

**COUNCIL ACTION FORM**

**SUBJECT: PURCHASE OF 1126 GRAND AVENUE IN CONJUNCTION WITH  
THE CITY'S DANGEROUS BUILDINGS PROGRAM**

**BACKGROUND:**

The property at 1126 Grand Avenue was declared a Dangerous Building by the City's Inspections staff on January 10, 2020 (see attachment), under Chapter 5 of the *Ames Municipal Code*.

Back in September 2019, a routine inspection was conducted by a City Rental Housing Inspector and found the property to be a nuisance to the public. The owners were notified of the City's intent to open a dangerous building case on the structure in October 2019. The property owners were given the opportunity to settle any matters with the structure before it was posted as a dangerous building. Since this time the Building Official has spent several months working with the property owner to take the necessary corrective actions that would need to occur in order for the property to be taken off the dangerous building status. The property continues to be a dangerous building and may not be occupied. During this timeframe the property taxes for several years were unpaid by the property owner, the property has gone to tax sale and the purchaser of the property at tax sale is entitled to a deed to the property but is not interested in owning or improving the property and approached the City to sell the rights it acquired in the property through tax sale.

As with a similar dangerous building case in 2019 at 1417 Douglas. The Housing Coordinator was again consulted to determine if CDBG or Affordable Housing funds could be utilized for this similar situation. It was determined that the property is located in an Urban Core Residential Medium Density Zone (UCRM-which is intended to preserve the character of one and two-family homes near the downtown area and is an area is mainly one and two-family homes mixed with apartment buildings). Since the structure is in a very deteriorated and unsightly condition, it was determined that the property could meet the criteria for purchase under the goal of the Acquisition/Reuse Affordable Housing Program. The Housing Coordinator has been working closely with the Legal Department and the party that purchased the property at tax sale to negotiate the price and terms and conditions of the sale the property.

Negotiations with the holder of the tax certificate have resulted in an agreed price of \$6,000, plus current taxes due and unpaid and closing costs estimated at an additional \$2,205, for a total price of approximately \$8,205. In order to finalize the negotiations, staff is asking City Council to authorize the Housing Coordinator to proceed with and execute a purchase agreement with acceptable terms and conditions at a purchase price of \$6,000, plus the costs described above.

If approved by City Council, the next step would be to close the sale and proceed with determining the presence of asbestos on the property and demolition. Staff anticipates

those cost could run approximately \$20,000 to \$40,000. Coordinator has spoken with Habitat as a potential purchaser of the property.

**ALTERNATIVES:**

1. The City Council can approve the borrowing of approximately \$8,205 for the purchase of the property and approximately \$40,000 for asbestos removal and demolition **from the City-Wide Affordable Housing Programs** Fund for the property at 1126 Grand Avenue and then re-sell the property to reimburse the expenditures advanced from this fund.
2. The City Council can approve the borrowing of approximately \$8,205 for the purchase and approximately \$40,000 for the asbestos removal and demolition **from another City fund for the property at 1126 Grand Avenue** and then re-sell the property to reimburse the expenditures advanced from that fund.
3. The City Council can refer the item back to staff for more information.
4. The City Council can decide not to purchase this property.

**MANAGER'S RECOMMENDED ACTION:**

The purchase of this property is consistent with the goals and priorities the City's Housing programs. Unfortunately, funds from our current CDBG Acquisition/Reuse Program have already been committed. In order to proceed with the purchase of this property, an alternate funding source will have to be identified.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the borrowing of approximately \$8,205 for the purchase and approximately \$40,000 for the asbestos removal and demolition from the Citywide Affordable Housing Program for the property at 1126 Grand Avenue and then re-sell the property to reimburse the expenditures advanced from this fund. This was the same strategy successfully used for the purchase of 1417 Douglas.