

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	November 21, 2011
	<b>Agenda Item No.</b>	<b>45</b>
	<b>Roll Call No.</b>	[ _____ ]
	<b>Communication No.</b>	<b><u>11-699</u></b>
	<b>Submitted by:</b>	<b>Phillip Delafield, Community Development Director Jeb Brewer Director Engineering Department</b>

**AGENDA HEADING:**

Approving Residential Development Agreement and Holding Hearing for Conveyance of 1323 East 25th Court to Derrick Huffey for \$6,000.

**SYNOPSIS:**

On November 7, 2011 the City Council accepted real estate documents from the Des Moines Independent Community School District for a single family residential property at 1323 E. 25th Court that had been a part of the school system’s Home Remodeling Program. Council also set a date of public hearing to convey the property to Derrick Huffey, a home remodeler registered with the City’s Community Development Department to work with the Neighborhood Stabilization Program. The development agreement to be approved requires that the property be rehabilitated in conformance with the proposal submitted by Mr. Huffey in response to a City Request for Proposal (RFP) and sold to an owner-occupant at or below 80% of median income per requirements published by the U.S. Department of Housing and Urban Development (HUD).

**FISCAL IMPACT:**

Amount: \$6,000 (revenue)

Funding Source: Special Revenue Funds Community Development Block Grants – SP020 CDD049900 2010 035 NCS Homebuyer.

**ADDITIONAL INFORMATION:**

On November 21, 2011, by Roll Call 1863, the Des Moines City Council accepted real estate documents from Des Moines Independent Community School District for the single family property at 1323 E. 25th Court and set a date of public hearing for November 21st on conveyance of the property to Derrick Huffey for \$6,000. The development agreement to be approved has been signed by Mr. Huffey and is on file in the City.

The acceptance and subsequent, proposed conveyance of this property is triggered by past funding contracts between the City of Des Moines and the Des Moines Independent Community School District (DMPS) in which the City provided Community Development Block Grant (CDBG) funds for materials

to DMPS for the School District's HOME Remodeling Program. In 2010, DMPS combined the East High and Central Campus Home Remodeling classes leaving the rehabilitation of 1323 East 25th Court incomplete.

It has been determined that Central Campus students would not be able to work on the property at 1323 East 25th Court until the house currently being rehabilitated at 1349 Washington Avenue is complete, which is not anticipated until the end of the 2012-2013 school year. The timeframe creates problems for the City in fulfilling grant requirements with the Department of Housing and Urban Development (HUD) and leaves the property vacant, creating potential vandalism or unlawful occupancy issues along with continued maintenance burdens for DMPS.

The use of CDBG program funds require the house be fully rehabilitated and sold to a low moderate income family. The City and DMPS staff determined the best course of action was for the DMPS to sell the property to the City, the City send an Request for Proposal (RFP) for rehabilitation and then the City sell and enter into a development agreement with the contractor in order to be able to monitor the rehabilitation and conveyance of said property and remain in compliance with CDBG regulations in an expeditious manner.

City staff distributed an RFP to developers certified with the City's Neighborhood Stabilization Program (NSP) on September 23, 2011. The RFP will place restrictive covenants on the property to ensure that 1) Lead Paint Clearances are achieved; 2) The house meets CDBG adopted guidelines for rehabilitation and a certificate of occupancy is issued; and 3) The house is sold and occupied by a low or moderate income homebuyer (maximum income of \$58,550 for a family of four persons).

Two proposals were received with the proposal submitted by Derrick Huffey scoring the highest under City selection criteria. Mr. Huffey has agreed to purchase the property in the amount of \$6,000 and complete the rehabilitation within ten weeks of taking ownership. Mr. Huffey has worked with the City staff previously on the NSP and has adequate resources to fund the rehabilitation.

The DMPS has remaining costs for the property since closing the Home Remodeling Program. City staff is recommending that any proceeds remaining after paying city costs are allocated to the school district for eligible costs.

The acceptance and subsequent conveyance of this property is in the best interest of the City, DMPS, and the general public.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: November 7, 2011

Roll Call Number: 11-1863

Action: [On](#) conveyance of 1323 E. 25<sup>th</sup> Court to Derrick Huffey, \$6,000, (11-21-11) and acceptance of real estate documents from Des Moines Independent Community School District. ([Council Communication No. 11-691](#)) Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: June 28, 2010

Roll Call Number: 10-1074

Action: [Approving](#) a CDBG loan with the Des Moines Independent Community School District for up to \$94,908 for rehabilitation of two houses through the Des Moines Public Schools Home Remodeling Program. ([Council Communication No. 10-379](#)) Moved by Coleman to adopt. Motion Carried 7-0.

Date: July 13, 2009

Roll Call Number: 09-1282

Action: [Reprogramming](#) of prior years Community Development Block Grant (CDBG) funding and additional funds received for 2009 HUD Consolidated Plan Programs. ([Council Communication No. 09-443](#)) Moved by Hensley to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Des Moines Public School Board

Date: September 6, 2011

Action: Set Date of Public Hearing and Hold Hearing for Transfer of 1323 E. 25th Court to City of Des Moines

Board: Neighborhood Revitalization Board

Date: May 5, 2010

Resolution Number: NA

Action: Approval of CDBG loan for two Des Moines Public Schools Houses

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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