Council Communication

Department: Community Development CASE # OTB-19-026 Applicant: Miguel Santacruz USA Builders LLC 2423 S 8th Street Council Bluffs, Iowa 51501	Resolution of Intent No. _____ Resolution to Dispose No. _____	Public Hearing: 10/21/19

Subject/Title

Request of the Community Development Department to dispose of the property generally located at 1212 17th Avenue to USA Builders, LLC (Miguel Santacruz) for the construction of a new single-family house to be sold to a family at or below 80% of the median family income.

Location

Lots 9 and 10, Block 6 and the east ½ of the vacated alley on the west and the west ½ of the adjacent alley on the east lying south of the railroad, Howards Subdivision, City of Council Bluffs, Pottawattamie County, Iowa. The property is locally known as 1212 17th Avenue.

Background/Discussion

In 2018, the Community Development Department acquired the house located at 1212 17th Avenue through the Community Development Block Grant (CDBG) program as part of its continued efforts in the Sunset Park neighborhood. The previous dilapidated house was demolished and the land prepped for new development. On September 4, 2019, the City released a Request for Proposals from developers to construct a new single-family unit on the property that would be sold to a family at or below 80% of the median family income to meet CDBG program guidelines. On September 25, 2019, RFP responses were due and USA Builders, LLC submitted the only proposal.

The property is classified as 'buildable' and 'transitional preserve.' The 'preserve' designation allowed Community Development staff to complete the required CDBG disposition process. The applicant commits to constructing a new, affordable residential unit within one year that will be sold to a homebuyer meeting the CDBG income guidelines.

The applicant's RFP response requested the lot be sold for $14,000 with a home sales price of $163,000. However, Community Development staff questioned the affordability of this sales price to someone at or below 80% of the median family income. As negotiated between CD Staff and Mr. Santacruz, he will lower his maximum sales price to $149,000 with the $14,000 lot price being forgivable. This is a reasonable solution given the federal restrictions on the use of the lot.

The subject property is 78 feet wide by 142 feet deep, and is 10,244 square feet in size, which exceeds all site development standards for a property located in the R-3/Low Density Multi-Family Residential District. The property is large enough to accommodate a residential dwelling, as the applicant has proposed. The property is located in the Flood Zone X protected by the levee.

Recommendation

The Community Development Department recommends disposing of the property described above to USA Builders, LLC, Miguel Santacruz, subject to the following conditions:

1. The purchase price shall be $14,000, secured by a forgivable mortgage.
2. USA Builders, LLC shall construct a new, single family house on the property within one (1) year of disposition.
3. The maximum sale price of the newly constructed home shall be $149,000.
4. The unit shall be sold to a family at or below 80% of the median family income as approved by the Community Development Department.

Attachment A: Location map

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