

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 28, 2010
	Agenda Item No. 50E Roll Call No. <u>10-1075</u> Communication No. <u>10-378</u> Submitted by: Phillip Delafield, Director, Community Development

AGENDA HEADING:

Approving a Community Development Block Grant (CDBG) loan with St. Paul A.M.E. Transformation Center for up to \$415,000 for rehabilitation of twenty (20) units of rental housing located at 812 Forest, 1354 8th Street, and 1353 9th Street.

SYNOPSIS:

A variety of funding sources have been assembled to provide the rehabilitation funding required for the project including Polk County Housing Trust Fund, Polk County Healthy Homes Lead Grant, Polk County Public Works Weatherization Program, and the City’s CDBG funds. The buildings will provide lead-safe, affordable housing for twenty families and complement the architecture of the River Bend Neighborhood.

FISCAL IMPACT:

Amount: \$425,000

Funding Source: Special Revenue Funds – CDBG 2009 017 and_CDBG 2010 017 NCS - Rental Acquisition/Rehab, Page 72.

ADDITIONAL INFORMATION:

St. Paul’s AME Church at 1201 Day Street Des Moines has formed a nonprofit corporation to own and operate three buildings of affordable housing for families. The buildings are now known as St. Paul Transformation A.M.E. Center. Paul W. Danforth, 1301 Center Street, Des Moines, IA is the Chairman of the nonprofit corporation. Reverend Frederick Gaddy, 1201 Day Street, Des Moines; Clarke Stewart, 4800 Mills Civic Parkway, Suite 204 West Des Moines 50265; and Donise Cannaday 2123 SE Hughes Avenue, Des Moines are active board members with the organization.

The buildings are located on Forest Avenue between 8th and 9th Streets with the addresses of 1353 9th Street, 812 Forest Avenue, and 1354 8th Street. There are twenty units total: 8 in 1353 9th, 6 in 812 Forest, and 6 in 1354 8th Street. All three buildings are in need of significant repair. The six-plex at 1354 8th Street currently has no rental certificate and the building is vacant. The Polk County Housing Trust Fund provided emergency funds for boiler replacement this past winter for the buildings at 812 Forest and 1354 8th Street.

The City staff is helping St. Paul A.M.C. Transformations Center coordinate a variety of technical assistance and funding sources for the rehabilitation:

- *Anawim Housing* is helping the new nonprofit determine the work that needs to be completed and helping to obtain bids for the project. They have also provided advise on tenant management and leases;
- *The Crime Free Multi-Family Housing Division of the Police Department* is providing help on security measures and tenant screening;
- The *Polk County Housing Trust Fund* has provided money for the boiler on Forest, the boiler on 8th Street and will also provide funding for the boiler at 1354 9th Street. The boilers are approximately \$25,000 each.
- *Polk County Public Works* will provide funding for weatherization in each of the buildings which will include basement and roof insulation.
- *Polk County Public Health*, through their Healthy Homes Lead Grant, will provide \$12,000 per unit funding for lead remediation. In addition, relocation assistance during the rehabilitation will be provided by Polk County Public Health.
- The *City of Des Moines Community Development* will provide CDBG funds for general rehabilitation to the rental code and housing quality standards.

Each funder brings a variety of requirements with the funding source which complicates the project. Lead Abatement contractors and workers will be required for the lead work, the units must be provided to those families with children under six, the contractors will be required to pay Davis-Bacon wage rates and file the required paper work; the weatherization program requires 2/3's of the units to be below 200% of poverty, and the rehabilitation will need to be in conformance with the Secretary of the Interior's Standards for rehabilitation and must be approved by the State Historic Society of Iowa. The Davis-Bacon wage rates and administration and the use of Lead Abatement contractors and workers adds to the cost of residential rehabilitation.

By Roll Call 08-882 on May 19, 2008, the City of Des Moines submitted a support letter to Polk County Health Department that provided a funding commitment for the rehab of 32 owner occupied properties and 28 rental units in the city of Des Moines. This required the NRB and the City Council to commit \$256,000 of CDBG and \$224,000 HOME funds annually for bricks and mortar rehabilitation activities and maintain the level of funding for staff for the next three years for this Polk County project. The rehabilitation of the Transformation units will satisfy the completion of 20 of the rental units under this commitment.

A full set of bids has been received for the building at 1354 8th Street with an estimated cost of \$350,000. The City's CDBG program will provide approximately \$275,000 of that funding as a 0% deferred payment loan with the condition that the units are rented to low income families. The bid for the other two projects has not yet been completed. The staff estimates approximately \$140,000 of CDBG funds will be provided for the additional two buildings as a 0% deferred payment loan. The legal department will review and approve final loan documents for each building.

The loan for the three buildings was approved by the Neighborhood Revitalization Board at its March 3, 2010 meeting. The River Bend Neighborhood reviewed the loan concept and planned work at its June 14, 2010 meeting.

The buildings are all brick and were built in the early part of the twentieth century. The buildings at 812 Forest and 1353 9th are listed in the West 9th Street Historic District as contributing structures. Twenty years ago when the development was owned by Good Samaritan Housing and the North Park

Neighborhood Revitalization Plan was being developed, the City worked with Good Samaritan to acquire a vacant lot for parking and vacated the alley for a play area.

A committee of funders and the Transformation board members have been meeting every two weeks to assign tasks and determine the next steps. A contract should be executed with the Transformation Board in July to begin the work on 1354 8th Street with a ninety day completion. The other two buildings will proceed to contract in the next few months.



**Front Entry – 1354 8th Street
6 units, currently vacant**

**Front Façade – 812 Forest Ave
6 units, currently occupied**



**Front Façade - 1353 9th Street
8 units, currently occupied**



PREVIOUS COUNCIL ACTION(S):

Date: May 19, 2008

Roll Call Number: 08-882

Action: [Support](#) of Polk County Health Department Application to the Housing and Urban Development 2008 Lead-Based Paint Hazard Control Program Grant. ([Council Communication No. 08-295](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: March 3, 2010

Roll Call Number: N/A

Action: Approval of rehabilitation loan for St. Paul Transformation Center located at 1353 8th Street, 1354 9th Street, and 812 Forest.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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