MUSCATINE

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COMMUNITY DEVELOPMENT

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

MEMORANDUM

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 the 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.

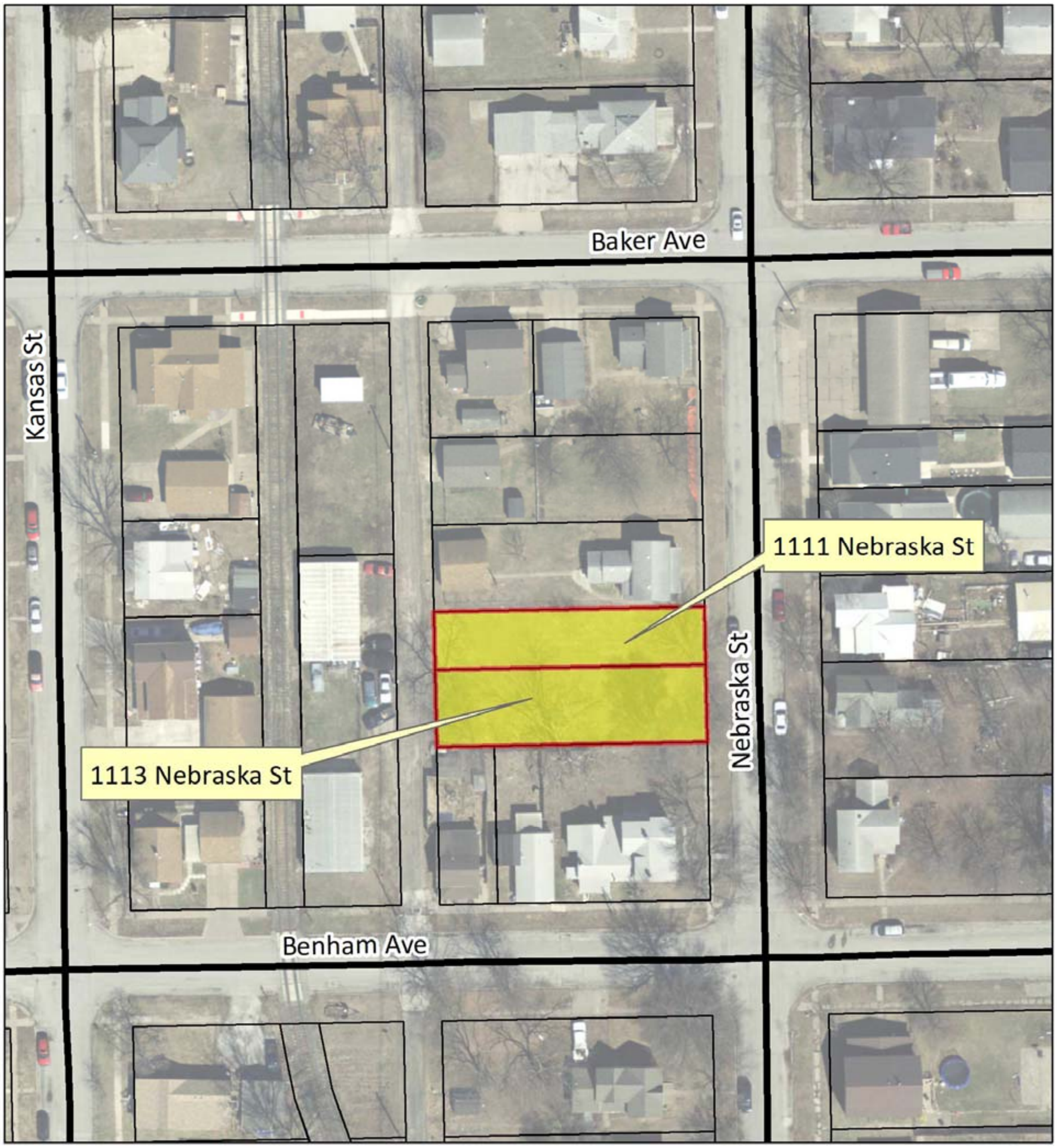
Returning these properties to the tax roll with a new home on them as soon as possible, is the most effective for the City recover what it has spent on demolition and maintaining these parcels. The cost of demolishing the house that stood at 1111 Nebraska Street significantly exceeds the value of these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

N

80 40 0 80 Feet

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