



Council Communication

Office of the City Manager

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| Date | December 3, 2007 |
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| Agenda Item No. | 41 |
| Roll Call No. | <u>07-</u> |
| Communication No. | <u>07-725</u> |
| Submitted by: Larry Hulse, Community Development Director | |

AGENDA HEADING:

Approving Residential Development Agreement for 1307 Clark Street with Jack DeLeon Construction, Inc.

SYNOPSIS:

Recommend approval of a development agreement with Jack DeLeon Construction, Inc. (340 SE Thornton Avenue, Des Moines, IA, Jack DeLeon, Sr., President) for redevelopment of 1307 Clark Street, with adjacent properties, as two new single-family homes.

FISCAL IMPACT:

Amount: \$1 plus closing costs

Funding Source: FY 2007-08 Operating Budget, Page 104, Community Development Block Grants, CDBG2006018, CDD-King Irving Housing Con.

ADDITIONAL INFORMATION:

By Roll Call 07-1302, on July 9, 2007, the City Council received and filed a staff recommendation for providing HOME funding for construction of 24 houses for the 2007 New Construction Program. The recommendations were in response to a request for proposals for infill construction, distributed annually by the Community Development Department, which utilizes HOME funding as a subsidy for affordable housing. Jack DeLeon Construction, Inc. submitted a proposal to use HOME funding to build two houses at 1303 and 1305 Clark Street.

The Jack DeLeon Construction proposal involves the redevelopment at the northwest corner of 13th and Clark. The corner is composed of three vacant lots and a small rental property located at 1307 Clark Street with a lot area of 3040 sq. ft. Each vacant lot was nonconforming, and the rental property was in poor condition with no off-street parking because of its small lot area. Using Community Development Block Grant (CDBG) funding, DeLeon Construction purchased the three vacant lots. The City of Des Moines proceeded to purchase the rental property at 1307 Clark from willing owners and replat the four undersized lots into one 50 x 132 foot lot and one 55 x 132 foot lot, typical of lots in the neighborhood. The Board of Adjustment approved the replat and an exception to the required 60' lot width at its meeting on June 27, 2007.

The development agreement transfers the house and lot at 1307 Clark to Jack DeLeon Construction, Inc. The agreement requires the company to demolish the house and, using adjacent land, build two single-family houses which will be sold to owner-occupants at or below 80% of median income. The proposed houses will be two-story, four bedroom, 2 ½ bath homes that will face Clark Street. They will cost approximately \$151,000 to build and will use an approximate subsidy of \$25,000 of HOME funds. DeLeon Construction has been approved for construction financing of the two houses from the Neighborhood Finance Corporation. The demolition of 1307 Clark Street and start of construction for the new houses (1303 and 1305 Clark) may still begin this year but may be delayed until next spring if the weather turns colder. DeLeon Construction has built two similar houses at 1449 12th Street and 1502 12th Street in the King Irving Neighborhood using City HOME funds.

The King Irving and Mondamin Presidential Neighborhoods have a large number of scattered, vacant lots. Both neighborhoods have planning goals to redevelop the numerous vacant lots into single family houses that fit the architectural character of the neighborhoods. City staff presented the DeLeon Construction redevelopment proposal to the Mondamin Presidential Neighborhood at its meeting on July 16, 2007.

The voluntary purchase of the structure and transfer to a private company for redevelopment furthers the goals of the Forest Avenue Urban Renewal Plan. By Roll Call No. 05-2584, on October 24, 2005, the City Council approved the Forest Avenue Urban Renewal Plan which contained as a goal the acquisition of underutilized lots and properties for redevelopment. By Roll Call No. 06-1810, on September 11, 2006, the City Council amended the Forest Avenue Urban Renewal Plan to allow for the acquisition of these vacant lots and voluntary acquisition of properties for redevelopment of affordable, single-family housing.

PREVIOUS COUNCIL ACTION(S):

Date: July 9, 2007

Roll Call Number: 07-1302

Action: [Receive](#) and file proposals for single family houses as part of the 2007 New Construction Program. ([Council Communication No. 07-403](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: April 9, 2007

Roll Call Number: 07-636

Action: [Establishing](#) fair market value and authorizing voluntary acquisition of property at 1307 Clark Street for the Forest Avenue Urban Renewal Project, \$37,000. ([Council Communication No. 07-187](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: September 11, 2006

Roll Call Number: 06-1810

Action: [On](#) Proposed Amended Forest Avenue Urban Renewal Plan. ([Council Communication No. 06-580](#)). Moved by Vlassis to adopt. Motion Carried 6-0.

Date: October 24, 2005

Roll Call Number: 05-2584

Action: Resolution closing hearing and approving the proposed Urban Renewal Plan. ([Council Communication No. 05-601](#)) Moved by Vlassis to adopt. Motion Carried 6-1. Nays: Brooks.

BOARD/COMMISSION ACTION(S):

Date: June 27, 2007

Roll Call Number: N/A

Action: Board of Adjustment approves exception to lot width.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE