

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 76

CITY COUNCIL COMMUNICATION 97-488
OCTOBER 6, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
REVISIONS TO THE HOUSING REHABILITATION HANDBOOK	◆ RESOLUTION ORDINANCE RECEIVE/FILE	JAMES GRANT COMMUNITY DEVELOPMENT DIRECTOR

SYNOPSIS —

The Rental Rehabilitation Section of the Housing Rehabilitation Handbook has been revised to apply to large non-profit projects.

FISCAL IMPACT —

The Rental Rehabilitation Program is funded through the federal Home Investments Partnership Act (HOME) Program. The proposed changes would alter the loan repayment portion of the program.

RECOMMENDATION —

Approve the revisions as outlined in Exhibit A.

BACKGROUND —

The Neighborhood Conservancy Services Program administers numerous housing rehabilitation programs in the City of Des Moines. One of these programs is the HOME-funded Rental Rehabilitation Program. Traditionally, this program has addressed the rehabilitation needs of small rental units by supplying 75 percent of the total rehabilitation funding for the project. The owners of these projects are required to repay 50 percent of the City's assistance. The remaining 50 percent is secured with a forgivable lien.

In the past two years, the demand for rental assistance has shifted from the smaller rehabilitation projects to large-scale renovation projects that serve very low-income populations. This shift in demand requires a subsequent shift in policy for the HOME Rental Rehabilitation Program. The current policy is implemented through the procedures established in the Housing Rehabilitation Handbook.

The proposed policy change will allow, under certain specific conditions, utilization of a sliding scale to establish the ratio of repayable/forgivable HOME assistance granted to the project. The sliding scale will be utilized when the following conditions are met:

- The owner is a non-profit.
- The City's contribution is significant (\$50,000 or greater).
- The project will not affect cash flow if repayment is required.
- Other funding sources are involved in the project.
- The agency has applied for funding through the Housing Trust Fund and the Housing Assistance Resource Team (HART team).

The analysis/review performed by the Fund and the HART team will be utilized by City staff to determine the City assistance needed. Based on the proforma submitted by the agency as a part of the application and input from other funding agencies, City staff will determine the appropriate level of repayable and forgivable assistance. The forgivable portion of the funding will be secured with a lien.

This revision will allow the City to participate in large rehabilitation projects for which there are limited sources of funding.

The Neighborhood Revitalization Board reviewed and approved the policy amendment at their September 17, 1997 meeting.