



Department Source: Community Development - CDBG/Home

To: City Council

From: City Manager & Staff

Council Meeting Date: October 2, 2017

Re: Approving an Ordinance for the Execution of a Contract for Purchase of Properties Located at 7 Third Avenue, 9 Third Avenue and 19 Third Avenue.

Executive Summary

Council approval of this ordinance will authorize the City Manager to execute a contract for purchase of property located at 7 Third Avenue, 9 Third Avenue and 19 Third Avenue. The properties consist of vacant land. 7 Third Avenue and 9 Third Avenue are adjoining lots consisting of approximately 10,000 combined square feet. 19 Third Avenue consists of about 5,500 square feet. Preliminary plans are to develop these lots with affordable, energy-efficient, universally designed, single family residential structures to be included in the Community Land Trust.

Discussion

Each year, the City is mandated to set-aside 15% of its HOME funds for the construction of affordable housing with local Community Housing Development Organizations (CHDOs). As part of the 2015-2019 Consolidated Planning process, feedback from local CHDOs indicated a preference for City staff taking the lead on identifying properties for CHDO funded developments. This approach has helped the City make more strategic investments in the location of affordable housing developments and reduced the administrative burdens on our local CHDOs.

City staff have a recent appraisal dated March of 2017 from the purchase of 6 Fourth Street, which is located nearby. The 6 Fourth Avenue appraisal report contained comparable values for central city lots ranging from \$17,200 to \$22,400. The 6 Fourth Street property itself appraised at \$19,000. City staff did not order an additional appraisal for the 7 Third Avenue, 9 Third Avenue and 19 Third Avenue properties due to maintaining this recent data, as well as additional appraisal data from the Lynn Cottages.

City staff also consulted Community Land Trust (CCLT) Board members with Real Estate expertise and concluded that \$45,000 for all three 3rd Avenue properties would be a viable agreement for this City. The CCLT Board voted in support of City staff pursuing the purchase of 3 properties on 3rd Avenue at its June Board Meeting.

City CDBG staff approached the owner with the option to purchase the site with Community Development Block Grant Funds (CDBG). The sales agreement requires the Seller to pay all taxes to date and obtain a commitment for title insurance prior to closing. Estimated costs for the City can be seen as follows:



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Contract Sales Price	\$ 45,000.00
Owners title Policy	\$ 175.00
Estimated settlement closing fee	\$ 450.00
Balance due to Seller	\$ 45,625.00

Fiscal Impact

Short-Term Impact: \$45,625 to acquire three properties
Long-Term Impact: Approximately \$65,000 in HOME CHDO funds.

Strategic & Comprehensive Plan Impacts

Strategic Plan Impacts:

Primary Impact: Social Equity, Secondary Impact: Economy, Tertiary Impact: Infrastructure

Comprehensive Plan Impacts:

Primary Impact: Livable & Sustainable Communities, Secondary Impact: Mobility, Connectivity, and Accessibility, Tertiary Impact: Tertiary

Legislative History

Date	Action
7/17/2017	City Council adopted the FY 2017 Annual Action Plan.

Suggested Council Action

Approve the attached ordinance authorizing the City Manager to execute a sales contract for purchase of 7 3rd Avenue, 9 Third Avenue and 19 Third Avenue.