergency conditions within the home. Each inspector has over twenty years of experience in construction trades.

The City has two staff, a Financial Analyst and an Administrative Aide, who verify income, close loans, and file lien and mortgage documents. Their responsibilities include ensuring that the requirements of all rehabilitation programs are met, liens and affordability covenants are filed, and adequate records are kept for monitoring and audits.

EXHIBIT 7: Ready to Proceed

Ability to Draw Down Funds - The combination of demand and experienced staff insure that this funding can be spent within two years. As of November 2006, the City of Des Moines has expended approximately 80% of the Polk County Housing Trust Fund monies received in December 2006. There are currently additional applications in process; winter is the time of year when many emergencies occur.

Funding Sources – In addition to the Polk County Housing Trust fund, two other funding sources contribute to the Minor Home Repair Loan Program administered by the Neighborhood Conservation Services programs of the Community Development Department:

- The City received a \$250,000 grant from the Federal Home Loan Bank in April 2006 to operate the program in Calendar Years 2006 through 2008.
- The City will use \$250,000 of 2007 CDBG funds to operate the Minor Home Repair Loan Program. An item on the City Council's 11/20/06 agenda authorizes CDBG funds for the Minor Home Loan Program in 2007.

EXHIBIT 8: Market Need

During the years Des Moines has administered the Minor Home Repair Loan Program, a significant referral network has developed. Non-profit, government agencies, and health care providers are familiar with the program and make frequent referrals.

There is a great need for rehabilitation repair funds for low-income persons within the City of Des Moines. The program targets low-income households most at risk of losing their homes. In the 2000 Census, 32% of Des Moines housing stock was over 50 years old. Structures of this age are usually in need of rehabilitation, especially in low-income areas where maintenance may have been deferred. Individual water and sewer lines in these neighborhoods are also between 50 and 75 years old and break simply because of age. The Des Moines Water Works estimates that approximately 200 individual water lines break annually in Des Moines and approximately 750 stop boxes require significant work. The cost of these types of repairs is borne by the owner. The Des Moines Water Works refers clients to the city when a waterline breaks.

The Minor Home Repair Loan Program targets low-income households most at risk of losing their homes. The \$8,500 per house subsidy allows the household to mitigate the immediate problem and to remain in the house. The majority of low-income households are unable to afford the cost of emergency repairs such as a roof or waterline failure. As reported in the 2005-2009 Consolidated Plan, households below 80% of median income frequently experience housing costs that consume at least 30% of the household's income. Because of the large number of households, there is no problem with demand for this program.

The Minor Home Repair Loan Program can also help provide handicapped accessibility on the exterior and interior of houses. The program does provide for handicapped bathrooms for those low-income persons who have become wheel chair or walker dependent. The adaptations for doorways, sinks, showers and toilets enable a senior or other handicapped person to remain in their home. Although there are some emergency programs in Des Moines and Polk County that will provide a handicapped ramp, no other program does provide for renovation of bathrooms to keep someone in their home.

EXHIBIT 9: Letter of Approval

Applicant is a local government.

A resolution approving the submittal of this application by the City Council is on the Des Moines City Council Agenda for November 6, 2006. A signed resolution will be forward to the Polk County Housing Trust Fund upon receipt of the form from the City Clerk's Office.

Project Location – All units will be located within the City of Des Moines

EXHIBIT 10: Collaboration

The County operates the "Weatherization Program" that provides services to weatherize low income households so that utility bills are lower. The City takes applications for the Weatherization Program and the Minor Home Loan Program at the two neighborhood site offices. If the intake officer notes that the applicant's housing problems appear more severe than the Weatherization Program can assist, the applicant can immediately be placed in the Minor Home Loan Program queue.

If a Polk County Weatherization Inspector notes an emergency situation when doing an initial inspection that emergency can be documented and referred to the City's Minor Home Repair Loan Program. The Minor Home Repair Loan Program can help if the address is located within the City limits of Des Moines.

The Polk County General Relief program and Neighborhood Development Division also coordinate when providing rehabilitation services to residents to ensure that the resident works with the program that best meets their needs.

The City's Minor Home Repair Loan Program and the Senior Wise Program operated by Community Housing Development Corporation (CHDC) also collaborate on providing services. The Senior Wise Program administrators and inspectors and the City's administrators and inspectors know each other's programs well and try to work together when ever possible to help an individual household. The NCS Financial Analyst often refers households to Senior Wise when the homeowner needs help with minor repairs. Just as often, the Senior Wise Program calls the city to provide emergency repair services for a home to which Senior Wise is providing minor services.

EXHIBIT 11: Sources and Uses/ Overflow

7b. Uses

USES	TOTAL COST	PCHTF	OTHER SOURCES	GRANT/ CASH IN-KIND	NOTES
Building repair / rehabilitation					
Architecture and engineering fees					
Other fees					
Construction inspectors/mgmt					
Construction loan fees and interest					
Other: ERL loan program	\$750,000	\$250,000	CDBG - \$250,000		1/7 to 12/07
			FHLB - \$250,000		11/06 to 10/08
SUBTOTAL	750,000	\$250,000	\$500,000		
Direct Admin	\$220,000		CDBG - \$220,000		1/7 to 12/07
Indirect Admin					
Contingency					
Profit					
TOTAL	\$970,000	\$250,000	\$720,000		

Exhibit 12: Committed Funds

At the City Council meeting of 11/20/06 the City will commit \$250,000 of Community Development Block Grant for the Minor Home Repair Loan Program for the time period of 1/07 to 12/07. These costs are used for direct repair to homes.

At the City Council meeting of 11/20/06, the City will commit \$ 220,000 of Community Development block Grant (CDBG) funds for the administration of the Minor Home Repair Loan Program for the time period of 1/07 to 12/07.

The City received a two-year grant for \$250,000 in April 2006 from the Federal Home Loan Bank, Affordable Housing Program to operate the City's Minor Home Repair Loan Program from 2006 through 2008.

Each household receiving a loan is funded by all three sources. If the assistance is \$8,500 the distribution is approximately as follows:

1/3 CDBG funds (approximately \$2,833.),
1/3 PCHTF funds (approximately \$2,833.), and
1/3 Federal Home Loan Bank funds (approximately \$2,833.).