

COUNCIL ACTION FORM

SUBJECT: SET PUBLIC HEARING DATE FOR SALE OF CITY-OWNED PROPERTIES AT 1228 STAFFORD AND 3305 MORNINGSIDE STREET.

BACKGROUND:

As part of City's Community Development Block Grant (CDBG) Neighborhood Sustainability Program, the acquisition/reuse program component seeks to acquire single-family properties and/or lots for reuse for affordable housing to assist low-and moderate-income (80% or less of AMI) families. The program also makes health and safety repairs to the properties, as needed. Where possible, the properties are matched with eligible first-time homebuyers through the City's CDBG Homebuyer Assistance Program. **Program parameters also permit the sale of properties to qualified non-profit organizations in the community.**

CDBG funds were used to purchase homes; a two-family home at 1228 Stafford and a single-family home at 3305 Morningside Street as part of the Acquisition/Reuse Program. Both properties were vacant market rate rental housing units when purchased. The home at 1228 Stafford was purchased in 2015 for \$124,000. The structure was rehabilitated (approximately \$40,000) in anticipation to be sold as a rental housing for low income households. However, several negotiations with rental housing providers were unsuccessful. The home at 3305 Morningside Street was purchased in 2018 for \$116,000. The property had been abandoned and deteriorating for several years to a point where it is now unlivable and requires demolition. The house requires that asbestos be removed before proceeding with demolition.

Habitat for Humanity of Central Iowa (HHCI) approached staff with an interest in purchasing both properties for \$78,000 (\$40,000 for Stafford and \$38,000 for Morningside). A collaboration with Habitat for Humanity of Central Iowa would represent the endeavor between Habitat and the City of Ames. This project will allow the City to continue to address one of its priority goals outlined in the both the 2018-19 Annual Action Plan and in the 2014-2019 CDBG Consolidated Plan, which is to increase the supply of affordable housing for LMI households. Additionally, the revenue from the sale of these two properties will be program income for the CDBG program to then be reinvested in other programs, specifically the 321 State Avenue site.

Our Finance Department staff have reviewed and accepted Habitat for Humanity of Central Iowa's 2018 Annual Audit Report. Staff has found that Habitat meets the CDBG guidelines for working with nonprofits for meeting program goals. Therefore, staff is seeking Council authorization to work with the HHCI Executive Board to finalize terms and conditions of these purchases and to set April 23, 2019, as the date of public hearing.

ALTERNATIVES:

1. The City Council can set the date of public hearing to sell the properties for April 23, 2019 and authorize staff to finalize terms and conditions for the sale of 1228 Stafford Avenue and 3305 Morningside Street to Habitat for Humanity of Central Iowa in the amount of \$78,000 (\$40,000 for Stafford and \$38,000 for Morningside).
2. The City Council can set the date of public hearing for April 23, 2019, but direct staff to finalize additional terms and conditions for the sale 1228 Stafford Avenue and 3305 Morningside Street to Habitat for Humanity of Central Iowa.
3. The City Council can direct the staff to seek other buyers for these two properties and set a late date of public hearing.
4. The City Council can decline to sell the properties at this time.

CITY MANAGER'S RECOMMENDED ACTION:

The sale of both the Stafford Avenue and Morningside Street homes to Habitat for Humanity of Central Iowa will assist the City in its efforts to continue to address the housing needs for low and moderate income first-time home buyers. Through this partnership the property on Stafford Avenue will be converted from two rental units back into single-family homeownership and a new single-family home will be constructed on Morningside Street. Although the initial investments are high, the end goal to provide quality affordable housing to families at 60% or less of the Ames Metropolitan Statistical Area (AMSA) will be met along with the City's goal to maintain and upgrade the housing stock located in our vital core neighborhoods.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1 as described above.