



City of Grand Island

Tuesday, February 26, 2008

Council Session

Item G19

#2008-72 - Approving Designating 415 East 9th Street as Surplus Property and Directing Method of Disposal

Staff Contact: Joni Kuzma

Council Agenda Memo

From: Joni Kuzma, Community Development Administrator

Meeting: February 26, 2008

Subject: Consideration of Designating 415 E. 9th Street as Surplus Property and Directing Method of Disposal

Item #'s: G-19

Presenter(s): Joni Kuzma, Community Development Administrator

Background

The City purchased the building and property at 415 East 9th Street in March 1992 for \$14,750 as a part of a Homestead Program using Community Development Block Grant funds. In August 1992, the home was sold to a Homestead participant for \$1.00. As a part of this program, the City loaned \$12,500 to the homeowner to make improvements to the home and there was another warranty deed for \$14,500 with the homeowner. Both were released and the City resumed ownership of the property in 1995 when the homeowner defaulted on their mortgage.

In 1995, the house was rented to a family through a “lease with option to purchase” agreement. The family did not make their payments so were evicted. The property was again rented (with option to purchase) in 1997, but that family moved out and chose not to purchase the house. In 1998, the house was rented, with no option to purchase, and the renter lived in the property until February 2007. At that time, the tenant was paying \$300 per month for rent. The house is currently vacant but Community Development is paying the gas, utility, mowing, and snow removal bills.

Discussion

Community Development would prefer to dispose of the property rather than rent it to another occupant. There is no money in the Community Development budget to maintain or make improvements to the property. Declaring the property as surplus is the first step in the process of disposal of the property.

There are two general approaches to the sale of this kind of real estate. The first is auction the property or accept bids and sell the property for the highest reasonable bid. The second is to ensure that the property is sold with the requirement that any use of the

building or property meet the low-income guidelines as originally outlined in the Homestead Program.

In this case, the City would request proposals to include price, a plan for meeting the low-income guidelines to rent or sell the property, and a time line for disposal. A Council resolution will begin the process by declaring the property surplus. After the property is declared surplus, an ordinance would be passed following review of all bids or offers to determine a buyer and the conditions of sale and published for three weeks. If no public remonstrance is filed within 30 days after final publication of the ordinance, the property can be conveyed.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to declare the property surplus and direct advertisement for proposals.
2. Postpone the issue to a future date.
3. Take no action on the issue and retain the property.

Recommendation

City Administration recommends that the Council declare, by resolution, that such property is surplus and direct advertisement for proposals.

Sample Motion

Move to approve a resolution declaring the building and property at 415 East 9th Street surplus and direct advertisement for proposals.

RESOLUTION 2008-72

WHEREAS, in March, 1992, the City of Grand Island purchased a home at 415 E. 9th Street with State of Nebraska Department of Economic Development Community Development Block Grant funds for the purpose of selling the home to a low-income first time homebuyer through an existing Homestead Program; and

WHEREAS, the property was sold or rented multiple times but was returned to the City in 1995 due to owner/tenant default and was subsequently rented to a low-income tenant in 1998 with no option to purchase,

WHEREAS, the tenant vacated the property in February 2007 and the City wishes to dispose of the property,

WHEREAS, in order to dispose of the building and property at 415 E. 9th Street, it is necessary that the council declare the real estate and building as surplus so that the property can be properly disposed of.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the building and property at 415 E. 9th Street, Grand Island, Nebraska, is hereby declared as surplus property and is directed to be sold by sealed proposals which will include price, a plan for meeting the low-income guidelines to rent or sell the property, and a time line for disposal.

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Adopted by the City Council of the City of Grand Island, Nebraska, February 26, 2008.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk