



Council Communication

Office of the City Manager

Date	May 10, 2010
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Agenda Item No.	31
Roll Call No.	10-721
Communication No.	10-238
Submitted by: Larry Hulse, Community Development Director	

AGENDA HEADING:

Authorizing administrative exception for rehabilitation of 1315 Burlington Terrace by combining funds from two programs administered by the City of Des Moines Neighborhood Conservation Services Division.

SYNOPSIS:

Mark and Lorrie Bennett made application for the Jumpstart Housing Assistance Program to repair their home located at 1315 Burlington Terrace, where they have lived for over 20 years. Due to the scope of the work needed to repair their home, combined with the fact that it is a contributing structure in an historic district, the cost exceeded the Jumpstart Program guidelines. They also made application and are qualified for the Lead Hazard Reduction Program and have been approved for a \$38,000 loan from the Neighborhood Finance Corporation. If the NCS division combines the Jumpstart and Lead program together, \$110,000 could be provided to the project in the form of a forgivable loan. The loan from the NFC could also be put toward the project for a total project cost of about \$148,000. Combining two programs and providing such a high level of assistance is contradictory to normal NCS business practices but does not violate any funding regulations.

FISCAL IMPACT:

Amount: \$109,998

Funding Source: \$60,000 provided through the Jumpstart Housing Assistance Program and \$49,998 provided through the Lead Hazard Reduction Program. Funds are available within the approved budgets for both programs.

ADDITIONAL INFORMATION:

Mark and Lorrie Bennett initially applied for assistance in July of 2008 through our Minor Home Repair Loan Program for assistance in repairing the foundation of their home at 1315 Burlington Terrace. Contractors visited the home to assess the damage and provided repair cost estimates for the foundation. Due to the deteriorated condition of the brick veneer, these contractors were not willing to accept the liability of the brick failing while repairing the foundation.



The homeowners applied for the Jumpstart Program in October of 2008 with a full application (including all supporting documentation) on file dated January 13, 2009. This application was initially denied in March 2009 because the estimated cost of the project (\$93,000) exceeding Jumpstart guidelines (\$60,000). Due to the continued deterioration of the home and its historic nature, City staff continued to work with the family to find alternative funding sources. During the late summer/early fall of 2009 the Lead Hazard Remediation Program came online in the Neighborhood Conservation Services Division. The homeowner applied for this program due to the lead based paint in the home. Polk County Public Health reviewed the application and forwarded it to the City of Des Moines as eligible for that program as well with maximum assistance of \$49,999.

The City received SHPO approval for the project on December 16, 2009. The bids came in well above the estimate due to the continued deterioration of the home. The selected bid totaled \$135,100.

While, this project is well outside of the scope of NCS's normal rehabilitation programs, NCS staff sympathizes with the situation and values the historic nature of the home. Because combining two programs is an exception to Neighborhood Conservation Services normal practices, NCS is seeking City Council approval to enroll the family in both the Jumpstart and the Lead Hazard Remediation Programs simultaneously. Combined these two programs will provide \$109,999 toward the repair of the home.



The selected bid came in at \$135,100 which leaves \$25,101 to cover the cost of the bid. NCS also requires a contingency of 10%, thus the total amount needed for this project is \$148,610. This left a funding gap of \$38,611. The Bennett's applied to the Neighborhood Finance Corporation for a loan to cover the \$38,611 gap. They were approved and are in the process of refinancing the home, at a lower interest rate, and borrowing the funds needed to move forward in rehabilitating their home.

Staff recommends the family be accepted into both the Jumpstart and Lead Remediation Programs with a maximum assistance of \$109,999. These funds would be secured against the home in the form of liens. The Jumpstart funds would be forgiven over five years and the remaining funds would be forgiven over 15 years. If the family sells, rents or moves within those time periods, funds would be owed back to the City of Des Moines. Prior to signing construction contracts, the family will be responsible for providing the remaining funds for the project (\$38,611) to the City of Des Moines to pay the contractor. Any contingency funds that are not used will be returned to the family.

This project exemplifies partnership among various community organizations and highlights a growing need to help families with deferred maintenance issues. With the struggles in the economy, home maintenance becomes more difficult and homes throughout the City of Des Moines are in need of assistance in order to prevent further deterioration. Additionally, this project serves as a proactive example of a strategy to help prevent blight in a neighborhood. Left unchecked this situation could lead to vacant structures, blight and could eventually lead to the demolition of an historic structure.

PREVIOUS COUNCIL ACTION(S):

Date: August 24, 2009

Roll Call Number: 09-1552

Action: Sub-recipient contract with Polk County to administer the Housing and Urban Development 2008 Lead-Based Paint Hazard Control Program. (Council Communication No. 09-598) Moved by Kiernan to adopt. Motion Carried 7-0.

Date: October 13, 2008

Roll Call Number: 08-1809

Action: Approving CDBG Housing Disaster Recovery Fund Contract with Iowa Department of Economic Development. Sponsor: Mahaffey. (Council Communication No. 08-628) Moved by Mahaffey to adopt. Motion Carried 6-1. Absent: Cownie.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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