

# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>23-213</b>	Meeting:	<b>April 24, 2023</b>
	Agenda Item:	<b>30</b>	Roll Call:	<b>23-0590</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Approve \$200,000 in 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 620 Douglas Avenue.

## SYNOPSIS:

HOME, Inc. is planning to construct one (1) single-family housing unit, or one (1) HOME unit, at 620 Douglas 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 must be 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 \$78,800 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 estimate is \$225,000, and the estimated development cost is \$357,077, for a difference of \$132,077 between costs and market value. Recently, this gap is typical of HOME Inc. projects due to an increase in material costs.
- The house will have 1,531 finished square feet. It will have four (4) bedrooms and two (2) bathrooms.

- The Period of Affordability, which is the length of time the homebuyer needs to live in the home without having to repay any homebuyer assistance, can be five (5) or 10 years. If the homebuyer needs up to \$15,000, the Period of Affordability is five (5) years. If the homebuyer needs between \$15,000 and \$20,000, the Period of Affordability is 10 years. The amount of homebuyer assistance needed is evaluated at the time of sale once the homebuyer's loan details are known.

**PREVIOUS COUNCIL ACTION(S):**

Date: March 23, 2020

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

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.

**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 2023, at least 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](mailto:cityclerk@dmgov.org).