

**CITY COUNCIL
COMMUNICATION:**

03-583

AGENDA:

DECEMBER 8, 2003

SUBJECT:

NCS KING IRVING
NEIGHBORHOOD
INFILL HOUSING
PROGRAM
DEVELOPMENT
PROPOSALS FOR
FOUR VACANT LOTS

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

LARRY HULSE
COMMUNITY
DEVELOPMENT
DIRECTOR

ITEM _____

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

SYNOPSIS —

Receive and file a communication that the Neighborhood Conservation Services (NCS) Division of the Department of Community Development is awarding funds to three developers for lots located in the King Irving Neighborhood to develop four single-family owner-occupied homes. This activity is part of the NCS New Construction Work Program included in the 2003 City of Des Moines Consolidated Plan approved by the City Council and the U.S. Department of Housing and Urban Development (HUD).

FISCAL IMPACT —

The estimated total City subsidy of the project will be \$125,000 (approximately \$25,000 for each home). Funds will be provided to developers to subsidize the gap between the costs to construct the four single-family owner-occupied homes and the anticipated sale price.

It is anticipated that all four projects will apply for ten-year tax abatement to be approved at a later date. The total appraised value of the four single-family homes is expected to be approximately \$440,000.

RECOMMENDATION —

Receive and file.

BACKGROUND —

The NCS Division has historically operated a single-family infill-housing program utilizing Home Investment Partnership (HOME) funds. The subsidy is in the form of gap financing which covers the difference between the cost to construct the home and the anticipated sale price. The infill program is listed as Component One of the NCS New Construction Program that has been approved as part of the 2003 City of Des Moines Consolidated Plan. The Work Program describes an infill program in targeted areas. During the 2003 Program Year, the NCS Division solicited proposals for the construction of infill houses on City-owned, County-owned, and privately owned lots within the boundaries of the King Irving Neighborhood. The determination to concentrate this development proposal in the King Irving Neighborhood was made because of King Irving's newly designated neighborhood status and the number of vacant parcels for redevelopment.

Three vacant lots are currently owned by Polk County—1312 Harrison

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Street, 1308 Harrison Street, and 1306 Harrison Street. One lot is already owned by one of the selected developers, Home Opportunities Made Easy (HOME) Inc. - 1422 Harrison Street. Other selected developers are Keystone Construction and Jack DeLeon Construction. Upon Council's motion to receive and file this communication, Polk County will begin the process to convey these lots to the selected developers. In addition, all infill home designs will be submitted to the King Irving Neighborhood Board of Directors for approval prior to construction. It is anticipated that construction would begin in the Spring of 2004.

Staff sent the Request for Proposals (RFP) to interested developers on August 4, 2003. The NCS Division received five responses from the RFP. A review committee consisting of Community Development staff, as well as Gary Dodge of the Neighborhood Finance Corporation, scored the responses according to the objective requirements outlined in the RFP.

The review committee established a minimum-funding threshold of 70 points based upon the overall quality of the responses and the limited funds available. Those developers scoring over 70 points were Home Inc., Keystone, and Jack DeLeon Construction. All three of these developers have established very positive relationships with the NCS Division. Home Inc. has completed many projects through the NCS Division since the inception of the program and has significant experience in development within the King Irving Neighborhood. In addition, Home Inc. was recently selected as the developer for the Capitol East Redevelopment Project adjacent to Capitol View Elementary School. Keystone has also completed several homes in the King Irving Neighborhood and has a proven performance level. Both developers have exceptional levels of sales performance for single-family owner-occupied homes. Jack DeLeon Construction has worked with the NCS Division as a contractor for several years with a very successful performance record. The company has constructed new single-family homes in other areas of Iowa, and wishes to expand into the area of new construction. The NCS Division will provide significant technical assistance to DeLeon Construction if needed for this project. However, the home design submitted by DeLeon Construction has been sold successfully on other projects, and they will be working with an experienced realtor.

The two developers that were not selected did not meet the minimum threshold for funding. In these cases, the RFP response was either incomplete, designs were submitted that were not of a compatible architectural style with the King Irving Neighborhood, or the review committee expressed concerns of the developer's capacity to complete the project.

