

OFFICE OF THE CITY MANAGER  
DES MOINES, IOWA

**CITY COUNCIL COMMUNICATION 96-547**  
**DECEMBER 16, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
2426 PROSPECT ROAD	◆ RESOLUTION ORDINANCE RECEIVE/FILE	HAROLD E. SMITH CITY ENGINEER

**SYNOPSIS —**

The property at 2426 Prospect was purchased in 1994 under the City VAPOR Program with funds contributed by our Sister City in Kofu, Japan, as a result of flood damage and landslides from 1993 abnormal rainfall and flooding. Since purchase of the property, the landslide condition that threatened the safety of this house has now been stabilized with fill material. Consequently, the property can now be declared surplus and offered for restoration.

**FISCAL IMPACT —**

The City would attempt to recover a fair market value by sale of this property.

**RECOMMENDATION —**

City Council direction based on alternatives outlined in this communication. It is recommended that Alternate No. 1 be implemented.

**BACKGROUND —**

At its November 18, 1996, Council meeting, the sale of the property at 2426 Prospect was discussed, and Council directed that the property be disposed of in an appropriate manner. After the adjacent landslide area was filled and stabilized in the Summer of 1996, the City initiated efforts to offer the property for sale. A damage assessment report was done by the Community Development Department and an appraisal done by the Engineering Department Right-of-Way Division. Based on assessment of fair market value, comparable sales of homes in this neighborhood in marketable condition have ranged between \$65,000 and \$83,000. The damage assessment indicates that in excess of \$25,000 would be necessary to put the property back into good repair. With continuing deterioration, another winter may substantially further diminish the value of this property.

Based on the City Council direction at the November 18, 1996, meeting, any marketing plan would have the following stipulations which would be conditions of any sale:

1. The property shall be purchased and renovated for owner-occupied housing.
2. All building and construction permits would be obtained before the title would be conveyed— with some guarantee that restoration work would be completed in the allotted time stipulated in the permits.
3. The buyer must be willing to sign a statement that releases the City from any and all liability for the property beyond the date of purchase.

Alternate methods of disposal are as follows:

1. Sale by Public Auction - Auctioneer would be retained to facilitate the sale. This could be done immediately; the auctioneer would advertise and show the property and a public auction at the site could probably be held approximately three (3) weeks after retention of the auctioneer. The highest bidder at the auction will be required to deposit a percentage of the bid amount and sign an Offer to Purchase containing the stipulations (conditions) outlined above. The City Council would receive the Offer to Purchase at the first meeting following the auction, set a date of public hearing on the sale of the property, and publish notice of its intent to sell the property on the date of public hearing. The sale of the property would be by special warranty deed.
2. Marketing of the Property - The property could be advertised by the City for a period not to exceed 60 days with a marketing plan developed for this property. At the end of the marketing period, bids would be received and the City Council would consider all valid offers and decide on disposal. Prior to marketing, a fair market value in the range of \$40,000-\$45,000 would be established. A Public Hearing would need to be held with a published notice of intent to dispose of the property.
3. Direct Sale to Individual Expressing Interest - An individual offer of \$8,000 has been expressed for purchase of this property. This offer does not approach the fair market value that was established in August 1996. Continued deterioration of the property could provide the basis for a fair market value lower than \$40,000-\$45,000. However, the City has not tested the public interest in this property and no other offers have been solicited. To dispose of this property to the single interested party at this time, the City Council would have to establish the \$8,000 offer as fair market value. The City Council would then have to publish the public notice of intent to dispose of the property at that value and hold a public hearing prior to a sale.

City staff concurs in the recommendation to dispose of this property in the quickest manner possible so that restoration efforts can mitigate further deterioration. Toward this end, it is recommended that Alternate No. 1 would accomplish time savings as well as establishing a valid fair market value for disposal of this property.