

**COUNCIL ACTION FORM**

**SUBJECT: SECOND AMENDMENT TO THE PURCHASE AGREEMENT WITH HABITAT FOR HUMANITY OF CENTRAL IOWA FOR THE PROPERTY AT 3305 MORNINGSIDE STREET**

**BACKGROUND:**

At the City Council meeting on April 23, 2019 the City Council adopted a resolution approving the sale of the City-owned property at 3305 Morningside Street to Habitat for Humanity of Central Iowa (HHCI) for \$40,000 as part of the CDBG approved Neighborhood Sustainability Program. The City has approved Habitat's family selected to purchase the property at 3305 Morningside Street. The proposed closing was scheduled to occur on or before April 30, 2020, if all conditions of the purchase agreement for the construction of a new single-family home and sale of the property were satisfied.

At the City Council meeting on February 11, 2020, the City Council approved an extension of the purchase agreement with Habitat for the property from April 30, 2020 to June 30, 2020 due to excessive rain and inclement weather and notification of state grant funding delays. **Habitat is now requesting a second extension to complete the construction and closing due to the following impact of the COVID-19 pandemic:**

- Lost our partnership with DMACC Building Trades classes due to school classes being canceled. (The DMACC students play an important role in their volunteer construction).
- Lost our other Habitat volunteer base.
- Habitat for Humanity International has closed build sites for several weeks to volunteers. Most days our construction supervisor has been the only worker on site.
- Sub-contractors were unavailable to finish their work.

The new timeline is outlined below:

- Construction to be completed on or before July 31, 2020;
- Closing to a qualified homebuyer to be completed on or before August 31, 2020

Attached for Council review and approval is a second extension amendment.

**ALTERNATIVES:**

1. The City Council can approve a resolution approving a second Amendment to the Agreement between the City of Ames and Habitat for Humanity of Central Iowa for property located at 3305 Morningside Street for affordable housing.
2. The City Council can deny approval of the Amendment.
3. The City Council can modify the Amendment.

**CITY MANAGER'S RECOMMENDED ACTION:**

It is the recommendation of the City Manager that the City Council approve Alternative #1. This alternative approves a resolution approving a second Amendment to the Agreement between the City of Ames and Habitat for Humanity of Central Iowa to construct a new home at the property located at 3305 Morningside Street for affordable housing.

**SECOND AMENDMENT TO AGREEMENT BETWEEN THE  
CITY OF AMES AND HABITAT FOR HUMANITY OF  
CENTRAL IOWA, INC., FOR PURCHASE AND NEW  
CONSTRUCTION OF PROPERTY AT 3305  
MORNINGSIDE STREET, AMES, IOWA**

**THIS IS AN AMENDMENT** to an Agreement made by and between the City of Ames, Iowa and Habitat for Central Iowa, Inc., upon the following terms and conditions:

**1 DEFINITIONS.** When used in this Second Amendment, unless otherwise required by the context:

1.1 “City” means the City of Ames, Iowa, an Iowa Municipal Corporation, the seller of the property herein.

1.2 “Habitat” means Habitat for Humanity of Central Iowa, Inc., an Iowa Nonprofit Corporation.

1.3 “Agreement” means the recorded Agreement, and any existing amendments thereto, presently in force between the City and Habitat, filed in the office of the Recorder of Story County, Iowa, on May 15, 2019, as Instrument No. 2019-03710, as amended by a document filed on February 18, 2020, as Instrument No. 2020-01400, governing the construction of certain improvements upon the Real Property by Habitat and the sale by the City and the purchase by Habitat of the Real Property.

1.4 “Second Amendment” means this instrument as signed by the City and Habitat.

1.5 “Real Property” means the real property (together with all easements and servient estates appurtenant thereto) situated in Story County, Iowa, locally known as 3305 Morningside Street, Ames, Iowa, and legally described as follows:

Lot 19, Friedrich’s Fifteenth Addition to Ames, Story County, Iowa.

**2 AMENDMENT.** The Agreement is hereby amended by deleting therefrom Part II, paragraph (A)(3), the second full sentence in its entirety and by substituting in lieu thereof the following:

All property improvements shall be completed on or before July 31, 2020.

3 **AMENDMENT.** The Agreement is further amended by deleting therefrom Part II, paragraph (C)(3), the final full sentence in its entirety and by substituting in lieu thereof the following:

Upon verification that the new construction upon the property has been satisfactorily completed, the City of Ames will schedule the closing date to convey title to the property to Habitat on or before August 31, 2020.

4 **AMENDMENT.** The Agreement is further amended by deleting therefrom Part II, paragraph (D), in its entirety and by substituting in lieu thereof the following:

D. Completion Date and Terms. Habitat shall be permitted to commence construction upon payment to the City of the down payment required under the Agreement. Habitat shall complete construction of the property on or before July 31, 2020. At such time as title to the Real Property transfers to Habitat, Habitat shall reimburse to the City the cost of recording this Amendment. Habitat shall promptly set a closing date and convey the Real Property to qualified home buyers on or before August 31, 2020. No later than thirty (30) days after the closing of permanent financing and sale to qualified homebuyers, Habitat, at its expense, shall record any mortgage, security agreement, financing statement, purchase contract or similar recordable document(s) required by the City. Habitat agrees to comply with all applicable federal, state and local laws and regulations governing the funds provided under this Agreement.

5 **CONTINUED FULL FORCE.** The Agreement shall continue to have full force and effect in accordance with the terms thereof, subject, however, to this Second Amendment.

**IN WITNESS WHEREOF,** the City and Habitat have executed this Second Amendment on this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

**HABITAT FOR HUMANITY OF  
CENTRAL IOWA, INC.**

By:

\_\_\_\_\_  
**Tom Prochnow**, Board President

By:

\_\_\_\_\_  
**Sandi Risdal**, Executive Director

**STATE OF IOWA, COUNTY OF STORY, SS.:**

This instrument was acknowledged before me on \_\_\_\_\_, 2020, by Tom Prochnow and Sandi Risdal, as Board President and Executive Director, respectively, of Habitat for Humanity of Central Iowa, Inc.

\_\_\_\_\_  
**NOTARY PUBLIC**

Passed and approved on \_\_\_\_\_, 2020, by Resolution No. 20-\_\_\_\_\_,  
adopted by the City Council of Ames, Iowa.

**CITY OF AMES, IOWA**

Attest:

By:

\_\_\_\_\_  
Diane R. Voss, City Clerk

\_\_\_\_\_  
John A. Haila, Mayor

**STATE OF IOWA, COUNTY OF STORY, SS.:**

This instrument was acknowledged before me on \_\_\_\_\_, 2020, by Diane R. Voss and John A. Haila, as City Clerk and Mayor, respectively, of the City of Ames, Iowa.

\_\_\_\_\_  
**NOTARY PUBLIC**