

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-135

SYNOPSIS -

AGENDA:

APRIL 3, 2000

The Housing Services Department has made an assertive effort addressing the need for office, warehouse, and maintenance space, lack of which has been the cause of several of its problems. For over 30 years the need for suitable office space has been well understood, known, and sought.

SUBJECT:

HOUSING SERVICES
OFFICE,
WAREHOUSE, AND
MAINTENANCE
FACILITY

Currently the offices are located in Royal View Manor, 1101 Crocker, and 323 S.W. 6th Street. These buildings were designed and built to be used solely for residential and other purposes. Combining offices with residential use not only disrupts both tenants and staff, but also detracts from the buildings being quiet, elderly and disabled residential buildings. This not only causes a negative reflection on the agency, but also poses potentially serious legal and financial liabilities. Furthermore, the buildings do not allow efficient and effective organization of office space. There is also insufficient warehouse and storage space, and Housing Services cannot add or construct additional warehouse/storage and maintenance space needed at these locations.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

BEN MONTIJO
HOUSING SERVICES
DIRECTOR

The Housing Services Director has put together a plan that would cure the office space situation, reduce expenditures, and increase revenues. The plan clearly outlines the need for staff to be housed at a centralized location. This would cut down on moral problems, improve quality and productivity, and reduce time spent shuffling between locations across town to meet with other staff members. The agency has lost very high quality employees due to the office space environment.

FISCAL IMPACT -

For approximately \$800,000 to \$1 million an office/maintenance/warehouse facility could be constructed. There is approximately \$350,000 in 1999 U.S. Department of Housing and Urban Development (HUD) Capital Improvement

Program (CIP) grant funds for office acquisition/renovation, and there is a proposed additional \$250,000 in Fiscal Year 2000 HUD CIP funds which could be applied toward the purchase of an office building. If the Department assumed a mortgage for the balance and applied the \$52,000 current rental expenditures as mortgage payments (instead of rent), it is estimated the mortgage could be paid off in a relatively few years. HUD 2001 CIP funding could also be requested to pay off the property sooner.

If space is acquired using HUD funding, the agency would save at least \$150,000 each year. In five years that would mean a savings of \$750,000 and \$1.5 million in ten years. This money that is currently being paid to rent inadequate office space causes a loss of rental income because units are taken off-line to provide office space for staff. The vacant units are hard to rent because the elderly do not want to be housed in the same location as the offices due to security reasons. Funding for office space will be 100% provided by HUD funding. No City funding will be required.

RECOMMENDATION -

Approval.

BACKGROUND -

The Housing Agency began in the late 1960's working out of City Hall. With the completion of Royal View Manor in 1973, the small Housing Agency staff moved from City Hall to Royal View Manor. Later, the Agency acquired some office space on Keo and then on Crocker during the 1970's. But, because of break-ins and other problems at these locations, these locations had to be given up. Housing Directors have recognized, starting in 1968, that there was a need for a central Housing Services office facility, and made serious efforts to acquire a facility and continued those efforts off and on since then.

A copy of the Public Housing Board report regarding the issue of office space for the Housing Services Department is attached to the roll call.

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