



TO: Mayor Chuck Barney
Members of the City Council

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

DATE: May 19, 2018

SUBJECT: NEIGHBOR NEXT DOOR AMENDED LOT SALE AUTHORIZATION

I. RECOMMENDED ACTION

Authorize Auction of Neighbor Next Door Lots with Use Restrictions Prohibiting Construction of Permanent Structures and Requiring Compliance with Existing Code and Zoning

II. DEPARTMENT CONTACT PERSONS

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

III. DESCRIPTION

A. Background

Chapter 40-11-04 of the Century Code sets forth that when property to be disposed by a city is estimated by the governing body of the municipality to be of a value below a minimum dollar threshold, then the property may be sold at private sale upon the proper resolution of the governing body but otherwise must be sold through public auction or sealed bid. The city through various non-federal funding sources has acquired properties which were flood impacted in the flood inundation zone but not in the flood mitigation buyout areas. These properties have been cleared and are now vacant properties for which when funding was secured it was contemplated that there would be no use connected to the flood control projects including flood walls, levees, or flood retention areas. For many of these properties the city envisioned several years ago partnering with non-profit entities such as a Land Trust to convey the properties to them for the construction of single family homes for low/moderate income homeowners. Because of the evolving designs for the flood control projects, some of these acquired properties now fall within or bump up against the boundaries of the flood mitigation measures. The reality for the remaining properties is that these lots are within the FEMA 100-year flood zone which means if homes are constructed, there will be the requirement to carry flood insurance and will be required to be elevated. In addition to the reality that it becomes cost prohibitive to construct affordable homes on such lots, it is a prudent policy for the city to not encourage or create opportunities for vacant lots within the FEMA 100-year flood zone to become occupied with permanent structures to promote resilience measures with unimproved properties to demonstrate future flood mitigation measures in place. By doing so, it enhances the city's position in making as strong a case as possible with FEMA on mitigating National Flood Insurance Program impact. The original action approved by the City Council was to offer these lots to neighbors, the adjacent property owners, with a covenant to the deed barring construction and requiring it to be maintained in some form of acceptable green space resulting in the True and Full Value for assessment of these lots to fall below the cap to allow a private sale. Sale of these lots to contiguous neighbors was also intended to remove these parcels from city liability

and maintenance responsibility and, since these parcels are in the FEMA 100- year flood plain, preserving them as parcels without structures contributes to mitigation measures. Lots not sold through this effort will be explored for optional use, or if necessary retained for the flood mitigation measures. As a result of letters being sent to the adjacent property owners, the city received a significant number of expressions of interest to acquire. The expressions of interest to acquire came with descriptions of the types of uses envisioned for the lots including paved driveways, sheds, garage, wrought iron fence, elaborate landscaping, above ground pool, etc. As a result of all these desired uses, the City Attorney and City Assessor were consulted and it was very evident that it would be almost impossible to be assured that uses of the lots if sold through private sale would result in the property value remaining below the threshold. Therefore, an alternative solution was developed which should accomplish the original desired goal of the Neighbor Next Door initiative, allow those who acquire the lots to undertake all the options suggested with the expressions of interest, and remain in compliance with the Century Code by disposing of the properties through public auction. The option is to offer these options through a public auction using sealed bids conditioned on uses of the property barring construction of permanent structures as defined in the city code and laws by attaching a covenant to the deed.

B. Proposed Project

With City Council’s approval of the resolution with the identified parcels, an auction will be held. All the uses that were expressed by the adjacent property owners who responded to the initial offer letters would be allowed through the auction. Those property owners who expressed interest in purchasing through the private sale will be notified in writing about the auction. Prior to the auction, there will be additional conferring with Public Works and Engineering to ascertain if additional lots should be held back in case needed for the flood mitigation measures. Any such lots identified by Public Works and/or Engineering will also be held back.

IV. IMPACT:

A. Strategic Impact:

This initiative will remove uncertainty within these neighborhoods as well as with the contiguous property owners as to the future use of these parcels. It also offers an opportunity to assure the stability and maintenance of these properties in a manner promoting sustainable neighborhoods.

B. Service/Delivery Impact:

Sale of these lots reduces maintenance and liability costs to the city and encourages uses which will promote strong, sustainable neighborhoods.

C. Fiscal Impact:

There is no fiscal impact. The sale proceeds use will be dictated by the source of the various state grant which was used to acquire the property but where appropriate the proceeds will be retained by the city for use as deemed appropriate by the Director of Finance.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

NA

VII. LIST OF ATTACHMENTS

- i. Resolution authorizing restricted used auction