

**COUNCIL ACTION FORM**

**SUBJECT: SALE OF CITY-OWNED PROPERTY AT 1417 DOUGLAS AVENUE TO MAINSTREAM LIVING AND SETTING JANUARY 14, 2020 AS DATE OF PUBLIC HEARING**

**BACKGROUND:**

At the August 13th City Council meeting, the City Council directed staff to proceed with the purchase offer to purchase the property at 1417 Douglas that had been determined a dangerous building by the Inspection Division due to long term abandonment and deterioration. City Council also authorized staff to borrow funds from the City's Affordable Housing Program for the purchase, to test and remove asbestos, and to demolish and clear the site. The cost is anticipated to be approximately \$30,000 to \$40,000.

It was also determined that once the structure was removed the lot could be sold to recoup the cost of the acquisition, remediation, and demolition. This revenue could then reimburse the City's Affordable Housing fund. Before placing the lot for sale, City Council was provided options to: 1) sell the property to an eligible area non-profit organization, or 2) place the property for sale on the open market. In either case a restrictive covenant would be placed on the use for affordable housing for a 21-year term.

At the November 26, 2019 City Council meeting, the City Council approved selling the property to Mainstream Living for approximately \$36,000 to cover the City's cost for purchase, asbestos removal, demolition, and closing costs. The property has now been demolished and **the final cost has been determined to be \$36,012**. The next steps are to work with the City Attorney's Office to finalize the terms and conditions with Mainstream Living that includes restrictive covenant language, and set January 14, 2020 as the date of public hearing for the sale to Mainstream Living.

**ALTERNATIVES:**

1. Direct staff to proceed with finalizing the terms and conditions with Mainstream Living, which includes language for a restrictive covenant and set January 14, 2020 as the date of public hearing.
2. Direct staff to proceed with finalizing the terms and conditions with Mainstream Living, which includes language for a restrictive covenant and set January 14, 2020 as the date of public hearing with modifications.
3. Reject finalizing the terms and conditions with Mainstream Living and refer this item back to staff for further information.

**CITY MANAGER'S RECOMMENDED ACTION:**

The opportunity to purchase deteriorated housing to stabilize a viable neighborhood is an important priority for the City's affordable housing program. Additionally, to sell the property to an area non-profit to provide affordable housing for persons with disabilities is consistent with the City's 2019 Fair Housing Analysis Impediments Study.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby directing staff to proceed with finalizing the terms and conditions with Mainstream Living, which includes language for a restrictive covenant and set January 14, 2020 as the date of public hearing.