

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**00-498**

**SYNOPSIS -**

**AGENDA:**  
NOVEMBER 6, 2000

On August 21, 2000, by Roll Call No. 00-3461, the City Council approved the purchase of the El Paso Bar located at 2600 Dean Avenue. By Roll Call No. 00-3729, approved on September 11, 2000, the Council approved the use of Single Family Affordable Housing Program (SFAHP) funds for the purchase, asbestos abatement, and demolition of this property.

**SUBJECT:**

AMENDMENT TO  
THE PROGRAM  
CONCEPT  
GUIDELINES-  
SINGLE FAMILY  
AFFORDABLE  
HOUSING  
PROGRAM

Since the City's acquisition of 2600 Dean Avenue, Anderson Erickson Dairy has donated a house adjacent to their plant in the ACCENT Neighborhood to the City. The company will also contribute the cost of demolition toward the cost of moving the house to a vacant lot. Staff of the Community Development Department has reviewed available vacant lots and has determined that the City-owned lot at 2600 Dean Avenue is the most appropriate location. The Single Family Affordable Housing Program has been identified as the most appropriate source of funds for the house moving, site preparation, and rehabilitation activities. The use of these funds, however, requires an amendment to the program concept guidelines of the SFAHP.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

Upon sale of the rehabilitated property to an owner-occupant, the sale proceeds will be deposited into the SFAHP account. A forgivable lien will be placed against the property equal to the difference between the total rehabilitation cost (including the house move and site preparation) and the sales price. If the new owner-occupant remains in the house for ten years, the lien will be forgiven.

**SUBMITTED BY:**

ERIC A. ANDERSON  
CITY MANAGER

The SFAHP was created to reinvest the sales proceeds from the Capitolview South Affordable Housing Program as "gap financing" in other areas identified as City of Des Moines Designated Neighborhoods and those residential areas designated as eligible for ten year-100% tax abatement. The Fairgrounds Neighborhood, in which the subject property is located, is a designated neighborhood. It is in the best interest of the City to utilize the SFAHP funds to move the house, prepare the site, and complete the required rehabilitation. The remaining funds in the program will continue to be utilized as

gap financing for the construction of affordable owner-occupied homes.

**FISCAL IMPACT -**

The estimated cost of the project is as follows:

House Move	\$ 9,000
Site Preparation	1,800
Rehabilitation	<u>86,115</u>
<b>TOTAL</b>	<b>\$96,915</b>

There are adequate funds in the SFAHP account for these expenses. All sales proceeds will be deposited into the SFAHP account upon sale of the property to an owner-occupant.

**RECOMMENDATION -**

**Approval.**

**BACKGROUND -**

The Capitolview South Housing Program and the SFAHP were approved by the City Council in November 1994. The goal of the two programs was to encourage the development of affordable owner-occupied housing. To date, ten houses have been constructed through the Capitolview South Housing Program and two homes have been constructed through the SFAHP. The SFAHP will be utilized for gap financing for the construction of an additional five homes in 2000.

Although the use of these funds for moving the house, preparing the site, and rehabilitating the structure is outside the program perimeters of the SFAHP, the improvement to the neighborhood warrants this exception. The remainder of program funding will be utilized to supply gap financing for the construction of affordable housing in designated and HUD-eligible neighborhoods in the City of Des Moines.

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