



Date: September 7, 2012

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Interim Director
Department of Community Development
Subject: Purchase of 802 South Street and 707 Fargo Street

Executive Summary

As a part of the planning for the initial phase of homeownership development in Southside, two properties were identified which represented a major obstacle to the successful marketing of new homes in the neighborhood. Accordingly, the dedicated funding plan for FY 13 includes \$450,000.00 in general funds for the acquisition of these properties and for demolition and related costs. The owners of those properties have now accepted the City's offer to purchase.

Recommendation

The Department of Community Development recommends that City Council authorize the expenditure of \$270,000.00 (plus attorney fees and closing costs) for the purchase of 802 South Street and 707 Fargo Street and authorize the City Manager to execute all documents associated with the fee simple acquisition of those properties.

Background

In June, Council authorized the acquisition of 71 properties from Self-Help. Included among those properties are sites along South Street, Scout Drive, Chestnut Street and Hillside Avenue which represent the location of the initial homeownership development. Those sites are largely contiguous with the exception of 802 South Street and 707 Fargo Street which are located at the South Street entrance to the neighborhood. These properties are non-conforming four-unit apartment buildings or "quads". Because of their design, condition and other factors, allowing them to remain would seriously undermine homeownership marketing efforts in the neighborhood as they are literally the first structures that motorists see when they enter the neighborhood. Tax cards for both properties are attached.

In addition to the benefits to the project of eliminating the unsightly properties, including the underlying land in the development plan is very advantageous. Combining the land with the adjacent Self-Help property on South Street provides for a better lot layout, creates four additional lots and allows for a landscaped gateway treatment at the corner of South and Hillside. Homeownership development plans with and without the inclusion of the underlying land are attached.

A Phase I Environmental Assessment is being prepared for both properties and the 71 properties being acquired from Self-Help.

Issues and Analysis

There are no other properties targeted for acquisition in Southside.

Alternatives

Council could elect not to authorize the expenditure of acquisition funds. However, the marketing of homeownership units in Southside would be adversely impacted.

Significant rehabilitation of the properties to make them look better is not a viable alternative given the original design of the structures and the limitations on improvements allowed for non-conforming uses.

Alternate unit types were also considered for the site. The underlying land could accommodate two duplexes (four units total) or four townhouses. However, the single-family detached programming suggested is the preferred alternative.

Financial Impact

The dedicated funding plan for FY 13 includes \$450,000.00 that was budgeted specifically to address these properties.

SDBE Summary

Not applicable to this item.

Attachments

802 South Street Tax Card

707 Fargo Street Tax Card

Homeownership Development Area with Quads

Homeownership Development Area without Quads