



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

98-306

SYNOPSIS –

AGENDA:

JULY 27, 1998

On the July 27, 1998, Council agenda is a roll call relating to the City-initiated redevelopment proposal submitted by Ben’ s Keystone Construction, L.C., to purchase 714 SE 10th Street, 809 SE Maury, 710 SE 8th Street, 713 SE 7th Street, 816 SE 7th Street, and 820 SE 7th Street in the Capitolview South Neighborhood. The roll call authorizes:

SUBJECT:

BEN’ S KEYSTONE
CONSTRUCTION,
L.C.—REDEVELOPMENT
PROPOSAL

- Execution of the Urban Renewal Purchase Agreement for Residential Construction by and between the City of Des Moines, Iowa, and Ben’ s Keystone Construction, L.C. (principles are Michael Hufford and Ben Taylor) for Disposition Parcel Nos. 3, 7, 8, 9, 10, and 11 in the Capitolview South Neighborhood.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

- Approval, execution, and delivery of the Special Warranty Deeds for the Disposition Parcels.

SUBMITTED BY:

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

FISCAL IMPACT —

The proceeds of \$11,325 from the sale of the disposition parcels will be deposited into the Capitolview South Affordable Housing Program Account. Single-family, owner-occupied homes will be developed on the six parcels at a construction cost per house of \$95,000; approximately \$70,000 per property will be added to the tax base after the ten-year abatement period. The construction will be financed through two sources: the City’ s Capitolview South Affordable Housing Program and a private lender (\$31,000 per house will be financed through a private lender and \$64,000 per house will be financed through the City). Upon sale of the house to an owner-occupant, the City will be repaid \$44,000 per house. The remaining \$20,000 of construction financing is equal to the gap between the appraised value of the house and the cost to construct; this amount will be secured by a lien that is

forgivable if the owner-occupant remains in the house for a period of ten years.

RECOMMENDATION —

The City Council is asked to accept the offer to purchase and to authorize the execution of the Purchase Agreement and the Special Warranty Deed.

BACKGROUND —

On July 13, 1998, by Roll Call No. 98-2200, the City Council set the date of public hearing for the disposition of six parcels in the Capitolview South Neighborhood to Ben' s Keystone Construction, L.C. for residential redevelopment.

Six ranch homes will be constructed. Each home will have a 16 x 20 foot detached garage and a crawl space (the water table is too high for a basement) Each 1,100 square foot house will have three bedrooms. Construction costs are estimated at \$95,000 per house. The sale price will be \$75,000, which reflects the \$20,000 gap subsidy from the Single Family Affordable Housing Program. Construction is expected to commence the Fall of 1998.

Ben' s Keystone Construction, L.C. has a good track record for completing houses on budget and selling them quickly. Like all new construction, these homes are required to meet all City codes and are regularly inspected by a housing inspector from the Housing Conservation Division.

Evidence of Financing

The Urban Renewal Purchase Agreement for Residential Construction requires that the redeveloper provide evidence of financing to purchase the disposition parcels and construct the proposed improvements. The Housing Conservation Division, Community Development Department, will provide 66 percent of the construction financing; the develop has a line of credit available for the remainder of the construction financing. Sufficient funding for the project is available.

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