

 Council Communication Office of the City Manager	Date	September 28, 2009
	Agenda Item No. 16 Roll Call No. <u>09-</u> Communication No. <u>09-691</u> Submitted by: Larry Hulse, Community Development Director, Jeb E. Brewer, P.E., City Engineer	

AGENDA HEADING:

Resolution establishing fair market value and authorizing acquisition of Southern Meadows Apartments located at 2800 and 2810 S.E. 8th Street.

SYNOPSIS:

Recommend Council approval of fair market value and authorization to acquire. This action establishes fair market value and authorizes acquisition of Southern Meadows Apartments located at 2800 and 2810 S.E. 8th Street. This action is required to authorize the purchase of this property from Iowa Finance Authority (IFA), Brett Mills, Executive Director, 2015 Grand Avenue, Des Moines, Iowa, 50312-4901.

FISCAL IMPACT:

Amount: \$504,900, plus closing costs and relocation assistance.

Funding Source: 2009-10 Operating Budget, CDBG Neighborhood Stabilization Program (NSP), Project CDG2008900, Page 70.

ADDITIONAL INFORMATION:

On June 8, 2009, by Roll Call No. 09-996, the City Council approved the contract with the Iowa Department of Economic Development to allocate \$3.9 million of Neighborhood Stabilization Program Funds (NSP). The plan calls for the City to work with a coalition of housing agencies to purchase and redevelop approximately 90 foreclosed and abandoned housing units over the next four years.

As part of the NSP plan, staff expressed an interest in finding larger-scale redevelopment projects that could benefit from this program which were unlikely to occur without a subsidy. One such site is the Southern Meadows Apartments at 2800 and 2810 S.E. 8th Street. It is a 34-unit apartment building owned by the IFA. IFA took ownership of the property in December 2008, after receiving a deed-in-lieu-of foreclosure.

The property is currently in poor condition. Seven of the units are uninhabitable and the remaining 27 units are in need of major repairs. A physical assessment was completed in March 2009, which shows approximately \$333,000 in repairs needed over the next 12 months, and an additional \$1.5 million in repairs needed over the life of the building. Recently a sanitary sewer pipe broke, and it has been determined that if it is not repaired immediately, all of the current residents need to be relocated. Due to the condition of the building, IFA has decided to close the building and relocate the tenants to suitable

interim housing prior to the City's acquisition of the property. The City will provide additional relocation assistance to the tenants, in accordance with federal guidelines under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

NSP funds will be used to acquire the property, relocate the current residents and prepare the site for redevelopment. NSP regulations mandate that properties acquired using NSP funds be purchased at a maximum of 99% of the current appraised value, and the property has been appraised by an independent appraiser at \$510,000 for a total fee acquisition. IFA has agreed to a purchase price of 504,900, which is equal to 99% of the City's independent appraised value. The purchase agreement is subject to the City's completion and approval of an Environmental Assessment, in accordance with NSP funding requirements. Currently, there are 20 tenant households that would be eligible for relocation assistance.

PREVIOUS COUNCIL ACTION(S):

Date: August 24, 2009

Roll Call Number: 09-1540

Action: Authorizing City Manager to determine fair market value and enter into negotiations to acquire the Southern Meadows Apartments at 2800 SE 8th Street. (Council Communication No. 09-593) Moved by Kiernan to adopt. Motion Carried 7-0.

Date: June 8, 2009

Roll Call Number: 09-996

Action: Neighborhood Stabilization Program Contract with the Iowa Department of Economic Development (IDED). Moved by Vlassis to adopt. Motion Carried 7-0.

Date: February 23, 2009

Roll Call Number: 09-341

Action: On the City's plan to spend CDBG Neighborhood Stabilization Program Funds. (Council Communication No. 09-105) Moved by Coleman to adopt. Motion carried 7-0.

Date: December 8, 2008

Roll Call Number: 08-2159

Action: Authorizing the City Manager to develop and submit a plan to the State of Iowa to spend the allocated \$3,900,000 Neighborhood Stabilization Program funds to provide emergency assistance redeveloping abandoned and foreclosed homes. (Council Communication No. 08-732) Moved by Hensley to adopt; refer to the City Manager to provide details about this program at a workshop. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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