


# COUNCIL COMMUNICATION

	Number:	<b>24-177</b>	Meeting:	<b>May 6, 2024</b>
	Agenda Item:	<b>30</b>	Roll Call:	[ ]
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Approve Subordination Agreements of Existing HOME Investment Partnership Program (HOME) Mortgage on 3314 E 7th Street and 1617 22nd Street to Central Bank Construction Loan to Home Opportunities Made Easy (HOME, Inc.).

## SYNOPSIS:

The City of Des Moines made two (2) HOME Awards of \$199,000 to HOME, Inc. on August 9 and September 12, 2023, to construct an affordable single-family house at 1617 22nd Street and 3314 E 7th Street, respectively. The loans were in the form of forgivable HOME loans secured by a mortgage. Central Bank will be making a construction loan to HOME, Inc. to fully finance the project. A subordination request was made by Central Bank and reviewed by Neighborhood Services staff. This Council action is to approve the execution of a Subordination Agreement, moving the City's mortgage position below Central Bank. The restrictive covenants will not be subordinated.

## FISCAL IMPACT: NONE

## ADDITIONAL INFORMATION:

- The City receives an annual allocation between \$750,000 and \$1 million in HOME funds from the US Department of Housing and Urban Development (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 (AMI). 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.
- The proposed home at 1617 22nd Street will have 1,388 finished square feet and the proposed home at 3314 E 7th Street will have 1,122 finished square feet. Both homes will have three (3) bedrooms and two (2) bathrooms. Homebuyers will go through HOME, Inc. homebuyer counseling.

- In 2023, Neighborhood Services executed HOME Awards with HOME, Inc., both in the amount of \$199,000, to construct an affordable single-family home at 1617 22nd Street and 3314 E 7th Street. The HOME Award is secured with a Mortgage and Restrictive Covenant to guarantee an eventual sale to a household earning below 80% AMI.
- Central Bank, who has chosen to partner with HOME, Inc., will be the construction lender with expected construction loans of around \$100,000 for each home.

**PREVIOUS COUNCIL ACTION(S):**

Date: September 11, 2023

Roll Call Number: [23-1255](#)

Action: [HOME](#) Community Housing Development Organization (CHDO) Funding for HOME, Inc. to construct an affordable single-family home at 3314 E. 7th Street. ([Council Communication No. 23-424](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-0.

Date: August 21, 2023

Roll Call Number: [23-1194](#)

Action: [Approve](#) HOME Community Housing Development Organization (CHDO) Funding for HOME, Inc. to construct an affordable single-family home at 1617 22nd Street. ([Council Communication No. 23-387](#)) Moved by Mandelbaum to adopt. Second by Boesen. Motion Carried 6-1. Absent: Sheumaker.

Date: March 23, 2020

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

Action: Allocation of HOME funds for development of affordable housing to the following:

- (A) [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 activities will come before the Council as requested by the nonprofit developer.

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).