

Council Communication

Office of the City Manager



Date

March 6, 2006

Agenda Item No. 40
Roll Call No. 06-
Communication No. 06-112

Submitted by: Larry Hulse, Community
Development Director

AGENDA HEADING:

Receive and file proposals for 23 single family houses as part of the 2006 New Construction Program.

SYNOPSIS:

Receive and file proposed single family housing developments for 23 houses by eight (8) developers as part of the 2006 New Construction Program operated by the City of Des Moines Community Development Department

FISCAL IMPACT:

Amount: \$378,432 (CDD049900/HOME2005003) Page 177 of the Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2005

Funding Source: The Community Development's New Construction Program is funded through the U.S. Department of Housing and Urban Development's HOME Investment Partnership Program (HOME), an entitlement program. Although a final commitment of HOME funds cannot be made until appraisals on proposed projects are made, the projects included in this communication will conditionally commit approximately \$ 378,432.

ADDITIONAL INFORMATION:

The City's Community Development Department has historically operated a single-family New Construction Housing Program using Home Investment Partnership (HOME) funds. The homes are built by a variety of for profit and nonprofit developers on scattered sites throughout the city. The subsidy is in the form of gap financing to the developer, which covers the difference between the cost to construct a home and the after construction appraised value (sale price). The New Construction Program addresses the goals in the 2005-2009 HUD Consolidated Plan for Des Moines, that includes providing affordable single-family home ownership for families below 80% of median income.

During January 2006, the Community Development Department solicited proposals through a Request for Proposal (RFP) for the construction of single family houses on vacant lots within the boundaries of Des Moines. The RFP included minimum threshold criteria that the housing must meet, including square footage and lot area, and awarded extra points for providing additional square footage, developer qualifications and

other amenities. The RFP gave priority to lots located within the King Irving Neighborhood because of King Irving's designated neighborhood status and the number of vacant parcels for redevelopment. The developer could submit a proposal for a privately-owned lot, a city-owned lot or a county-owned lot. Also included in the RFP were several lots on which the city owns the 2005 Tax Sale Certificate. Although a part of this program, separate City Council action is required to assign the 2005 Tax Sale Certificates to developers.

Proposals were scored by a review committee that included city staff, staff of the Polk County Housing Trust Fund, and individuals involved in private lending through local banks.

In the 2006 round, eight developers submitted proposals for thirty-four units of single family housing. Although all projects met the basic threshold criteria, funding limitations did not allow all proposals to be funded. The committee recommended funding a total of twenty-three single family units spread among the nonprofit and for profit developers. The recommendations are:

Developer	Proposed Addresses		
Community Housing Development Corporation (CHDC) 601 Forest Avenue Des Moines, IA 50314	1537 10th St	1631 12th St	1509 11th St
Jack Deleon Construction, Inc. Jack Deleon Sr. 340 SE Thornton Ave., Des Moines, IA 50315	1112 Clark	1502 12th St	
Habitat for Humanity P.O. Box 716 Des Moines, IA 50303	1837 Logan	1839 Logan	1537 10th St
	1332 Jefferson	1900 Jefferson	1924 Jefferson
	1331 Washington	1214 13th St	1631 12th St
	1547 12 St		
Diverse Solutions Group, Steve Johnson 309 Court Avenue Ste 241 Des Moines, IA 50309	3 lots, 1200 block of 10th or 11 th St.		
Hallmark Design LLC, Jack Brooks 5409 NW 92 nd St. Johnston, IA 50131	1511 Stewart	1515 Stewart	
Home, Inc. 1111 9 th Street, Suite 210 Des Moines, IA 50314	605 Leach		
Jerry Lohner dba Jerry Lohner 3500 36 th Street Des Moines, IA 50310	1339 14th St		
S & G Real Estate Investments, Inc. Paul Gengler 14274 Wildwood Drive Clive, IA 50325	1723 E 24th St		

Homes to be built by Habitat for Humanity are included within the recommended developments to be funded. City staff has successfully worked with Habitat for Humanity this past year to add some distinctive architectural detail and exterior amenities to these units. Habitat for Humanity serves those families at incomes below other housing developers and provides intensive counseling and work commitments to the houses. In addition, much of the labor and construction materials are donated to Habitat for Humanity. For this reason, the city's financial commitment to these single family units is in the form of an affordability gap rather than an appraisal gap. This changes how the city determines its commitment of funds and the form of the city's HOME agreements and liens to the end purchaser.

The Woodland Heights Neighborhood Organization has expressed concern about a house recommended by the review committee for a lot located at 800 24th Street on which the city has the 2005 Tax Sale Certificate. City staff, the developer, and the Woodland Heights Neighborhood Organization will work together to ensure that a house is built that satisfies the neighborhoods concerns. The lot at 800 24th St. is not one of the 23 single family dwellings included in this Council Communication and no action is being taken on the lot at 800 24th Street by receiving and filing the accompanying roll call.

Upon Council's motion to receive and file this communication, developers will proceed with final plans, specifications, neighborhood meetings, and bids for the selected proposals. City staff will proceed with securing appraisals to determine a final commitment of funds for each property and the City Manager or his designee will enter into a contract with individual developers contingent upon the ability of the developers to fully meet program criteria.

PREVIOUS COUNCIL ACTION(S):

Date: February 20, 2006

Roll Call Number: 06-359

Action: Assignment of Tax Sale Certificates for six properties -- three to Greater Des Moines Habitat for Humanity and three to Community Housing Development Corporation. Moved by Hensley to adopt. Motion Carried 7-0.

Date: November 7, 2005

Roll Call Number: 05-2674

Action: Regarding funding recommendations for the Second Year Action Plan (2006) of the 2005-2009 HUD Consolidated Plan. Moved by Vlassis to receive and file. Motion Carried 7-0.

Date: April 25, 2005

Roll Call Number: 05-986

Action: Renew Approval Forms of Agreement for HOME funds and authorize use of 2005 New Construction Program by Neighborhood Conservation Services (NCS) Division. Moved by Vlassis to receive and file. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): None

Date:

Roll Call Number:

Action:

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: None