

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> November 8, 2010
	<b>Agenda Item No.</b> 34 <b>Roll Call No.</b> <u>10-1850</u> <b>Communication No.</b> <u>10-678</u> <b>Submitted by:</b> Phil Delafield Community Development Director

**AGENDA HEADING:**

Resolution 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 \$732,727 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 36 homes.

**FISCAL IMPACT:**

Amount: \$732,727

Funding Source: IDED 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 August 19, 2010, IDED made available up to \$732,727 for the construction of single-family owner-occupied homes and to build infrastructure to support the construction of these homes to replace units lost during the natural disasters of 2008.

In September, 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 32 homes were submitted. Through this Development Plan, the City is recommending funding for 20 of those proposed homes. In addition, three properties will be funded through previous rounds of CDBG DR funds that have been unobligated.

The Development Plan includes the construction of 20 new homes throughout the city by three developers: 1<sup>st</sup> Choice Real Estate Group, Greater Des Moines Habitat for Humanity, and Madden Construction. Below is a summary of each of the projects.

1<sup>st</sup> Choice Real Estate Group—This group headed by Victoria Swanson, Liberty Bank, and K and V Homes has proposed to develop the area of Dubuque Street between E. 40<sup>th</sup> St. and E. 41<sup>st</sup> St. This proposal includes building 15 single family homes in the area known as Eastern Mounds. Eight of these homes will be for families who earn less than 80% average median income (AMI), while the other 7 houses will serve families who earn up to 100% AMI. Including in this proposal is a request to install pavement, storm, and sanitary sewers along this block of Dubuque Street.

While staff believes this project is feasible and can be developed, there are still a couple of unresolved issues concerning grading and tree removal in the area. This funding recommendation is contingent upon satisfactorily meeting these requirements.

Greater Des Moines Habitat for Humanity—The funding recommendation includes funds to assist with the development of three homes for Greater Des Moines Habitat for Humanity. These three sites are scattered throughout the community. Not included in this funding recommendation is the re-obligation of CDBG DR funds to assist with the construction of three additional properties. All six of these homes will be sold to families who earn less than 80% AMI.

Madden Construction—Madden Construction submitted two sites for consideration. Funding is recommended for both of these sites along Buchanan Street. One home will be affordable for a family at 80% AMI and the other property will be affordable for a family at 100% AMI. The funding recommendation is contingent upon Madden Construction consulting with the Capitol Park Neighborhood Association regarding the home designs.

<b>CDBG DR Funding Recommendations</b>	
Eastern Mounds 4000 block of E. Dubuque	
	Infrastructure
	Lot 19
	Lot 20
	Lot 21
	Lot 22
	Lot 23
	Lot 24
	Lot 25
	Lot 26
	Lot 27
	Lot 28
	Lot 29
	Lot 30
	Lot 31
	Lot 32
	Lot 33
Habitat for Humanity	
	1216 13th St.

	1230 13th St.
	1232 13th St.
	1315 Harrison*
	1416 22 <sup>nd</sup> St. *
	1420 22 <sup>nd</sup> St. *
Madden	
	1096 Buchanan
	1100 Buchanan

\*Represents a home funded with a previous round of CDBG DR Funding

The homes funding through this program will feature a range of architectural styles 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.

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.

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 12, 2010

Roll Call Number: 10-527

Action: [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. ([Council Communication No. 10-197](#)) Moved by Coleman to approve. Motion Carried 7-0.

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: NONE**

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