CITY COUNCIL COMMUNICATION:

03-286

AGENDA:

JUNE 23, 2003

SUBJECT:

SELECTION OF HOME, INC. AS DEVELOPER FOR THE EAST WALNUT STREET RESIDENTIAL REDEVELOPMENT PROJECT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JIM GRANT
COMMUNITY DEVELOPMENT DIRECTOR

ITEM____

OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA

SYNOPSIS —

On the June 23, 2003 Council agenda is a roll call approving the selection of HOME, Inc. (Pam Carmichael, Executive Director) as developer for the East Walnut Street Residential Redevelopment Project. The Community Development and Legal Departments are also directed to negotiate a development agreement with HOME, Inc. The development agreement would stipulate the construction of eight single-family, attached garage, owner-occupied homes and two single-family, detached garage, owner-occupied homes. This project has been a collaborative effort between the Neighborhood Conservation Services (NCS) Division and the Neighborhood Development (ND) Division of the Community Development Department to redevelop the section of the Capitol East Neighborhood between 15th and 16th Streets and East Walnut Street and Dean Avenue, adjacent to the Capitol View Elementary School.

FISCAL IMPACT —

Selection of HOME, Inc. as the developer for this project will have no fiscal impact. When a development agreement has been negotiated between HOME, Inc. and the City and approved by Council, the property will be sold to the developer for fair market value. Additionally, the City intends to use approximately $160,000 in Community Development Block Grant (CDBG) funds for site improvements, and to provide $220,000 in Home Investment Partnership (HOME) funds as a subsidy to the end purchasers. The construction of ten single-family, owner-occupied homes will have a significant impact by leveraging over $1.5 million of investment in an area adjacent to the newly constructed Capitol View Elementary School and will provide additional tax revenue to the City of Des Moines.

RECOMMENDATION —

Approval of the resolution selecting HOME, Inc. as the developer for the East Walnut Street Residential Redevelopment Project, and authorization for the Community Development and Legal Departments to negotiate a development agreement with the developer.

BACKGROUND —

On November 15, 1999, by Roll Call No. 99-3527, the City Council approved the 2000 U.S. Department of Housing and Urban Development (HUD) Consolidated Plan, which included the allocation of $689,232.14 to the Capitol

East Residential Redevelopment Project (now the East Walnut Street Residential Redevelopment Project). During 2000 and 2001, the City acquired the following properties using Urban Renewal:

262 East 16th Street
1522 Dean Avenue
1525 East Walnut Street
1531 East Walnut Street
1533 East Walnut Street
1541 East Walnut Street
1543 East Walnut Street
1551 East Walnut Street
1553 East Walnut Street

Acquisition, relocation, demolition, and staff costs attributed to the above properties totaled approximately $520,000. The Capitol East Urban Renewal Plan expired on January 1, 2003, so the property is now being disposed of as excess City property and is not bound by Urban Renewal disposition requirements.

Upon acquisition of the above properties, the Community Development Department worked with the Capitol East Neighborhood Association to develop a vision for the redevelopment of the area. Through funding provided by the Annie E. Casey Foundation, RDG Crose Gardner Shukert was hired to develop a concept plan for the area. A series of three visioning meetings was held from November 2001 to February 2002. The final concept included eight bi-attached single-family, owner-occupied units and two detached single-family, owner-occupied housing units. The possibility of including a child care facility on the site was also considered, but it was determined to be unfeasible.

Community Development staff issued a Request for Proposals (RFP) that was approved by the Council on March 10, 2003, by Roll Call No. 03-559. Five responses to the RFP were received. The responses were reviewed by a staff committee comprised of representatives from the Community Development Department, the Office of Economic Development, Housing Services Department, and the Neighborhood Finance Corporation. HOME, Inc. was judged to be the most responsive bidder.