



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-363

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

JULY 8, 2002

SYNOPSIS -

Resolution to accept offer to purchase 2814 Chicago Avenue for use as owner-occupied housing.

SUBJECT:

OFFER TO
PURCHASE REAL
ESTATE LOCATED
AT 2814 CHICAGO
AVENUE

FISCAL IMPACT -

The sale of the property will result in recovering a portion of the actual acquisition, relocation, and required construction costs involved with the original 7th Ward Ditch project. Sale of the property will result in revenue of \$51,500.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Approve sale to Brian J. LeFleur in the amount of \$51,500.

SUBMITTED BY:

DONALD M. TRIPP
PARK AND
RECREATION
DIRECTOR

BACKGROUND -

On August 7, 2000, by Roll Call No. 00-3316, the City Council approved the Fair Market Value of the purchase of the property in the amount of \$72,500.

On May 21, 2001, by Roll Call No. 01-1520, the City Council approved the offer to purchase in conjunction with the 7th Ward Ditch Flood Control Phase II Improvement Project.

JEB E. BREWER, P.E.
CITY ENGINEER

The property was acquired to remove a portion of the structure that impeded the construction of the 7th Ward Ditch Flood Control Phase II Improvement Project. The Engineering Department authorized the removal of the obstructions (family room), at a cost of \$17,474. Following the completion of the improvements, a new appraisal was completed to establish Fair Market Value at \$60,000.

On December 10, 2001, the City Properties Administrator received a written proposal to purchase the property for \$20,000. This offer was

less than 1/3 of the current appraised value of the property. After review of the proposal and discussions with the Engineering Department, it was determined that this offer be rejected and marketing of the property be continued.

On January 28, 2002, by Roll Call No. 02-204, the City Council rejected the original offer and authorized the continuation of marketing the property.

At a hearing on June 3, 2002, the City Council received what it felt were inadequate offers for the property. As a result, the City Council moved to continue the hearing until July 8, 2002.

The offer in the amount of \$47,000 from Brian P. Davis has been withdrawn.

The offer from Marjorie Angelo, presented for Council consideration on June 3, 2002, has been amended to indicate that the purchaser intends to use the property as owner-occupied. The dollar amount of the offer remains the same at \$50,000.

On July 1, 2002, the City Properties Administrator received an offer from Brian J. LeFleur in the amount of \$51,500 to be used as an owner-occupied residence.

Both offers are now contingent upon the purchaser occupying the property as an owner-occupied residence for a minimum of five years.

Although both offers remain less than the appraised value, they are near the reasonable estimate of Fair Market Value, and based on the marketing of this property, Property Management does not believe that substantially higher offers for the property will be received after additional time. The City continues to incur maintenance and liability expense relating to the property.

Owner-occupied properties generally provide a higher degree of stability in maintaining the existing value and increase future neighborhood values.

The sale of 2814 Chicago Avenue to an owner occupant would enhance neighborhood stability and is consistent with other City programs.
