

COUNCIL ACTION FORM

SUBJECT: SALE OF CITY-OWNED PROPERTY AT 3317 MORNINGSIDE STREET

BACKGROUND:

As part of City's Community Development Block Grant (CDBG) Neighborhood Sustainability Program, the acquisition/reuse program component seeks to acquire, demolish/remove 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 provides for "minor" repairs to single-family properties, as needed. Where possible, the program matches eligible low and moderate-income first-time homebuyers through the City's CDBG Homebuyer Assistance Program to purchase City-owned properties.

The property at 3317 Morningside Street was targeted because it was a foreclosure property in a vital core neighborhood, and it met the City Council goals of Neighborhood preservation and addressing the need of low and moderate income (LMI) first time homebuyers. Without such assistance the majority of LMI house households could not afford to purchase and rehabilitate properties.

The property was purchased with funds from our regular CDBG Acquisition/Reuse Program, however, the funding from our 2009 Community Development Block Grant Recovery Program (CDBG-R) was utilized to rehabilitate the property. Using CDBG-R funds staff created the City's first "EcoSmart Housing Retro-fit" Program. The goal of the EcoSmart Housing Retro-Fit Program was to utilize an existing single-family home already owned by the City to incorporate "go-green" features as part of the rehabilitation of the property. The property would then be sold to an eligible, low and moderate income, first-time homebuyer, in conjunction with the City's CDBG Homebuyer Assistance Program. The overall goal of the program is to increase the availability of affordable housing to low income families and to maintain decent, safe, and sanitary housing stock in existing neighborhoods, while also creating an environmentally friendly, healthy, affordable home.

As part of the CDBG Homebuyer Assistance Program, under the educational seminar phase, Shaun Strader and Megan Louis successfully completed the program and recently received pre-loan approval for up to \$100,000. A purchase offer was entered with the City of Ames to purchase 3317 Morningside for \$100,000. The City purchased the property in 2008-09 for the same amount. Additionally, as part of the CDBG Homebuyer Assistance Program, the buyers are eligible to receive assistance towards the down payment in the form of a 2% low-interest loan payable over a 12-year period and a closing cost assistance grant for up to \$2,500. The funds from the purchase price will be reinvested back into the CDBG program.

ALTERNATIVES:

1. The City Council can approve the sale agreement of City-owned property located at 3317 Morningside Street to Shaun Strader and Megan Louis in the amount of \$100,000 for affordable housing for low and moderate income first time homebuyers and set the date of public hearing for the sale of the property for Tuesday, August 27, 2013.
2. The City Council can deny approval of the sale to Shaun Strader and Megan Louis in the amount of \$100,000.

MANAGER'S RECOMMENDED ACTION:

The sale of 3317 Morningside Street to Shaun Strader and Megan Louis will allow the City to continue to address its goals of assistance to low and moderate income first-time home buyers. The property at 3317 was a deteriorating foreclosed property in a vital older neighborhood that now will benefit these first-time buyers as well as the neighborhood.

It is the recommendation of the City Manager that the City Council approve Alternative #1. This alternative will approve the sale agreement of City-owned property located at 3317 Morningside Street to Shaun Strader and Megan Louis in the amount of \$100,000 for affordable housing for low and moderate income first time homebuyers and set the date of public hearing for the sale of the property to Tuesday, August 27, 2013.