

COUNCIL ACTION FORM

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

BACKGROUND:

On April 23, 2019 the City Council, as part of the CDBG approved Neighborhood Sustainability Program, adopted a resolution proposing the sale of the City-owned property at 3305 Morningside Street to Habitat for Humanity of Central Iowa (HHCI) for \$40,000. 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.

The City has approved HHCI's family selected to purchase the property at 3305 Morningside Street. Although the construction work has begun, due to COVID-19, HHCI has lost its volunteer work force (which is the heart of their construction philosophy) along with the delay in getting building materials and sod. The build is approximately 90% complete, but with only the HHCI construction supervisor working, additional time is needed.

Therefore, HHCI is requesting a time extension to complete the construction and closing as outlined below:

- Construction to be completed on or before August 31, 2020;
- Closing to a qualified homebuyer to be completed on or before September 11, 2020

Attached for Council review and approval is a third extension Amendment. The extension Amendment has been prepared by the City Legal Department.

ALTERNATIVES:

1. Approve the 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. Deny approval of the Amendment.
3. Modify the Amendment.

CITY MANAGER'S RECOMMENDED ACTION:

The completion of this affordable housing project has been impacted by the COVID-19 pandemic, but HHCI has a plan to continue the construction and still close on the property within the next couple of months.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1, as described above.

**THIRD 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 Third 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, and as further amended by a document approved May 12, 2020, as Resolution No. 20-229 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 “Third 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 August 21, 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 September 11, 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 August 21, 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 September 11, 2020. No later than fourteen (14) 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 Third Amendment.

IN WITNESS WHEREOF, the City and Habitat have executed this Third 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