 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: September 25, 2017
	Agenda Item No. 28 Roll Call No. <u>17-1653</u> Communication No. <u>17-685</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Approve Community Development Block Grant (CDBG) funding allocation and contract documents and receive City Manager recommendation for future allocations of Home Investment Partnerships (HOME) Program funding with Birdland Vista, LLC for housing development in the Birdland Area.

SYNOPSIS:

Greater Des Moines Habitat for Humanity (Habitat) has assembled approximately 3.69 contiguous acres of land for a Planned Unit Development (PUD) named “Birdland Vista” in the Birdland Neighborhood and will sell to a wholly owned subsidiary of Birdland Vista, LLC, to develop as 22 units of new single-family housing and rehabilitation of one (1) existing single-family house.

This Council action is a commitment of CDBG funds and approval of contracts with Birdland Vista, LLC to purchase the land and perform preliminary grading.

The Council Action also receives and files the City Manager’s recommendation for commitment of HOME funds to individual houses within the Birdland Vista development and to direct staff to work with Habitat on development of HOME contracts at such time as the City is notified of future HOME allocations from HUD.

The Executive Director/President of Habitat and Birdland Vista, LLC is Lance Henning, 2200 E. Euclid, Des Moines, IA 50317.

FISCAL IMPACT:

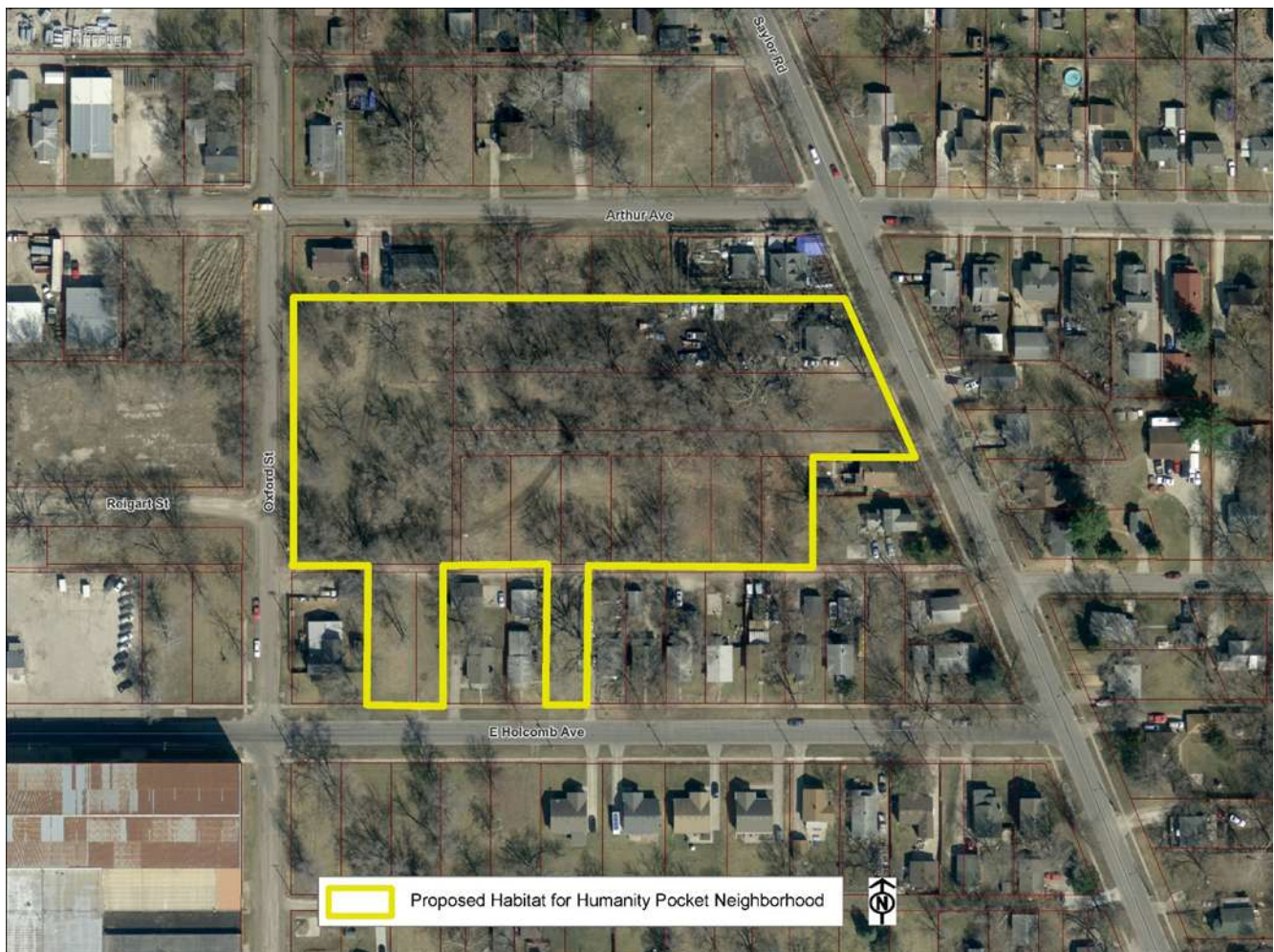
Amount: \$300,000 of CDBG Funds, \$500,000 of HOME Funds

Funding Source:

- 2017-18 Operating Budget Page Community Development Department -57 Special Revenue and other Funds; Grants: Community Development Block Grants, Neighborhood Revitalization Program.
- Special Revenue Funds HOME Grants 2017-18 Page 57
- Future allocation 2018 HOME funds

ADDITIONAL INFORMATION:

- By Roll Call No. 15-0043 on January 12, 2015, the City Council approved the Birdland Area Redevelopment Plan (Plan) which included a goal for redevelopment of low-density housing. The Plan recommended redevelopment on a site located between Arthur Avenue and E. Holcomb Avenue, west of Saylor Road and east of Oxford Street. In 2015, the site was comprised of numerous parcels, many landlocked, under several ownership entities.
- Habitat has succeeded in assembling this entire area including all the interior parcels and parcels with direct access to Saylor Road and Oxford Street. The development site totals approximately 3.69-acres of ground in which a wholly owned subsidiary of Habitat, Birdland Vista, LLC will create a unique pocket neighborhood.



- By Roll Call No. 17-0710, on April 17, 2017 the City Council approved the rezoning of the site to PUD. The site will accommodate 22 units of single-family new construction and the rehabilitation of one (1) existing unit. The plan features an improved alley system for access and an east-west serpentine sidewalk between the houses on the north and south halves of the PUD.

- Habitat generally builds scattered site housing on existing paved streets so the additional of infrastructure including water, sewer and paving as well as significant grading to the site, has added to the cost per house.
- A house constructed by Habitat generally costs between \$160,000 to \$180,000, with an estimated appraised value of \$127,000 to \$144,000. Costs and value vary depending on size. Energy upgrades and sustainable materials add to the costs, which do not necessarily add more monetary value to the end appraisal.
- Habitat will sell the land to a wholly owned subsidiary of Habitat, Birdland Vista, LLC to comply with federal environmental regulations and reimbursements. The CDBG funding will pay for the cost of the land, appraised at \$241,000, and preliminary grading.
- Birdland Vista, LLC has both a development gap (construction) and an affordability gap on the houses. The following is the City Manager’s recommendation for commitment of City funds, including program and year.

Funding Year	CDBG Program Funding	HOME Program Funding	Number of HOME units
2016	\$300,000		
2017		\$250,000	8 ≤
2018		\$250,000	8 ≤

- The individual houses will be assisted with HOME funds. The housing units will be constructed the over a 1-year period of time starting in late 2017 and ending in late 2018.
- The CDBG funding and the 2017 HOME funding has been allocated to the City by the federal government. The 2018 preliminary commitment of HOME funds is dependent upon the City receiving a HOME allocation. The use of the HOME funds requires a subsidy layering review and underwriting of the development organization and homebuyer.
- The HOME Program requires that all housing constructed for home buyers is sold to income verified households below 80% of median income. Habitat focuses its marketing to families between 30% and 60% of median income. Such families generally need a subsidy to make the purchase price lower in addition to a Habitat provided a 20-year mortgage at 0% interest rate.
- Habitat staff members participated in the development of the Birdland Plan, have operated the “Rock the Block” Program in the Birdland area to make repairs and improvements to many of the homes, have constructed ten units of affordable housing along Watson Avenue, and met with most the Birdland residents on its plans for development.
- Habitat does extensive fund raising to build affordable housing for low-income individuals. Habitat also has been a strong partner with the City of Des Moines over the years using both CDBG and HOME funds in compliance with regulations and to promote neighborhood revitalization.

PREVIOUS COUNCIL ACTION(S):

Date: June 26, 2017

Roll Call Number: [17-1049](#)

Action: [Regarding](#) Preliminary Plat “Birdland Vista” on property in the vicinity of 2426 Saylor Road to allow 3.69-acres of land to be divided into 23 lots for single-family residential development. Moved by Hensley to receive and file. Motion Carried 6-1. Absent: Cownie.

Date: April 17, 2017

Roll Call Number: [17-0710](#)

Action: [On](#) request from Greater Des Moines Habitat for Humanity to rezone multiple properties located in the vicinity of 2426 Saylor Road from “R1-60” (One-Family Low-Density Residential) to “PUD” (Planned Unit Development) and approval of the Birdland Vista PUD Conceptual Plan, subject to conditions. Moved by Hensley to adopt. Motion Carried 7-0.

Date: October 10, 2016

Roll Call Number: [16-1720](#)

Action: [Home](#) Investment Partnership Program Agreements with Greater Des Moines Habitat for Humanity for development of single-family homes in the Birdland Area. ([Council Communication No. 16-575](#)) Moved by Westergaard to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Neighborhood Revitalization Board

Date: November 2, 2016

Resolution Number: NA

Action: Recommend commitment of CDBG funds and preliminary commitment of HOME funds for new development in the Birdland area.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of contracts by property address for use of HOME funds.

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