


COUNCIL COMMUNICATION

	Number:	23-424	Meeting:	September 11, 2023
	Agenda Item:	31	Roll Call:	23-1255
	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 3314 E 7th Street.

SYNOPSIS:

HOME, Inc. is planning to construct one (1) single-family housing unit, or one (1) HOME unit, at 3314 E 7th Street. HOME program funding of \$199,000 will go toward construction costs incurred by HOME, Inc., of which up to 10%, or \$19,000, 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 closing costs.

FISCAL IMPACT:

Amount: \$199,000

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 City is required to set aside 15% of its annual HOME allocation for CHDO activities. HOME, Inc. is currently the City's only CHDO that produces homeownership units.
- Under this program, homes are 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 \$83,450 would be income eligible. Homebuyers are also required to attend classes regarding credit counseling, financial literacy, and homebuyer education. HOME, Inc. is HUD certified to provide these classes.
- The eligible homebuyers will be required to maintain this home as their principal residence for 10 years, per the Affordability Requirements in the HOME regulations. Repayment of a pro-rated amount of the HOME assistance will be due if they do not live in the house for 10 years.
- The house is one (1)-story and will have 1,130 finished square feet. It will have three (3) bedrooms and two (2) bathrooms.

- The estimated development cost is \$338,913.90. The expected sales price is \$225,000 for a difference of \$113,914 between costs and expected market value. This gap is typical of HOME Inc. projects. Sources of funds include:

Sources	Amount
City HOME Funds	199,000.00
Polk County Housing Trust Fund	35,000.00
HOME, Inc. Equity/Construction Financing	55,336.90
Deferred Fees until Sale	49,577.00
Total Sources of Funds	338,913.90

- Because of HOME, Inc.'s status as a CHDO, the organization is allowed to retain proceeds from the sale of the unit to an eligible homebuyer. Those proceeds are then kept in a separate account by HOME, Inc. to produce more affordable homeownership units, although the units are not subject to the HOME Program regulations.

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, HOME Inc has been awarded three (3) such HOME awards. This is the fourth and while no project applications are currently slated for award, future awards will require similar approval through the 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.