

COUNCIL ACTION FORM

**SUBJECT: SET PUBLIC HEARING DATE FOR SALE OF CITY-OWNED
PROPERTIES AT 1125 MAXWELL AND 306 WELLONS DRIVE**

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 at 1125 Maxwell and 306 Wellons as part of the Acquisition/Reuse Program. Both properties were foreclosures. The home at 1125 Maxwell was purchased in 2015 for \$28,500. The structure has been demolished and the lot is now available for re-development for a new single-family home. The home at 306 Wellons was purchased in 2010 for \$107,000 and is the last of the five properties remaining to be rehabilitated and sold under the previous 2009-14 Acquisition Reuse Program. City staff had begun rehabilitation of the Wellons property to remediate the most deteriorated conditions and to stabilize the property after years of vacancy. However, the home is not currently in a condition to be sold to a home buyer and additional investment is needed to make the home once again habitable.

Habitat for Humanity of Central Iowa (HHCI) approached staff with an interest in purchasing both properties for \$35,000 (\$5,000 for Maxwell and \$30,000 for Wellons). A collaboration with Habitat for Humanity of Central Iowa would represent the **eleventh** 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 2015-16 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 CDBG program to then be reinvested in other programs.

Finance Department staff have reviewed and accepted Habitat for Humanity of Central Iowa's 2014 and 2015 Annual Audit Reports. Therefore, staff is seeking Council authorization to work with the HHCI Executive Board to finalize terms and conditions of these purchases and to set July 12, 2016 as the date of public hearing.

ALTERNATIVES:

1. The City Council can set the date of public hearing to sell the properties for July 12, 2016 and authorize staff to finalize terms and conditions for the sale of 1125 Maxwell Avenue and 306 Wellons Drive to Habitat for Humanity of Central Iowa in the amount of \$35,000 (\$5,000 for Maxwell and \$30,000 for Wellons).
2. The City Council can set the date of public hearing for July 12, 2016, but direct staff to finalize different terms and conditions for the sale 1125 Maxwell Avenue and 306 Wellons Drive to Habitat for Humanity of Central Iowa.
3. The City Council can direct the staff to seek other buyers for these two properties.
4. The City Council can decline to sell the properties at this time.

MANAGER'S RECOMMENDED ACTION:

The sale of both the Maxwell and Wellons 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. Because both properties were in foreclosure and in deteriorating conditions, this partnership will also 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.