



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3840
(563) 262-4141
Fax (563) 262-4142

COMMUNITY DEVELOPMENT

MEMORANDUM

Planning,
Zoning,
Building Safety,
Construction Inspection Services,
Public Health,
Housing Inspections,
Code Enforcement

To: Mayor and City Council Members
From: Andrew Fangman, City Planner
Cc: Gregg Mandsager, City Administrator
Dave Gobin, Community Development Director
Date: December 6, 2018
Re: Purchase Agreement Regarding the Sale of Surplus City Property (1111 & 1113 Nebraska Street)

The City of Muscatine has accumulated a number of parcels of land for which the continued public ownership of no longer serves any useful purpose. In order to return these parcels to a useful purpose, restore them to the tax roll, and to reduce maintenance costs associated with these parcels to the City, the City Council has previously declared a number of City owned parcel as surplus and directed City Staff to actively seek the sale of these surplus properties.

City Staff has negotiated a purchase agreement with Habitat for Humanity for the purchase of two adjoining surplus city owned parcel located at 1111 Nebraska St and 1113 Nebraska St. The City is proposing to sell these parcels to Habitat for Humanity at deeply discounted price, in exchange for a binding commitment from Habitat for Humanity to within a year constructed one new single-family home for a qualifying low-income household at this location.

In 2006 the City of Muscatine condemned and then demolished a home at 1111 Nebraska Street. As with all nuisance abatement actions taken by the City, the property owner was billed for the cost of this demolition. When they did not pay, a special assessment covering the demolition costs was placed on this property. By 2014 this and other property taxes remained unpaid, and the County deed the property over to the City, so that City could recover abatement costs associated with this property.

The City acquired 1113 Nebraska Street in 2018 in exchange for another surplus parcel located in the vicinity of the former Washington School. The previous owner demolished a single-family home located at 1113 Nebraska Street in 2005. The City acquired this parcel with the intent of combining it with 1111 Nebraska Street with intent of creating a single buildable parcel for a single-family home.

Separately these two parcels are too small narrow, 30' wide and 4,200 square feet and 40' and 5,600 square feet, to build a home and meet modern zoning setback and building code requirements. Combined, these two parcels create an ideally sized building site.

These parcels are located in the light industrial zoning district (M-1), and within this zoning district single family homes are only allowed as conditional use. However, despite this light industrial all other parcels on this block of Nebraska Street are being used for residential purposes. As such,

there an exceptionally strong case for the Zoning Board of Adjustment to approve the conditional use permit that would be required to construct a single-family home on these parcels. If City Council approves this purchase agreement, City Staff will file for this conditional use permit. The transaction with Habitat for Humanity would not be completed until such a conditional use permit is approved. If the Zoning Board of Adjustment were to deny this conditional use permit, the purchase agreement would automatically become null and void.

A purchase price of \$500 has been negotiated. The cost to the City of processing the sale of a surplus property is \$250 and the cost of processing the necessary conditional use permit is \$250. As such a sale price of \$500 was established to ensure the cost to the City of completing this transaction does not exceed its sale price. Selling this surplus property to Habitat for Humanity at this discounted price will benefit the community in the in two major ways.

Providing this lot Habitat for Humanity at this price is a concrete step that the City can take towards the critical goal increasing the supply of high-quality affordable homes. As Habitat for Humanity is a non-profit the savings on land acquisition costs that they would realize under this proposed purchase agreement will directly go towards providing affordable housing.

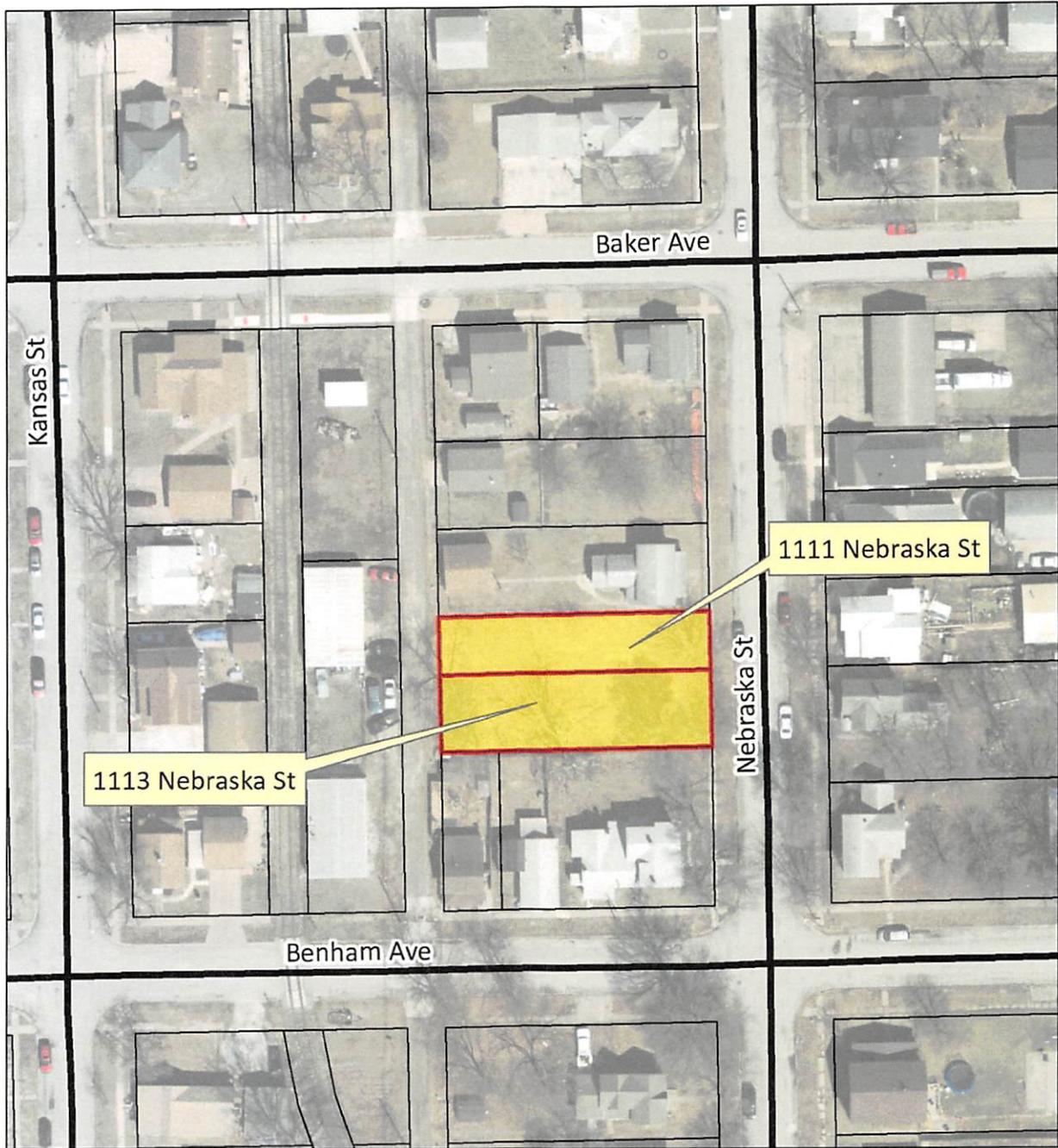
Returning these properties to the tax roll with a new home on them as soon as possible, is the most effective for the City recover what it has spent on demolition and maintaining these parcels. The cost of demolishing the house that stood at 1111 Nebraska Street significantly exceeds the value of these two parcels. As such the only way for the City to recover these costs is by these parcels back on the tax rolls with a new home on it.

Because the City's paramount concern in the disposal of these surplus property is getting a new home constructed in a timely manner, this purchase agreement commits Habitat for Humanity to start construction on a new home within one year of the completion of this transaction. If construction does not begin within a year, Habitat for Humanity would be required to deed the property back to the City at no cost. This agreement contains also mechanism by which this one year deadline to begin construction can be extend by mutual extent.

If City Council approves this purchase agreement, City Staff will then prepare the resolutions and other documents necessary to complete the propose real estate transaction.

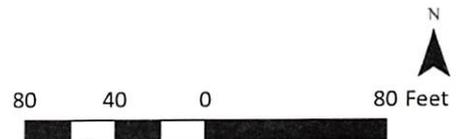
Supporting Documents

1. Map
2. Purchase Agreement



Legend

-  Surplus City Parcels
-  Parcel Lines



Date Source: Muscatine Area Geographic Information Consortium and City of Muscatine
 Prepared by: Andrew Fangman, City Planner
 Date: November 29, 2018

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT (the "Agreement") is deemed made on the date the last of the parties executes this Agreement (the "Effective Date") by and between the City of Muscatine, Iowa, whose address for the purposes of this Agreement is 215 Sycamore Street, Muscatine, Iowa 52761 (hereafter referred to as the "Seller") and Muscatine County Area Habitat for Humanity, Inc., whose address for the purposes of this Agreement is P.O. Box 49 Muscatine, IA 52761 (collectively hereafter referred to as the "Buyer.")

RECITALS

WHEREAS, Seller is the owner of the following legally described property, also known as 1111 Nebraska Street and 1113 Nebraska Street, PIN#1310232016 and 1310232019 situated in the City of Muscatine, Muscatine County, Iowa, described as:

The north 40 feet of Lot 2, Block 23 of Abraham Smalley's Addition to South Muscatine, and Addition to the City of Muscatine, Muscatine County, Iowa;

and

The south half of Lot 3, Block 23 of Abraham Smalley's Addition to South Muscatine, and Addition to the City of Muscatine, Muscatine County, Iowa;

Subject only to easements, restrictions and covenants of record (collectively referred to as the "Property");

WHEREAS, Buyer desires to purchase from Seller and Seller desires to sell to Buyer the Property;

WHEREAS, Buyer and Seller desire to set forth the obligations, restrictions, limitations, and conditions upon which the Property will be conveyed by Seller to Buyer;

WHEREAS, Seller desires that the Buyer construct a new single-family home on the Property in timely manner;

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, each for the other, Buyer and Seller agree as follows:

1. Sale of Property. Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase from Seller, for the Purchase Price set forth below and, on the terms, and conditions set forth in this Agreement, the Property. For purposes of this Agreement, Property shall be deemed to mean, on a collective basis: (a) the parcel of land described above (the "Land"), together with all rights, easements and interests appurtenant thereto; (b) all improvements located on the Land, if any.

2. Compensation. Seller, in consideration of the mutual covenants and agreements contained herein, agrees to sell to Buyer and Buyer, in consideration of the mutual covenants and agreements contained herein, agrees to purchase the Property from Seller for the following consideration:

a. Cash in the amount of \$500.00, and

b. The parties acknowledge that disposal of the Buyer Land as part of this Agreement will require a public hearing and approval of the Muscatine City Council, in addition to approval of this Agreement as a whole. If disposal of the property is not approved by the Muscatine City Council, this Agreement shall be rendered null and void.

3. Payment of the Purchase Price. The Purchase Price shall be paid by Buyer to Seller as follows:

3.1 Cash. \$500.00 in cash shall be paid by Buyer to Seller, in good and immediately available funds by wire transfer or cashier's check, at the time of Closing.

4. Abstract and Title. If the Buyer desires an abstract of title to the Property, the Buyer shall obtain said abstract at no cost to the seller.

5. Requirement for the Buyer to Construct a new Single-Family Home on the Property in a Timely Manner. The Buyer shall construct a new single-family home of the property in a timely

5.1 Within one year of closing of the Property the Buyer shall obtain a building permit for the construction of a new single-family home on the property. The City Administrator may grant a single extension of up to six months to this deadline, upon making a determination that the Buyer is

making a good faith effort to construct a new single-family home on the property. Any subsequent extension, or any extension longer than six months shall require approval by City Council.

5.2 Within the period time that the building permit issued in accordance with Section 5.1, including any extensions granted by the Building Official of the City of Muscatine, is valid; construction shall be completed, and a certificate of occupancy for said new single-family residence issued.

5.3 Buyer shall not sell the property until all obligation set forth in Section 5 of this agreement has been fulfilled.

6. Remedy for failure the Buyer to Construct a new Single-Family Home on the Property in a Timely Manner. If the Buyer fails to its obligations established under Section 5 this agreement, the Buyer shall within 30 days of receipt of a written notice from the Seller of the Buyer of a failure to meet said obligations the Buyer shall convey the Property back to Seller by a general quit claim deed, conveying to Seller good and merchantable fee simple title to the Property.

7. Conditional Use Permit. The Property is located in the M-1 Light Industrial Zoning District. Section 10-14-2(B) of the City Code of Muscatine, Iowa only allows for the construction of a single-family home in the M-1 District if a conditional use permit has been approved by the Zoning Board of Adjustment. Upon approval of this Purchase Agreement, the Seller, at no expense to the Buyer, shall file for a conditional use permit to construct a single-family home on the Property. Closing shall not occur unless and until said conditional use permit has been approved by the Zoning Board of Adjustment. If the Zoning Board of Adjustment denies said conditional use permit than this Purchase Agreement becomes null and void.

8. Permitted Exceptions. The Property shall be conveyed by Seller to Buyer subject only to the local municipal zoning ordinance, real estate taxes not yet due and payable, easements and restrictions of record and other exceptions to title that are of record, approved by Buyer and those other matters as hereinafter provided (the "Permitted Exceptions").

9. Closing. The Closing of this transaction shall occur as soon as reasonably practicable, after a conditional user permit allowing for the construction of a single family home on the Property has been approved, as agreed in writing by the parties (hereinafter referred to as the "Closing Date") at a location mutually agreed upon by the parties herein. Time is of the essence in this Purchase Agreement.

10. Real Estate Taxes. Buyer shall pay all real estate taxes assessed against the

Property for all periods through the date of Closing, including a prorated share of the real estate taxes due for the tax period in which the Closing takes place (payable in the subsequent fiscal tax year).

11. Special Assessments. Buyer shall be responsible for all special assessments with respect to the property.

12. Commission. Seller and Buyer each represent and warrant to the other that no brokerage commission, finder's fee or other compensation is due and payable with respect to the transaction contemplated by this Agreement. Buyer represents to Seller that it knows of no fee, commission or payment due to any broker, finder, agent or other person or entity, in connection with the transactions contemplated. Seller represents to Buyer that it knows of no fee, commission or payment due to any broker, finder, agent or other person or entity, in connection with the transactions contemplated herein. Seller and Buyer each, one to the other, indemnify, protect, defend and hold the other harmless from and against all losses, claims, costs, expenses and damages (including but not limited to reasonable attorney fees) resulting from the claims of any broker, finder or other such party claiming, by, through or under the acts or agreements of the indemnifying party. The warranties and obligations of the parties pursuant to this paragraph shall survive the termination of the Closing. Should any third-party claim a commission is due and owing, both parties agree to cooperate in challenging such claim. Such cooperation shall not be deemed to alter the indemnifications contained in this paragraph in any manner.

13. Warranties and Representations of Seller. Seller warrants and represents to Buyer that it has the full right, power and authority to sell and convey the Property to Buyer as provided in this Agreement and to carry out the Seller's obligations hereunder. All requisite partnership, corporate or other actions necessary to authorize Seller to enter into this Agreement and to perform its obligations hereunder have been taken; the joinder of no person or entity other than Seller will be necessary to sell the Property fully and completely to Buyer at Closing except as otherwise set forth and provided herein; and the execution and delivery of this Agreement and the consummation of the transaction herein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage loan agreement or instrument to which Seller is a party or by which the Property is bound. Other than the interests noted elsewhere in this Agreement, if any, Seller represents and warrants to Buyer that there are no adverse or other parties in possession of the Property or any part thereof No party has been granted any license, lease or other right or interest relating to the use or possession of the Property, or any part thereof,

other than as expressly provided for herein or of record or which will be terminated concurrently with Closing. At Closing, a Groundwater Hazard Statement will be filed by Sellers regarding the following: (i) wells; (ii) solid waste disposal; (iii) hazardous wastes; and (iv) underground storage tanks located on the Property. These representations contained in the Groundwater Hazard Statement shall be for the benefit of the Buyer who shall be entitled to rely upon said representations.

14. Warranties and Representations of Buyer. Buyer warrants and represents to Seller that it has the full right, power and authority to acquire the Property from Seller as provided in this Agreement and to carry out the Buyer's obligations hereunder upon final approval from the Muscatine City Council.

15. Conveyance Documents. Seller shall convey the Property to Buyer by a general quit claim deed, conveying to Buyer good and merchantable fee simple title to the Property, subject only to such title exceptions and encumbrances as provided herein or as have been approved by Buyer (the "Permitted Exceptions") and in a form reasonably acceptable to counsel for Seller and Buyer.

16. Closing Costs. Seller shall pay all documentary and transfer taxes and recording fees necessary to cure title objections of the Buyer. Buyer shall pay the recording fees in connection with the Deed conveying title to Buyer, and any financing documents encumbering or relating to the Property and other documents Buyer desires to record. Buyer shall pay the premium for issuing the Iowa Title Guaranty or title policy (if any) described herein. Each party shall be responsible for paying its own attorney fees. Buyer shall cause an appropriate closing statement to be prepared in advance of Closing for proper execution by both Buyer and Seller consistent with the terms of this Agreement. Buyer shall be responsible for any settlement fees associated with Closing.

17. Possession; Risk of Loss. Subject to the terms of the existing Ground Lease between Seller and Buyer, all risk of loss with respect to the Property shall remain with Seller until Closing of the purchase of the Property. Seller shall preserve and care for the Property until Closing in a manner consistent with its prior practice.

18. Existing Tenancy or Other Interests. Seller confirms the Property is not subject to an existing lease or other possessory interest not shown of record. If such an interest exists, Seller agrees to provide documentation executed by the party holding such interest in which such interest is terminated prior to Closing.

19. Lien Waivers. If at Seller's (or its affiliates) request or direction any person or entity has supplied material or services for the Property within six (6) months prior to the Effective Date of this Agreement which may form the basis of a Mechanic's Lien being filed against the Property, then the Seller shall provide copies of written lien waivers from all such persons or entities supplying material or services prior to the Closing Date. Seller agrees to indemnify and hold Buyer harmless from any such claims which arise because of the filing of Mechanic's Liens for work contracted for by Seller prior to the Closing Date and specifically reserves the right to pursue an action in connection therewith, which right shall survive Closing.

20. Pending Actions. Seller has no notice of any action, litigation, proceeding, or investigation against itself, related entities, its partners, or the Property, which would affect the Property or the right of Seller to sell and convey the Property, or any action, litigation, proceeding, or investigation, including without limitation, any eminent domain proceeding which would result in any lien, claim, right, or interest in the Property in favor of any third party.

21. Notices. Neither party shall have the right to terminate this Agreement or seek any remedy for a breach hereof by the other party unless such breach continues for a period of thirty (30) days following written notice by the party seeking to pursue such remedy, specifying the occurrence and description of such default under this Agreement and unless the party given such notice shall have failed to commence to take such steps as are necessary to cure such breach or default as soon as possible (or having so commenced such steps to cure shall thereafter have failed to proceed diligently and with continuity to remedy the same). All notices, demands, writings, supplements, or other documents which are required or permitted by the terms of this Agreement to be given to any party shall be delivered in person, or shall be deposited in the United States Mail, postage prepaid, return receipt requested, addressed at the addresses specified above and shall be effective upon such deposit.

22. Assignment; Agreement Binding on Successors; Survival of Provisions. This Agreement may not be assigned or transferred by any of the parties without the express written consent of the other. This Agreement, and amendments, if any, and all representations, warranties, indemnification obligations, rights and duties hereunder, shall survive the Closing and shall be fully binding at all times against Seller, and Buyer as well as any and all of its or their successors in interest, assigns or transferees.

23. Default; Remedies of the Parties.

21.1 Buyer's Remedies for Seller's Default. If (a) each of the conditions precedent set forth in this Agreement have been satisfied or waived prior to the Closing Date and (b) Seller fails or refuses to timely convey the Property to Buyer in accordance with the terms and conditions of this Agreement, except on account of a default hereunder by Buyer, Buyer may elect one of the following remedies (a) be entitled to terminate Buyer's obligations under this Agreement by written notice to Seller; (b) be entitled to specific performance of this Agreement; or (c) any other remedies available at law or equity.

21.2. Seller's Remedies for Buyer's Default. If (a) each of the conditions precedent set forth in *this* Agreement have been satisfied or waived prior to the Closing Date and (b) Buyer fails or refuses to timely purchase the Property and Close in accordance with the terms and conditions of this Agreement, except on account of a default hereunder by Seller, Seller may elect one of the following remedies (a) be entitled to terminate Seller's obligations under this Agreement by written notice to Buyer; (b) be entitled to specific performance of this Agreement; or (c) any other remedies available at law or equity.

21.3 Attorney Fees. The non-defaulting party shall be entitled to collect costs and attorney fees from the party in default.

24. Time. Time is of the essence in the performance of each party's obligations hereunder.

25. No Waiver. Subject to the deemed approvals under this Agreement, no waivers by any party of the performance or satisfaction of any covenant or condition shall be valid unless in writing, nor shall it be considered to be a waiver by such party of any other covenant or condition hereunder.

26. Entire Agreement. This Agreement contains the entire agreement between the parties regarding the Property and supersedes all prior agreements, whether written or oral, between the parties regarding the same subject. This Agreement may only be modified by subsequent written agreement signed by the party to be charged.

27. Counterparts and Effectiveness. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement, and this Agreement shall only be effective if a counterpart is signed by both Buyer and Seller and approved by the Muscatine City Council.

28. Severability. In the event any provision of this Agreement shall be held to be

invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

29. Survival of Warranties. Any warranties, covenants and representations contained in this document shall survive the execution of this Agreement and any other documents, including the Quit Claim Deed given by Seller to Buyer to consummate this transaction, shall not be merged into such documents.

30. Attorney Fees. In the event of default by either party pursuant to any of the terms of this Agreement, the prevailing party in any litigation or enforcement action shall be entitled to reimbursement by the defaulting party for any of the prevailing party's reasonable attorney fees, court costs, and other associated costs of enforcement.

31. Governing Law; Construction. This Agreement shall be construed pursuant to the laws of the State of Iowa. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid. If any such provision of this Agreement shall be determined to be invalid or unenforceable, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating or otherwise affecting the remaining provisions of this Agreement.

32. Headings. Article and section headings used in this Agreement are for the convenience of the parties only and shall not affect the construction of this Agreement.

33. Further Assurances. At or after Closing, the parties shall prepare, execute and deliver at their respective expense, such additional instruments and other documents and shall take or cause to be taken such other action as is reasonably requested by the other party at any time or from time to time in order to effectuate and comply with all the terms of this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

Seller

City of Muscatine, Iowa

By: _____

Gregg Mandsager, City Clerk

Date: _____

By: _____

Diana L. Broderson, Mayor

Date: _____

Buyer

By: _____

Muscatine County Area Habitat for Humanity, Inc