



TO: Mayor Shaun Sipma
Members of the City Council

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

DATE: March 31, 2020

SUBJECT: APPROVE ADDING 6 SPOT BLIGHT (ZOMBIE) PROPERTIES FOR AUCTION

I. RECOMMENDED ACTION

City Council approve adding 13 & 13.5 9th St. SE, 816 7th Ave. NW, 10004 3rd Ave. NW, 420 9th St. SE, 1613 1st Ave. SE, and 429 4th Ave. NW to list of city acquired Spot Blight properties for Auction sale under approved rules

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Program Manager & Chief Resilience Officer, 420-4528

III. DESCRIPTION

A. Background

There are three National Objectives of which at least one must be established for use of CDBG-DR grant funds; Area of Spot Blight, Low-Moderate Income, or Urgent Need. To seek to acquire and demolish structures that have remained in disuse and disrepair after damage from the flood threatening the stability of neighborhoods, the city has used the Spot Blight National Objective to be able to spend CDBG-DR Allocation #1 funds to purchase these homes and demolish them restoring the properties to green grass. The Blight National Objective is limited in eligible use to eradicating the cause or causes of the blight which means acquisition, demolition and site restoration.

HUD rules do allow the city once these properties are acquired and restored with green grass to sell them but any such disposition requires meeting a different National Objective which means Urgent Need and/or LMI beneficiary. Local ordinance and North Dakota Century Code require that property to be sold to private interests must be sold via auction when the value is above a certain amount which in the case of Minot is \$5,000. The City Council has approved use of Urgent Need and LMI National Objectives for sale at auction as follows:

- Construct a single family home to be owned by a LMI resident with the requirements that it be raised one foot above FEMA established flood elevation level and be in conformance with city zoning and related codes. This National Objective would be LMI
- Sell the parcels with a deed restriction in perpetuity that restricts uses to the HUD statutory limitations for buyouts related to flood control and mitigation. This essentially means no structures whatsoever. This National Objective would be Urgent Need.

Two Spot Blight properties have been sold via Auction with one for each of the two options. These four additionally acquired Spot Blight properties will be added to the auction list.

B. Proposed Project:

Since the last auction, the city has acquired six more Spot Blight properties from the established list. It is planned to have another auction with the six properties that did not sell in prior auctions plus add these six new properties. The goal once these properties are acquired and the blighted structures are demolished with landscape restoration to return them to private owners. Two properties on this agenda item which have been acquired have structures to be demolished as soon as weather permits demolition.

IV. IMPACT:

A. Strategic Impact:

Either option offers the opportunity to restore these properties to private ownership with deed requirements assuring such sales will result in sustainable positive benefits supporting neighborhood stability.

B. Service/Delivery Impact:

Reduces cost impact to city related to maintenance of these properties.

C. Fiscal Impact:

Net revenue from sales will be Program Income and used to support CDBG-DR Allocation #1 Activities.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS