

 <div style="text-align: center;"> <h1 style="margin: 0;">Council Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div>	Date	April 12, 2010
	Agenda Item No. 36 Roll Call No. <u>10-</u> Communication No. <u>10-197</u> Submitted by: Larry Hulse, Community Development Director	

AGENDA HEADING:

Authorizing the Mayor to sign the Des Moines Community Development Block Grant--Disaster Recovery (CDBG-DR) Development Plan to build Owner-Occupied Single-Family Homes to Replace Homes Destroyed during the Heavy Rains and Flooding of 2008.

SYNOPSIS:

Up to \$878,808 in CDBG-DR funding has been allocated to the City of Des Moines by the Iowa Department of Economic Development (IDED) to build single-family owner-occupied homes to replace homes destroyed during the heavy rains and flooding of 2008. A Development Plan outlining the anticipated use of those funds is required by IDED. The proposed Development Plan was developed through a competitive Request for Proposals process, administered by City of Des Moines Community Development Staff, and plans to construct 19 homes.

FISCAL IMPACT:

Amount: \$878,808

Funding Sources: The Iowa Department of Economic Development is administering the Federal Community Development Block Grant Disaster Recovery (CDBG-DR) Funds per a statewide allocation plan approved by the Department of Housing and Urban Development. Funds will be amended into an existing contract between IDED and the City of Des Moines.

ADDITIONAL INFORMATION:

In a communication received October 8, 2009, the Iowa Department of Economic Development made available up to \$878,808 for the construction of single-family owner-occupied homes to replace units lost during the natural disasters of 2008.

In January, the City issued a Request for Proposals to solicit interest from the housing development community to build these replacement homes. Proposals for the development of 27 homes were submitted. Through this Development Plan, the City is recommending funding for 19 of those proposed homes. Two additional addresses are being submitted as contingency development options. Both lots are owned by the City and are located in a redevelopment area.

The Development Plan includes the construction of 19 new homes throughout the city. Ten of these homes will be built by Habitat for Humanity and will be targeted for families with income below 80%

Area Median Income (AMI). The other nine homes will be offered to families making up to 100% AMI and will be built by three local housing developers: Madden Construction, De Leon Construction and Jerry Lohner Sr. The table below outlines the addresses funded through the Development Plan:

Developer	Address
DeLeon Construction	1303 Clark
	1305 Clark
Habitat for Humanity	2204 Dean
	1529 17th
	1536 17th
	1540 17th
	1541 Walker
	1712 Franklin
	1714 Franklin
	1716 Franklin
	1807 Jefferson
	1414 7th
Jerry Lohner Sr.	1416 22nd
	1420 22nd
Madden	2805 E Maple
	1829 E 21st
	1440 King
	1448 King
	1459 E 21st
City-Owned No Developer Identified	1315 Harrison or 1443 12th

In summary, the plan calls for six homes with four

bedrooms and at least two bathrooms, six homes with three bedrooms and two bathrooms and seven homes with three bedrooms and one bathroom. The homes range in size from 1,056 square feet to 1,654 square feet and will feature energy efficient systems and appliances, a range of architectural styles and features and will offer a wide selection of home styles and locations for families in Des Moines. In accordance with the regulations of the program, each address listed above may be eligible for up to 25% of the Development Cost of the home. Funds awarded to a property will be secured with a lien that is forgiven over 5 years.

Buyers have already been identified for 10 of the 19 proposed homes. For the nine remaining homes, the Community Development Department plans to work proactively with the developers and area lenders to identify and pre-qualify buyers, making the final sale of these properties more efficient. In collaboration with the Neighborhood Stabilization Program, increased marketing and outreach will help draw attention to the availability and affordability of these homes.

Additionally, funds have been set aside within the Development Plan so that buyers may be eligible for down payment and closing cost assistance toward the purchase of one of these homes. This additional

incentive, in the amount of up to 3% of the total development cost of the home, will also help make the sale of these homes more expeditious.

The following chart outlines the proposed use of the \$878,808 that has been allocated to the City of Des Moines for the construction of new single-family owner-occupied homes:

Des Moines Proposed Budget (Up to \$878,808 Allocated)	
Administrative (<i>City of Des Moines</i>)	\$17,576
Project Delivery (<i>City of Des Moines</i>)	\$105,000
Closing Cost Assistance (<i>End Buyer</i>)	\$46,239
Construction (<i>4 Developers</i>)	\$709,993
TOTAL	\$878,808

Funds will be amended into an existing contract (08-DHR-209) authorized by Council on April 20, 2009 (Roll Call 09-645). As long as no substantial changes are made to the initial contract, this action also authorizes the Mayor to sign the contract amendment once it is received. If the amendment contains any substantial changes to the terms of the contract, the amendment will be brought back before Council.

PREVIOUS COUNCIL ACTION(S):

Date: April 20, 2009

Roll Call Number: 09-645

Action: Iowa Department of Economic Development (IDED) Community Development Block Grant (CDBG) Housing Disaster Recovery Fund Contract (08-DHR-209). (Council Communication No. 09-254)

]Moved by Vlassis to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Council approval of CDBG-DR construction agreement and restrictive covenants templates.

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