


# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>23-468</b>	Meeting:	<b>October 23, 2023</b>
	Agenda Item:	<b>42</b>	Roll Call:	<b>23-1440</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Approval of Updates to the Rental Housing Enhancement Program Policy and Procedures to address separation of shared forced air heating sources and knockout panels.

## SYNOPSIS:

Recently Chapter 60 was amended to include the separation of shared forced heating sources and knockout panel removal. Acknowledging that these code updates may cause some financial burden to local landlords, the City included funding for Rental Housing Enhancement in the most recent budget to help offset these costs. City staff have identified a restriction in the program and policy that may create an inequitable treatment of property owners and are recommending a change to the program and policy to correct this potential inequity.

## FISCAL IMPACT:

Amount: \$500,000

Funding Source: Fiscal Year (FY) 2024 Operating Budget, Finance Department; Local Option Sales and Services Tax (LOSST), S888 ND414000; Expenditures: Rental Housing Enhancement, Page 90

## ADDITIONAL INFORMATION:

- The recommended change to the program and policy is to allow property owners to apply for funding per building on their property instead of per project property (parcel). The program will still cap funding at 75% of total construction costs with a maximum allocation of \$5,000 per unit. With this program and policy modification, the program would allow a \$30,000 cap per building instead of per project property. This action approves the modification to the guidelines approved on September 11, 2023, for assisting landlords under such program.
- The enhancements covered in this program are replacement of knock-out panels pursuant to Des Moines municipal code ordinance 60-170 and separate shared forced air heating sources pursuant to code ordinance 60-185.
- The program will reimburse and provide a forgivable loan (secured with a promissory note, mortgage, and restrictive covenant) to rental housing owners who have paid for eligible costs to replace knockout panels and/or to separate shared forced air heating systems. Projects will be reviewed and funded on a first come, first served basis upon receipt of a completed application.

- An appeal for increasing the maximum award may be made in writing to the Neighborhood Services Director, and support for an increased award will be based on valid bids.
- Rent amounts on properties for which LOSST funds were used in the program cannot be raised without the approval of the Neighborhood Services staff. The City will review rents reported by the owner in their rent roll to ensure they do not exceed Fair Market Rents.
- Applications for the program are now available on the City's website at [Rental Housing Enhancement Program \(dsm.city\)](#).

**PREVIOUS COUNCIL ACTION(S):**

Date: September 11, 2023

Roll Call Number: [23-1256](#)

Action: [Approving](#) the Rental Housing Enhancement Program Policy and Agreement with all exhibits that provides funding to address the separation of shared forced air heating sources and elimination of knockout panels in rental units. Moved by Gatto that this ordinance be considered and given first vote for passage. Second by Boesen. Motion Carried 6-0. ([Council Communication No. 23-423](#))

Date: June 13, 2022

Roll Call Number: [22-0957](#) and [22-0958](#)

Action: [Amending](#) Chapter 60 of the Municipal Code relating to the separation of shared forced air heating sources and testing of heating sources in rental units. Moved by Gatto that this ordinance be considered and given first vote for passage. Second by Voss. Motion Carried 6-1. Absent: Sheumaker. ([Council Communication No. 22-264](#))

- (A) [Final](#) consideration of ordinance above, requires six votes. Moved by Gatto that the rule requiring that an ordinance must be considered and voted on for passage at two (2) Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#16,139](#). Second by Voss. Motion Carried 6-1. Absent: Sheumaker.

**BOARD/COMMISSION ACTION(S): NONE****ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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