

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: November 8, 2010
	Agenda Item No. M4 Roll Call No. <u>10-1811</u> Communication No. <u>10-659</u> Submitted by: Douglas C. Romig Housing Service Director

AGENDA HEADING:

Approving Replacement Housing Factor Fund proposal and Agency Plan amendments.

SYNOPSIS:

Recommendation from Public Housing Board to approve the Replacement Housing Factor Fund proposal and Agency Plan amendments to provide for the demolition, development and disposition of various Public Housing scattered site inventory.

FISCAL IMPACT:

Amount: \$2,900,000 estimated in Replacement Housing Factor funding.
\$1,380,000 in potential sales from the 23 scattered site units recommended for disposition.

Funding Source: \$2.9 million of funding comes from the U.S. Department of Housing and Urban Development formula related to the disposition of Public Housing units. The estimated \$1.38 million will come from the sales of the 23 scattered site units through sales.

ADDITIONAL INFORMATION:

The Replacement Housing Factor (RHF) is a Public Housing development fund from U.S. Department of Housing and Urban Development (HUD) available as a result of the sale of the Des Moines Municipal Housing Agency (DMMHA) scattered site housing units. These funds can only be used to develop or acquire new public housing units or the funding must be returned to HUD. This is a fund separate from the Affordable Housing Development Fund.

The recommendation is to use RHF funding already received and future RHF funding DMMHA will receive from the remaining inventory of disposition and 5(h) homes to demolish and construct a minimum of ten (10) single family Public Housing (two to four bedrooms) units. DMMHA will own and maintain these units in its public Housing inventory. Further DMMHA will offer supportive services to the families residing in these new units. (HUD approved plan)

Replacement Housing Factor (RHF) funding is available to the DMMHA to develop or acquire new Public Housing units with supportive services which will be rented in the Agency’s Public Housing

rental assistance program. Approximately \$1.6 million in first increment RHF funds are currently available. The fund is expected to grow to approximately \$2.9 million over the next five years.

The Polk County Housing Continuum and the City of Des Moines Consolidated Plan have identified that there is a shortage of affordable housing within Des Moines/Polk County. DMMHA management also believes that scattered-site housing for families should not be totally eliminated from its portfolio. There is a need within the community for larger bedroom units and green space (yards) to serve families. If the DMMHA completely disposed of all scattered-site housing, the remaining properties would be the four apartment buildings designated for Senior Citizens and one mixed-population apartment building with efficiency, one and two-bedroom units. This development plan provides a public housing alternative for low-income families within Polk County and balances the Agency’s offerings to the customers we serve.

In order to meet the City Council’s Goal Statement of *Pride in Community Assets: to set the standard for constructing and maintaining attractive buildings, parks and infrastructure that represent our world-class city and generate civic pride*; fulfill the DMMHA’s mission and a expend the RHF funds; the DMMHA is recommending construction of a minimum of ten (10) single-family homes to be located on existing property owned by the DMMHA. The intent of this proposal is to inventory the remaining Agency owned property (disposition and 5h units) with the goal to demolish the most blighted properties and then construct new single family homes with two (2) to four (4) bedrooms, one (1) to one and a half (1 ½) baths, unfinished basement and/or a single car garage. These replacement houses shall complement the existing housing stock within their respective neighborhoods. Demolition of severely blighted structures will be considered when choosing sites for rebuilding units, but the Agency will strive to have no more than two (2) homes within a four block radius.

Based on current conditions of the remaining Public Housing inventory, staff is recommending the following properties be demolished and redeveloped:

Address	Zoning	Structure	Ward	Neighborhood
1125 11 th Street	R-3	Single Family	III	Cheatom
430 Orchard St.*	R1-60	Single Family	I	River Bend
1333 Mondamin	R1-60	Single Family	I	Mondamin
1431 Stewart St.*	R-2A	Single Family	II	MLK Park
1248 McCormick St.	R-2A	Single Family	II	MLK Park
3308/3310 Kinsey Ave	R1-60	Duplex	II	Gray’s Woods
1817 Capitol Ave.	R1-60	Single Family	IV	Capital East
314 Indiana Ave.	R10-60	Single Family	I	River Bend
1423 17 th St.	R1-60	Single Family	I	King Irving
1525/1527 E. 33 rd St.**	R1-60	Duplex	II	Gray’s Woods
106 Astor*	R1-60	Single Family	IV	Gray’s Woods

**DMMHA must apply to rescind the three (3) properties from the 5(h) program in order to apply for the demolition and development approvals from HUD.*

***Staff has received interest from an adjacent property owner desiring to acquire this parcel which staff supports as long as the Fair Market Value of the land and demolition costs are recouped with the resale of this parcel.*

On October 13, 2010, the DMMHA request to rescind twenty-four (24) 5(h) homes was approved and placed back into the Agency’s inventory. In addition to the rescission requests of the properties noted

above the DMMHA shall also request to rescind five (5) additional properties from the 5(h) program to be placed in disposition for sale. The proposed properties are:

Address	Zoning	Structure	Ward	Neighborhood
1325 College Avenue	R1-60	Single Family	I	Mondamin
1533 E Jefferson Avenue	R1-60	Single Family	II	Union Park
2403 Payne Road	R1-60	Single Family	I	Prospect
1513 E Jefferson Avenue	R1-60	Single Family	II	Union Park
1933 24 th Street	R1-60	Single Family	I	Kirkwood Glen

Upon approval of the Municipal Housing Governing Board, the DMMHA must make an application to amend its current 5(h) plan and submit a request for approval regarding the demolition of existing Public Housing stock for redevelopment on Agency owned property. As a part of this plan, staff will begin a public input process with local neighborhood groups and the Polk County Housing Continuum as required by HUD to amend our Agency Plan. Due to the timeframe of these reviews/approvals by HUD, staff will submit a request for consideration and then forward the associated Roll Calls if the staff recommendations are approved, if not, the Agency will withdraw its request.

PREVIOUS GOVERNING BOARD ACTION(S):

Date: February 23, 2004

Roll Call Number: 04-341

Action: MHAGB Item 2 - Approval of the “Policy for the Use of Proceeds from Disposition of Public Housing Program Units” and authorize development of a Section 32 Plan for submittal to U.S. Department of Housing and Urban Development. ([Council Communication No. 04-090](#)). **Moved by Hensley to approve. Motion Carried 8-0.**

BOARD/COMMISSION ACTION(S):

Date: October 20, 2010

Roll Call Number: 10-40

Action: Recommended approval to the Municipal Housing Governing Board regarding the use of Replacement Housing Factor Funding and amending the Agency Plan.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Upon approval by HUD of the Replacement Housing Factor funds, recommendations shall be brought before the Public Housing Board and Municipal Housing Governing Board for approval regarding the proposed new housing developments.

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