



Council Communication No. 97-305

SYNOPSIS –

The City has reached an agreement with the Department of Housing and Urban Development (HUD) to return two Urban Homestead properties on which the Department holds the mortgages: 1817 Clark St. and 1344 E. 13th St.

FISCAL IMPACT –

N/A.

RECOMMENDATION –

Approval.

BACKGROUND –

In 1984, the City entered into an agreement with HUD to conduct an Urban Homesteading Project in Des Moines. Under the operating procedures for the program, HUD would transfer ownership of foreclosed properties to the City through the Section 810 Program. Eligible buyers would be identified, and the homes would be sold to them for \$1, with the condition, among others, that they be able to obtain financing and bring the homes to Housing Quality Standards within five years by the occupants. Qualified buyers also could receive Section 312 Loans.

Nationally, the program has experienced limited success. The Urban Homesteading, Section 810 and Section 312 Programs no longer exist. Also, the City contracted with the Des Moines Housing Council to operate the program locally, and that agency went out of business in 1995. Out of the original 37 properties homesteaded, there remain nine houses vacant, pending conveyance, or in default.

Two of those properties– 1817 Clark St. and 1344 E. 13th St.– are currently vacant and in default on their Section 312 Loans. HUD has agreed to take the properties back, thereby relieving the City of any liability and responsibility for disposing of the homes.

It is recommended that the City Council approve the agreement with HUD returning the two properties to HUD ownership.

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