



TO: Mayor Shaun Sipma
Members of the City Council

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

DATE: March 4, 2021

SUBJECT: AUCTION FLOOD BUYOUT STRUCTURE

I. RECOMMENDED ACTION

Authorize auction of flood buyout structure located at 1420 1st Avenue SE

II. DEPARTMENT CONTACT PERSONS

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

III. DESCRIPTION

A. Background

As city acquires properties for the flood mitigation projects and Spot Blight, it has periodically presented to the City Council approval requests to auction structures on such property deemed sound and able to be moved, salvage of items in structures deemed to have value where structure, itself, is deemed to not be suitable to be moved, and cleared land that were Spot Blight structures. A new aggressive set of policies and procedures was implemented in 2018 to make more effective and timely determinations on acquired properties with structures as to whether such structures should be demolished or auctioned. Program goals are to minimize city liability exposure as well as making properties visually presentable until needed for the flood control projects by removing structures and landscaping the properties. To date, an estimated \$650,000 has been generated from these auctions for both CDBG-DR/NDR and State Water Commission Match acquisitions. Such funds are known as Program Income and by grant requirements are reinvested in further needed buyout acquisitions, reducing future need of local funds for additional buyout acquisitions. The average cost of demolishing a flood buyout house is \$16,000 with \$2,000 of that amount for foundation/basement removal which has to be undertaken by the City even for auctioned homes. This means a net savings of \$14,000 per house relocated for a cost savings to date of an estimated \$528,000 which when added to lesser savings for sheds/garages means savings of at least \$600,000. This demolition cost savings means that current grant allocations can be extended further in use. Spot Blight houses by the nature of their condition and the basis on which eligibility was determined to be able use CDBG-DR funds must be demolished. Once land is restored, these houses can be auctioned either to be maintained as green space in perpetuity or to build a single family home for ownership by a LMI household with the house elevated one foot above base flood elevation determined by FEMA. There is a minimum bid price which varies by potential use and by number of times the house or salvage has been carried on the auction list.

B. Proposed Project

If approved, the mobile home located at 1420 1st Avenue SE will be added to the list of structures sold at auction. Flood buyout structures and contents salvage are offered at least three times annually in separate auctions. If there are no bids after at least three auctions,

then the properties are earmarked for demolition. Spot Bligh land parcels will also be auctioned multiple times and if after at least several auctions there are no bids then it will be assigned to Public Works for maintenance.

IV. IMPACT:

A. Strategic Impact:

Structures which can be moved reduce costs incurred through demolition from the CDBG-DR and CDBG-NDR funds, and State Water Commission Match funds, and income generated from auctions reduces future needs of local funds for further acquisitions.

B. Service/Delivery Impact:

Coordinated procedure to expedite determinations of auction versus demolition of structures including the involvement of appropriate city staff shrinks the liability exposure by the city once it has acquired property and structures, assures that efficient and effective determinations are made on a timely basis with the involvement of city staff, and creates potential for additional funds to be deployed for the disaster recovery activities.

C. Fiscal Impact:

Added funds for disaster recovery activities under CDBG-DR and CDBG-NDR approved Action Plans through Program Income generated by the auction sales.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

VII. LIST OF ATTACHMENTS

- A. Staff recommendation to auction mobile home at 1420 1st Avenue SE