

## Staff Report

### **MAINSTREAM LIVING REQUEST TO PURCHASE PROPERTY AT 1417 DOUGLAS**

November 1, 2019

#### **BACKGROUND:**

At the City Council meeting on August 13<sup>th</sup>, the City Council authorized staff to evaluate the offer from Mainstream Living to purchase the property at 1417 Douglas that the City of Ames has recently acquired. The site was acquired to mitigate a “dangerous building” as determined by the Inspection Division due to long term abandonment and deterioration of the home on the site. The City Council authorized staff to borrow funds from the City’s Affordable Housing Program for the purchase, asbestos testing and removal, and to demolish and clear the site. At the time of its initial purchase, it was planned that the vacant lot would be sold at a price that would at least recoup the City’s cost of acquisition and demolition in order to reimburse City’s Affordable Housing fund.

**The costs for purchase and demolition are now known to be \$34,877. Additionally, the closing cost are anticipated to be \$500. Therefore, the current total estimated cost is \$35,377.** Staff anticipates that all work associated with the property to be completed by November 7, 2019.

#### **OPTIONS:**

Staff has defined three options below for addressing affordable housing needs and the sale of the lot:

##### **Option #1**

Sell the property to Mainstream Living as requested, for approximately \$36,000 (including purchase, asbestos removal, demolition, and closing costs). **The final cost will be determined after the contract is completed for the demolition work and all closing costs are known.**

Mainstream Living intendeds to operate a “Family Home” as defined by the Code of Iowa for disabled individuals. Their clientele would qualify as very low/low income individuals. The City would also add a restrictive convent for long-term use of the site reflective of the proposed use.

Should the City Council prefer this option, the next step would be to direct staff to prepare a purchase agreement with Mainstream Living. In addition, a date for a public hearing to dispose of the City property will need be set.

### **Option #2**

Create a request for proposals (RFP) to sell the lot for construction of a single-family affordable housing unit. Preference would be given to eligible non-profit organizations who provide affordable housing to low-income individuals, households, or families for home ownership or for rental.

The minimum purchase price would be for at least the City's investment in the site of approximately \$36,000 (including purchase, asbestos removal, demolition, and closing costs). **The final cost will be determined after the contract is completed for the demolition work and all closing costs are known.**

The City would also add a restrictive covenant for long term use of the site reflective of the proposed use and information about the design of the home.

The next step under this option will be to direct staff to prepare a RFP directed towards non-profit agencies.

### **Option #3**

Sell the property on the open market to any interested party.

Under this option, the lot would be sold for a price of approximately \$36,000 or market value, whichever is greater, for moderate income housing. Additionally, staff would recommend that the lot have a long-term ownership housing covenant and require the construction of home within 12 months of sale of the site.

If this option is selected, the next step will be to list the property for sale. **In addition, a date for a public hearing to dispose of the City property will need be set.**

### **STAFF COMMENTS:**

**Staff believes that any of the options reflected above will support the City Council's goal for affordable housing and will recoup the funds advanced from the Citywide Affordable Housing Fund.**