


## COUNCIL COMMUNICATION

	Number:	<b>20-473</b>	Meeting:	<b>November 9, 2020</b>
	Agenda Item:	<b>35</b>	Roll Call:	<b>20-1779</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

### AGENDA HEADING:

Approve HOME Investment Partnerships Program (HOME) Funding for Greater Des Moines Habitat for Humanity (Habitat) to construct affordable single-family homes (1509 E. 36th Court and 1535 E. 19th Street).

### SYNOPSIS:

Greater Des Moines Habitat for Humanity is planning to construct two (2) single-family housing units, or two (2) HOME units, at 1509 E. 36th Court and 1535 E. 19th Street. HOME funding of \$31,500 per unit will go toward construction costs incurred by Habitat. Up to \$3,500 per unit will be available to the home buyers who are low-income or earning 80% or less of the Area Median Income (AMI), to assist with acquisition costs. The total award is \$70,000 in HOME funds.

### FISCAL IMPACT:

Amount: \$70,000

Funding Source: HOME funding from US 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.
- The homes will be sold to income-eligible homebuyers. To be eligible, buyers must earn below 80% of the area median income. For example, a family of four (4) earning less than \$70,000 would be income eligible. Habitat homebuyers are also required to attend classes regarding credit counseling, financial literacy, and homebuyer education.
- Habitat projects have approximately a \$50,000 gap on average between the development costs and appraisal value. This project's pre-construction appraisals and estimated development costs are below in the table.

- Most of the funding is from Habitat’s unrestricted funds; \$5,000 for each project is expected to be from donations or gifts-in-kind; and \$31,500 per project is the City’s HOME funds. An additional \$3,500 per project will be set aside to help with homebuyers’ acquisition costs.
- Additional details by site are below:

Address	Neighborhood	Pre-Construction Appraisal	Estimated Development Cost	Square Feet (Finished)	Estimated Cost per Square Feet	Number of bedrooms	Number of baths
1509 E. 36 <sup>th</sup> Court	Gray’s Woods	\$166,000	\$210,530	1,158	\$192	5	2
1535 E. 19 <sup>th</sup> Street	MLK Jr Park	\$172,000	\$234,260	1, 158	\$185	3	2

- Neither property has a garage proposed. The garage requirement for 1509 E. 36th Court was administratively waived as a Type 1 design alternative. The garage requirement has not yet been reviewed or determined for 1535 E. 19th Street.

**PREVIOUS COUNCIL ACTION(S):**

Date: March 23, 2020

Roll Call Number: [20-0526](#) and [20-0527](#)

Action: Allocation of Home Investment Partnership Program (HOME) funds for development of affordable housing to the following:

- (A) [Home](#) Opportunities Made Easy, Incorporated (HOME, Inc.) using Community Housing Development Organization (CHDO) Set-Aside funds. ([Council Communication No. 20-134](#)) Moved by Gatto to adopt. Motion Carried 7-0.
- (B) [Greater](#) Des Moines Habitat for Humanity. ([Council Communication No. 20-135](#)) Moved by Gatto to adopt. Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

These are the ninth and tenth Habitat houses of several affordable homeownership projects expected to receive HOME funds. This completes the commitment for HOME funding in 2020. Staff anticipate at least 10 new HOME units to be constructed by Habitat in 2021 as well.

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](mailto:cityclerk@dmgov.org).