

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> January 12, 2015
	<b>Agenda Item No.</b> MHGB2 <b>Roll Call No.</b> <u>15-0002</u> <b>Communication No.</b> <u>15-001</u> <b>Submitted by:</b> Douglas C. Romig, Housing Services Director

**AGENDA HEADING:**

Approving conveyance of real property by the Des Moines Municipal Housing Agency (DMMHA).

**SYNOPSIS:**

Approval to sell three (3) scattered site single-family homes competitively bid through a sealed bid process.

**FISCAL IMPACT:**

Amount: \$44,433

Funding Source: Sealed bid sale awards deposited into Disposed Homes; S350 HSG121000; page 113.

**ADDITIONAL INFORMATION:**

On August 19, 2003, the U.S. Department of Housing and Urban Development (HUD) approved the DMMHA’s disposition application of 394 units. Since 2003, the DMMHA has sold the majority of the scattered site single-family homes while maintaining a scattered site Public Housing inventory of 35 single-family units. The remaining vacant units had been publicly let for purchase through the DMMHA’s HUD approved disposition plan. However, there were eight (8) properties that never received interest either from the non-profits or private sector as all private bids were previously subject to Fair Market Value.

Since the DMMHA had not received any bids on multiple previous attempts, the DMMHA contacted HUD to verify that these remaining blighted units could be sold for less than Fair Market Value. HUD’s response was that as long as the Agency followed its procurement process, we could recommend the sale of our remaining vacant inventory for less than Fair Market Value subject to HUD review and approval by the Special Application Center.

The DMMHA issued sealed bids on the following properties with bids being due by 4:30 p.m. on Friday, November 14, 2014. The bid process was reviewed and approved by HUD’s Kansas City Field Office.

Multiple bids were received on all properties with the exception of 430 Orchard; 1125 11<sup>th</sup> Street; and 2033 10<sup>th</sup> Street. Both 430 Orchard and 1125 11<sup>th</sup> Street bids were rejected as the bidder failed to provide the required statement of financial capacity from their bank. Additionally, the following units

(1545 De Wolf, 1618 Lincoln and 1915 24<sup>th</sup> Street) bids were rejected due to incomplete bids submittals and irregularities in the bid notices. The three successful bid awards and bid prices are as follows:

<b>Property Address</b>	<b>Bid Award</b>	<b>Bid Amount</b>
2033 10 <sup>th</sup> Street	Slashfrog LLC (d/b/a All Day Homes); Mitch Coluzzi	\$5,102
3208 E. 9 <sup>th</sup> Street	J. Eric Groves	\$32,080
5316 S. Union Street	DLR Holdings LLC; Derrick Huffy	\$7,251
	<b>Total Revenues</b>	<b>\$44,433</b>

The remaining five properties that were rejected (430 Orchard (vacant lot) and 1125 11<sup>th</sup> Street, 1545 De Wolf, 1618 Lincoln and 1915 24<sup>th</sup> Street) will be rebid in February, 2015 as the Agency is aware of public interest in the remaining properties. The sale of these homes will provide some small savings as the DMMHA will not have to provide lawn care or snow removal at these locations once the sale is complete. Additionally, the respective neighborhoods should see capital improvements from the buyers in fixing up these properties for resale or to be utilized as rental units.

Staff is requesting approval for the Mayor to execute the Deed and related documents on behalf of DMMHA, and the City Clerk to attest to his signature, following HUD approval and preparation of the documents and final approval as to form from the Legal Department. Staff is also requesting the City Manager or his designee be authorized to execute any other related document on behalf of DMMHA, subject to final approval of the documents by the Legal Department and execution of the documents by the buyer, and DMMHA staff are authorized to proceed to closing on the sale of the properties.

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

Date: November 4, 2002

Roll Call Number: 02-2579

Action: Approving disposition application of 394 Public Housing Units for submittal to the U.S. Department of Housing and Urban Development. (Council Communication No. 02-559). Moved by Vlassis to approve. City Manager to provide Board with an implementation plan and timeline. Motion Carried 5-3. Absent: Daniels, McPherson and Clark.

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

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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