



**TO:** Mayor Chuck Barney  
Members of the City Council

**FROM:** John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

**DATE:** May 22, 2018

**SUBJECT: SPOT BLIGHT ACQUISITION POLICIES AND PROCEDURES**

**I. RECOMMENDED ACTION**

Approve Spot Blight Acquisition Policies and Procedures

**II. DEPARTMENT CONTACT PERSONS**

John R. Zakian, DR Program Manager & Chief Resilience Officer, 423-4528

**III. DESCRIPTION**

A. Background

HUD recently approved CDBG-DR Allocation #1 Substantial Amendment #1 authorizing the creation of an involuntary acquisition program to acquire homes meeting Spot Blight National Objective standards (Zombie Homes) with an allocation of \$800,000. Use of the involuntary acquisition program while more expensive to administer than the voluntary acquisition program allows the city to set the value of these dilapidated homes at current value rather than pre-flood value which is the mandate under the voluntary acquisition. It is anticipated that because of the conditions of the homes to be sought for acquisition that current value will be significantly less than pre-storm value. With the goal of this program to address these homes scattered throughout the flood inundation area which are threatening the stability of neighborhoods, the policies and procedures will give the homeowners, at the time of the initial notice of our intent to acquire the property, the option of either agreeing to our offer price or within 30 days of receipt of the initial letter provide proof of the intent to repair the home to bring into code compliance. If the latter option is chosen, the policies and procedures set a very defined timeline with performance benchmarks to assure the home is brought to code compliance on a timely basis. The other requirement for involuntary acquisition is for the Grantee to retain the option to acquire the property through a condemnation or related legal action procedure which in this case were it ever to be used would be undertaken in coordination with the First Health District. However, pursuant to the policies and procedures, no legal action could be undertaken for a specific property until or unless it was approved by the City Council. I do not envision a situation where this step will be necessary. As a note, in the current involuntary acquisition program for the flood mitigation buyout, it is very rare that the Council has been requested to authorize eminent domain and even in those instances such as Open Gate Church there was a negotiated settlement prior to actually reaching a court decision.

B. Proposed Project

A list is being prepared in coordination with the city assessor's office and city inspection services identifying the homes which meet the HUD defined spot blight conditions which essentially are homes that are not in code compliance, in substandard condition, and/or dilapidated. The property owner of record will receive a letter from the city advising them

of the program and putting them on notice of the city's intent to acquire or the property owner take immediate steps to bring the home into compliance. Once current value has been determined for each home, a second letter will be sent with the offer price. It should be noted that statutorily, we are required to include in our policies and procedures the Uniform Relocation Act provisions covering moving and relocation benefits but since these homes targeted in this program are in conditions where it is impossible to be habitable, it is not envisioned that there will be any costs incurred for moving and/or relocation benefit payments. The same appeals process and appeals committees as is now in place for the involuntary acquisition flood mitigation buyout program will be used for this program. The Spot Blight acquisition is a distinct National Objective Activity under HUD statutes. Once properties are acquired, we will consult with the affected neighborhood(s) and the City Council to make a decision on future use and/or disposition of the property. We do have funding in place as part of the approved Substantial Amendment for demolitions and site restoration. It should be noted that since we are acquiring homes that are substandard, there will be no structure or salvage auction options because being Spot Blight properties, we will only have the choice to demolish.

**IV. IMPACT:**

A. Strategic Impact:

The goal of this program is to promote continued sustainable recovery from the flood and support homeowners and property owners who have restored their homes and structures and maintain them consistent with city codes.

B. Service/Delivery Impact:

Removal of homes known as *Zombie* properties which have essentially been abandoned and/or ignored resulting from flood damage will address healthy, safety, and welfare concerns for affected Minot residents.

C. Fiscal Impact:

Funding comes from CDBG-DR Allocation #1 with \$800,000 for acquisition and \$100,000 for demolition.

**V. ALTERNATIVES**

N/A

**VI. TIME CONSTRAINTS**

NA

**VII. LIST OF ATTACHMENTS**

- i. Copy of Policies and procedures