

**CITY COUNCIL
COMMUNICATION:**

03-335

AGENDA:

JULY 14, 2003

SUBJECT:

DISTRIBUTION OF
RFP FOR HOUSING
DEVELOPMENT IN
SHERMAN HILL
NEIGHBORHOOD

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

LARRY HULSE
COMMUNITY
DEVELOPMENT
DIRECTOR
DESIGNEE

ITEM 50

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

SYNOPSIS —

Authorization to distribute a request for proposal (RFP) for development of six to eight owner-occupied townhouses at 711 16th Street. This is a half-acre parcel in the Sherman Hill Neighborhood.

FISCAL IMPACT —

The City has purchased two tax certificates on the property at 711 16th Street and is in the process of final redemption of the land. The cost of one tax certificate was \$24,000 and the other was \$12,500. In addition there have been some costs for a title search, land appraisal, and other necessary development costs of approximately \$2500. Money has been appropriated for purchase of the tax certificates and development costs from the owner-occupied Neighborhood Conservation Services account funded by CDBG. The money for the sale of the land will be credited back to the appropriate CDBG account.

RECOMMENDATION —

Approve distribution of RFP.

BACKGROUND —

At its October 21, 2002 meeting by Roll Call 02-2510, the City Council authorized City staff to perform all obligations to obtain the title to the property at 711 16th Street including the requisition and disbursement of funds up to \$50,000. Two tax certificates have been purchased for \$36,500 and the Legal Department is in the final process of redemption. There are some additional development costs to be expended including the cost of appraisal and title search, but the total cost for acquisition will be less than the \$50,000 allocated.

This property is key to the revitalization of the Sherman Hill Neighborhood. City staff has worked closely with a subcommittee of the Sherman Hill association to develop the design requirements for the RFP. The RFP was presented to the Sherman Hill Association at its May 12, 2003 quarterly meeting and distributed to the City's Historic Preservation Commission at its May 21, 2003 meeting.

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There are no city subsidies identified for the property and no affordability limits on the housing. The townhouses will be sold as market rate housing.

Developers are to submit an initial submission by September 15, 2003. A subcommittee of two Sherman Hill residents and City staff will review the proposals by the criteria outlined in the RFP. The subcommittee will recommend a proposal and take it to the Historic Preservation Commission (HPC) for approval of the concept design. After action by the HPC, the recommendation will come to Council to set the date of hearing for disposition and to hold a hearing on sale of the property.

The property must be sold for fair market value under the CDBG rules and money credited back to the account as program income. The appraisal is currently being conducted. It is now assessed as vacant land with a 2003 Assessed value of \$38,000.

The adjacent property owner to the north, 721 16th Street has asked to purchase 11 feet of the development parcel. The Garver House directly to the north, home to one of Des Moines' early mayors, originally had two full lots. When 721 16th Street was purchased, the owners of the Celebrity Care Nursing Home owned the entire half block. The nursing home owners had requested that they be allowed to demolish 721 16th Street, but Council denied their request. The owners of the nursing home sold the structure at 721 16th Street but retained as much land as possible including 11 feet of the Garver parcel. The owner has asked to be able to restore her lot area. The RFP states that the City can consider her request depending on the development parcels received. Fair Market value would be charged to the 11 foot strip.

The Celebrity Care Nursing Home, located on the NE corner of 16th and Pleasant at 711 16th Street, was a problem in the Sherman Hill Neighborhood for several years. The City declared the property a public nuisance on August 21, 2000 by Roll Call #00-3514. The Court entered into a Consent Decree on May 23, 2001 in which the defendant, DGM Properties, LLC was found to be in default and was ordered to abate the public nuisance by renovation of the structure or by demolition. The owner took no action and the City Council, by Roll Call # 01-2473, referred the structure to engineering for demolition. The building was torn down in September of 2001 at a cost of over \$54,000 funded by CDBG dollars.

This site was rezoned on December 17, 2001 by Ordinance No. 14,036 to a PUD that is limited to residential uses.

Alley Vacation

The City Manager will initiate vacation of a 16 foot north/south alley

adjacent to the development parcel on the east. The paper alley exists between 15th and 16th Streets, Pleasant and Park Streets, The alley is considered closed but has not been vacated or conveyed. The alley is not surfaced or graded. It has not been used for at least the last twenty years and is not needed for access or trash collection. Vacation and sale of the alley to the successful bidder on the development parcel will add additional square footage to the development.

Staff from Community Development, Public Works, and Property Management met and walked the alley with residents of Sherman Hill and explained the alley vacation process.