

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> May 24, 2010
	<b>Agenda Item No.</b> 52 <b>Roll Call No.</b> <u>10-843</u> <b>Communication No.</b> <u>10-303</u> <b>Submitted by:</b> Larry Hulse, Community Development Director

**AGENDA HEADING:**

Hold Hearing for the conveyance of City-owned property located at 1131 28th Street to Denis Marchand for \$10,305.36.

**SYNOPSIS:**

Recommend conveyance of City-owned property located at 1131 28<sup>th</sup> Street to Denis Marchand, Developer, P.O. Box 31091, Des Moines, Iowa 50310 for \$10,305.36. This action is required by Iowa law prior to making a final determination on the proposed sale by resolution. There is no current or anticipated public need for this property. The purchase of this property will allow the buyer to construct a single family dwelling for in-fill housing in accordance with the City’s development requirements.

**FISCAL IMPACT:**

Amount: \$10,305.36 (reimbursement to the city)

Funding Source: 2010/11 Operating Budget, Page 70, Community Development Department, Special Revenue Funds, LIHTC – Low Income Housing Tax Credit, SP060 CDD100400

**ADDITIONAL INFORMATION:**

On February 28, 2005, by Roll Call No. 05-513, the City Council directed staff to abate the nuisance at 1131 28<sup>th</sup> Street. On June 4, 2007, by Roll Call No. 07-1059, the City Council directed staff to request Assignment of 2007 tax certificate for 1131 28<sup>th</sup> Street from the Polk County Treasurer. Staff was further directed to delay demolition and distribute Request for Proposals for rehabilitation. The property located at 1131 28<sup>th</sup> Street, formally owned by SSW, LLC, Mike Schumacher, managing member, had been converted to a three-plex, but no longer had grandfather rights.

On August 11, 2007, Tim Schumacher, a partner in SSW, LLC, sent an e-mail to the City requesting the City delay demolition of the property and allow him time to clear the title on the properties. The e-mail sparked discussion with the members of the neighborhood organization, the adjoining owner-occupant to the south, and prompted further inspection of the condition of the property, which ultimately led the City to proceed with the demolition order and seek developers for new in-fill construction, rather than rehabilitation. The demolition costs totaled \$18,026.50 on the property. Those costs will be paid for with Community Development Block Grant funds and will not be recovered as part of the sale. A personal judgment is still in place against SSW, LLC.

In 2007, there were two outstanding tax sale certificates. The legal department waited for the 2006 certificate to expire, saving approximately \$8,000 in costs, before proceeding with acquisition of this property by tax sale deed under State Code 446.19A, incurring the following expenses:

Taxes and Special Assessments	\$9,882.54
Title Certificate	\$325.00
Notices	\$53.82
Deed Fee	\$25.00
Recording Fee	\$19.00
TOTAL	\$10,305.36

These expenses will be reimbursed by the developer. The 2009 assessed value of the vacant lot is \$9,500.

Denis Marchand approached the City about building a single family dwelling on the lot. The developer has built several high quality in-fill houses in Des Moines and is willing to sign a Declaration of Restrictive Covenants benefitting the City that includes requirements on cooperation with the neighborhood association and minimum design standards.

Mr. Marchand and city planner Mary Neiderbach attended the May 12, 2010 meeting of the Drake Neighborhood to discuss his plans for the lot. The Drake Neighborhood Association was very favorable concerning the sale and asked a member of the Drake Neighborhood, Steve Wilkie-Shapiro, to work with Mr. Marchand on the design. Mr. Marchand also invited staff and neighborhood residents to tour the house he recently built at 1521 29<sup>th</sup> Street.

Mr. Marchand prefers to sell the house rather than rent. The restrictive covenant originally included a requirement that stated Mr. Marchand should attempt to sell the house and could only rent the house rented after the developer shows evidence of efforts to market the house to the Community Development Director. This needed to occur annually. First Bank is the bank that will fund the construction loan on this project and was the bank that provided funding for the most construction at 1521 29<sup>th</sup> Street. Mr. Dan Kneeskern at First Bank Des Moines stated the bank will not provide funding with the condition about renting the property. Consequently this requirement has been removed.

At the neighborhood meeting, there was discussion in general about the need to rent the property if could not be sold quickly. The general consensus among those attending the meeting was that the neighborhood wants the house to be owner-occupied but understood if it needed to be rented in this financial environment. The owner-occupant of the house to the south of the vacant lot also expressed an understanding about the need to rent the house if it could not be sold quickly.

Restrictive covenants will be used to insure the following requirements:

1. The design and exterior materials should be compatible with and complementary to the neighborhood.
2. Specifications include a minimum of 1350 sq. ft., two stories, basement, cement board siding with reveal of not more than five inches, front porch of 120 sq. ft., 12-18 inches of exposed foundation stamped with 4 x 8 form and a hip or gable roof. A gable roof would require a 6/12 pitch.

3. The Drake Neighborhood Association or its designee should be consulted on design and exterior materials and elevations submitted to the neighborhood association. The Community Development Director will review elevations and design at such time as the permit is issued but shall not be unreasonably withheld.

**PREVIOUS COUNCIL ACTION(S):**

Date: June 4, 2007

Roll Call Number: 07-1059

Action: C) [On](#) public nuisance at 1131 28<sup>th</sup> Street from Polk County Treasurer at annual auction. ([Council Communication No. 07-341](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: February 28, 2005

Roll Call Number: 05-513

Action: C) The Legal Department to proceed with court action for authority to abate the public nuisance at the following locations: [On](#) public nuisance at 1131 28<sup>th</sup> Street from Polk County Treasurer at annual auction. ([Council Communication No. 07-341](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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