



Council Communication

Office of the City Manager

Date July 9, 2007

Agenda Item No. 41
Roll Call No. 07-
Communication No. 07-403
Submitted by: Larry Hulse, Community
Development Director

AGENDA HEADING:

Receive and File proposals for single family houses as part of the 2007 New Construction Program.

SYNOPSIS:

Receive and File proposed single family housing developments for 24 houses by six (6) developers as part of the 2007 New Construction Program operated by the City of Des Moines Community Development Department.

FISCAL IMPACT:

Amount: \$430,000

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 (Fiscal Year 2007-08 Operating Budget, Community Development Department, Home Grants, SP036 CDD049900, pages 106-107). Although a final commitment of HOME funds cannot be made until appraisals and environmental reviews on proposed projects are completed, the projects included in this communication conditionally commit approximately \$430,000 to construction gap funds.

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 various for-profit and non-profit 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.

The solicitation for new construction proposals was conducted differently this year, reflecting policies and procedures for the HOME Program adopted by the City Council on January 11, 2006 by Roll Call No. 06-569. Requests for new construction proposals were sent to nonprofit housing providers who have in the past successfully built and sold new housing utilizing HOME funds. These included Community Housing Development Corporation (CHDC), HOME, Inc. and Habitat for Humanity. The requests to the nonprofit housing providers included minimum threshold criteria that the housing must meet, including square footage, number of bathrooms, lot area, and design compatibility.

In March 2007, the Community Development Department issued a Request for Proposals (RFP) for the construction of single family houses on vacant lots within the boundaries of Des Moines to private for-profit developers. The RFP included minimum threshold criteria that the housing must meet, including square footage of the house, minimum lot area, amenities and landscaping as well as developer qualifications. Also included in the RFP were two lots which the City is acquiring from Polk County in the 1500 block of 13th Street. In the 2007 private developer round, three developers submitted proposals. Funding limitations did not allow all proposals to be funded.

In addition, a family who has recently purchased vacant lots at 1443 and 1445 9th Street approached City staff concerning a subsidy for the development of a single family lot. The family has worked with the neighborhood organization and proposed a plan which addresses the design concerns for the Ninth Street National Register Historic District. Additional reviews are required for this plan, but staff recommends continuing to work with the family on the proposed single family house.

The recommendations are as follows:

Developer	Proposed Addresses		
Community Housing Development Corporation (CHDC) 601 Forest Avenue, Des Moines, IA 50314	1522 9 th Street	1524 9 th Street	NW Corner Arlington & College
	1810 Arlington	1435 5 th Street	
Jason and Nicole Duke Lot owner of 1443 9 th St. Des Moines, IA 50314	1443 9 th Street		
Jack Deleon Construction, Inc. Jack Deleon Sr. 340 SE Thornton Ave., Des Moines, IA 50315	1301 Clark	1305 Clark	
Habitat for Humanity P.O. Box 716 Des Moines, IA 50303	1941 23 rd St.	1928 23 rd St.	1417 12 th St.
	1906 Capitol	1221 E. 16 th St.	1341 E. 19 th St.
	1355 E. 19 th St.	1626 23 rd St.	1427 23 rd St.
Home, Inc. 1111 9 th Street, Suite 210 Des Moines, IA 50314	1437 23 rd St.		
	1354 E.13 th	2602 Logan	1657 Dean Avenue
Jerry Lohner dba Jerry Lohner 3500 36 th Street Des Moines, IA 50310			
	1714 Logan		
	1515 13th St.	1519 13 th 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.

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 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: June 18, 2007

Roll Call Number: 07-1170

Action: [2007](#) Allocations for the HOME Investments Partnerships Program (HOME). ([Council Communication No. 07-364](#)) **Moved by Hensley to adopt. Motion Carried 6-1.**

Date: November 20, 2006

Roll Call Number: 06-2324

Action: [On](#) Proposed Third Year Action Plan 2007 of the 2005-2009 US Department of Housing and Urban Development (HUD) Consolidated Plan, (continued from November 6, 2006). ([Council Communication No. 06-712](#)) Moved by Vlassis to adopt the City Manager's recommendation with the following amendments: 1. Reduce OED-Neighborhood Commercial Revitalization by \$30,000 to fund the ISED Project. 2. Priorities for Reprogramming are Primary Health and OED. 3. NFC and CCI are encouraged, not required to work together next year. 4. Have information regarding recipients available on the City's website. Motion Carried 6-0. *Previous motion by Vlassis to reallocate \$10,000 from OED to SCRUB failed. Yeas: Cownie, Vlassis and Kiernan. Nays: Hensley, Mahaffey and Coleman.*

Date: March 6, 2006

Roll Call Number: 06-463

Action: [Receive](#) and file proposals for 23 single family houses as part of the 2006 New Construction Program. ([Council Communication No. 06-112](#)) **Moved by Vlassis to adopt. Motion Carried 6-1.**

Date: January 11, 2006

Roll Call Number: 06-569

Action: [Adoption](#) of new policies and procedures for administration of the HOME Investment Partnership Act (HOME PROGRAM). ([Council Communication No. 06-140](#)) **Moved by Hensley to adopt. Motion Carried 7-0.**

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE