

**CITY COUNCIL
COMMUNICATION:**

03-442

AGENDA:

SEPTEMBER 8, 2003

SUBJECT:

CONVEYANCE OF
CITY OWNED
PARCELS AND
APPROVAL OF
DEVELOPMENT
AGREEMENT WITH
HOME, INC. – EAST
WALNUT STREET
RESIDENTIAL
REDEVELOPMENT
PROJECT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

LARRY HULSE
COMMUNITY
DEVELOPMENT
DIRECTOR

ITEM _____

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

SYNOPSIS —

Approval of the conveyance of parcels owned by the City of Des Moines and the Development Agreement with HOME, Inc. as the developer for the East Walnut Street Residential Redevelopment Project.

The Development Agreement stipulates the construction of eight owner-occupied single-family homes with attached garages and two owner-occupied single-family homes with detached garages. 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 Walnut and Dean, adjacent to the Capitol View Elementary School.

FISCAL IMPACT —

The conveyance of the City-owned parcels in the East Walnut Street Residential Redevelopment Project will have a fiscal impact of \$60,502, which is subsequently the fair market value of the combined parcels. 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 owner-occupied single-family homes will have a significant impact by leveraging over \$1.5 million of investment in an area adjacent to the Capitol View Elementary School and will provide additional tax revenue to the City of Des Moines.

RECOMMENDATION —

Approval.

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:

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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 properties are now being disposed of as excess City property and are 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 owner-occupied single-family units and two detached owner-occupied single-family housing units. The possibility of including a child care facility on the site was also considered, but it was determined to be infeasible.

Community Development Department 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 Community Development Department, Economic Development, Housing Services, and the Neighborhood Finance Corporation. HOME, Inc. was judged to be the most responsive bidder.

By Roll Call No. 03-286, the City Council selected HOME, Inc. as the developer for the East Walnut Residential Redevelopment Project. On September 8, 2003, the Council will be asked to approve the disposition of this property for \$60,502 and to approve the Development Agreement with HOME, Inc. The square foot price of the land will be \$1.10 per square foot.

