


COUNCIL COMMUNICATION

	Number:	20-533	Meeting:	December 7, 2020
	Agenda Item:	23	Roll Call:	20-2012
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Approve HOME Investment Partnerships Program (HOME) Community Housing Development Organization (CHDO) Funding for Home Opportunities Made Easy, Incorporated (HOME, Inc.) to construct an affordable single-family home at 1810 Arlington Avenue.

SYNOPSIS:

HOME, Inc. is planning to construct one (1) single-family housing unit, or one (1) HOME unit, at 1810 Arlington Avenue. HOME program funding of \$200,000 will go toward construction costs incurred by HOME, Inc., of which 10%, or \$20,000, will be available to the home buyer(s) who are low-income, or earning 80% or less of the Area Median Income (AMI), to assist with acquisition costs.

FISCAL IMPACT:

Amount: \$200,000

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. Homebuyers are also required to attend classes regarding credit counseling, financial literacy, and homebuyer education.
- This project's pre-construction appraisal is \$205,000, and the estimated development cost is \$290,000, for a development gap of \$85,000. HOME, Inc. projects have approximately a \$75,000 gap on average between the development costs and appraisal value.
- This house will be located in The Oaklands Historic District listed on the National Historic Register, which is in the River Bend Neighborhood. Because of the placement in a historic district, construction will include materials such as wood windows and wood siding, rather than vinyl, to match the district's character.

- The house will have 1,531 finished square feet. It will have four (4) bedrooms and two (2) bathrooms. The cost is estimated at approximately \$190 per square foot.

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:

Additional HOME, Inc. housing projects will come before the Council as requested by the nonprofit developer. In 2021, two (2) HOME, Inc. proposals to construct single-family homes will be presented to Council.

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.