

M.H.G.B. -2

Date August 7, 2006

PLAN FOR THE USE OF EARNINGS FROM THE AFFORDABLE HOUSING ENDOWMENT FUND

WHEREAS, on November 4, 2002 the Municipal Housing Governing Board approved submittal of a disposition application for 394 Public Housing units to the U.S. Department of Housing and Urban Development (HUD) and the Des Moines Municipal Housing Agency (DMMHA) received notification on August 19, 2003 from HUD that the application has been approved; and

WHEREAS, on January 21, 2004 the Public Housing Board recommended approval of the "Policy for the Use of Proceeds from Disposition of Public Housing Program Units" to the Municipal Housing Governing Board and on February 23, 2004 the Municipal Housing Governing Board approved that policy by roll call # 04-341 see Attachment A attached hereto; and

WHEREAS, as of June 30, 2006, the earnings of the Affordable Housing Endowment Fund were \$142,236.40 and the principal balance in the Affordable Housing Endowment Fund as of July 18, 2006 was \$4,248,298.50 and;

WHEREAS, since interest rates have risen, and the Housing Department anticipates closing on approximately 100 units by the end this fall, it is estimated that the first \$1,000,000 of earnings will be realized by the end of December 2008; and

WHEREAS, the following is staff's plan and for the first \$1,000,000 of earnings:

1. Use the first \$250,000 of earnings to fund the construction of the new proposed shelter for Central Iowa Shelter and Services (formerly Churches United). This funding would specifically fund a portion of the construction costs for their transitional housing program. This represents an urgent need in the community. This will be disbursed in a lump sum.
2. The next \$250,000 of earnings would supplement the Neighborhood Conservation Services (NCS) New Construction program. Representatives from the Polk County Housing Trust Fund (PCHTF) would be included in the review team to determine the projects for recommended funding.
3. The remaining \$500,000 of earnings would be utilized for the acquisition of substandard housing, more specifically mobile home parks. This would be a pilot program that would include relocation costs for families and funding to redevelop the site.

★ Roll Call Number

Agenda Item Number

M.H.G.B. -2

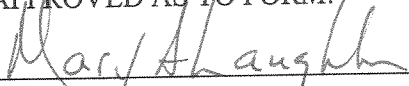
Date August 7, 2006

NOW, THEREFORE, BE IT RESOLVED by the Municipal Housing Governing Board of the City of Des Moines, Iowa, that the plan set forth above for the Affordable Housing Endowment Fund is hereby approved and the City Manager or his designee is authorized to seek approval from HUD for this plan. If approval from HUD is given, final recommendations will be brought in front of the Municipal Housing Governing Board for final approval.

(Council Communication No. 06-506)

APPROVED AS TO FORM:

Moved by _____ to approve.



 Mary A. Laughlin
 Assistant City Attorney

M.H.G.B. ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BROOKS				
COLEMAN				
HENSLEY				
MAHAFFEY				
OVERMAN				
VLASSIS				
NESBITT				
TOTAL				
MOTION CARRIED	APPROVED			

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City of Des Moines, Municipal Housing Agency Governing Board, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

_____ City Clerk

_____ Mayor

Policy for the Use of Proceeds from Disposition of Public Housing Program Units

The Des Moines Municipal Housing Agency (DMMHA) received approval from the Department of Housing and Urban Development on August 19, 2003, for the disposition of 394 Public Housing units. It is anticipated that it will take approximately 8-10 years for DMMHA to dispose of these 394 units by selling approximately 50 units per year.

The proceeds from the sale of the units will be proportionately used for two purposes:

- Maximum of 25% for physical improvements to remaining Public Housing developments in DMMHA's portfolio.
- Minimum of 75% for the creation of an Affordable Housing Endowment Fund, the principal of which is unspendable.

Affordable Housing Endowment Fund

Mission Statement: To increase the availability of decent, safe, and sanitary affordable housing opportunities within the city of Des Moines.

The parameters of the Endowment fund are as follows:

1. Earnings from investments are expendable.
 2. Investment limitations will be subject to the City of Des Moines Investment Policy.
 3. Profit from the sale of any units fully funded by the fund will be deposited into the unspendable principal of the endowment fund for the purpose of growing the principal.
 4. A maximum of 20% of the earnings may be used to administer the Endowment fund. A minimum of 80% of the earnings will be used to benefit affordable housing. The Public Housing Advisory Board will issue Requests for Proposals for affordable housing programs. The Public Housing Advisory Board will review the proposals and make funding recommendations to the Municipal Housing Governing Board for their final approval.
- Eligible programs include grants for down payment assistance and closing costs, grants for new construction including infill housing and multifamily development, and grants for rehabilitation of existing housing units. This is intended to exclude operating subsidies outside the production of affordable housing.
 - Use of earnings will be accomplished through the development of HUD approved Section 32 plans. In the event that the Section 32 legislation changes, it is the intent to develop strategic plans that guide the use of earnings.