

COUNCIL ACTION FORM

SUBJECT: PROPOSED SALE OF CITY-OWNED PROPERTY AT 1126 GRAND AVENUE TO HABITAT FOR HUMANITY OF CENTRAL IOWA AND SETTING APRIL 13, 2021 AS DATE OF PUBLIC HEARING

BACKGROUND:

At the November 10, 2020 City Council meeting, the City Council directed staff to proceed with an offer to purchase the property at 1126 Grand Avenue that had been determined to be a dangerous building by the Inspection Division due to long term abandonment and deterioration. City Council also authorized staff to borrow funds from the City's Affordable Housing Program for the purchase, to test and remove asbestos, and to demolish and clear the site.

It was also determined that once the structure was removed the lot would be sold to recoup the cost of the acquisition, remediation, and demolition. This revenue would then reimburse the City's Affordable Housing fund.

In the February 9th City Council packet, Habitat for Humanity of Central Iowa (Habitat) officially notified the City Council of their interest in purchasing the lot at 1126 Grand Avenue. They stated that their goal would be to construct a new home for a qualified lower income buyer in need of affordable housing that would blend into the current neighborhood and be complementary to the existing homes.

The City has negotiated to sell the property to Habitat for \$23,100, which will cover the City's cost for purchase (\$7,837.80), asbestos removal/demolition (\$13,138.62), and recording/legal/platting/abstracting (\$2,119.91). Planning and Housing staff has been working with the City Attorney's Office to finalize the terms and conditions with Habitat for purchase of the property and to also include restrictive covenant language for future use of the property.

The sale of City property requires a public hearing concerning its disposition and staff recommends setting April 13, 2021 as the date of public hearing for the sale to Habitat for Humanity of Central Iowa.

ALTERNATIVES:

1. Direct staff to proceed with finalizing the terms and conditions with Habitat for Humanity of Central Iowa, which includes language for a restrictive covenant and set April 13, 2021 as the date of public hearing.
2. Direct staff to proceed with finalizing the terms and conditions with Habitat for Humanity of Central Iowa, which includes language for a restrictive covenant and set April 13, 2021 as the date of public hearing with modifications.

3. Reject finalizing the terms and conditions with Habitat for Humanity of Central Iowa and refer this item back to staff for further information.

CITY MANAGER'S RECOMMENDED ACTION:

The City's efforts to acquire a deteriorated property and demolish it in order to create new housing in support of the surrounding neighborhood is a priority for the City. In this instance, we can also address affordable housing needs with the sale of the property to Habitat for Humanity, which is consistent with our overall goals of supporting affordable housing for low-income families. Although the project does not use federal funds, it is consistent with the goals and priorities of the City's CDBG 2019-23 Five-year Consolidated Plan and 2019 Fair Housing Analysis Impediments Study.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby directing staff to proceed with finalizing the terms and conditions with Habitat for Humanity of Central Iowa, which includes language for a restrictive covenant and setting April 13, 2021, as the date of public hearing.