

ITEM #:	<u>19</u>
DATE:	<u>02-27-24</u>
DEPT:	<u>P&H</u>

COUNCIL ACTION FORM

SUBJECT: RESOLUTION APPROVING RELEASE OF CONTRACT AND LIEN FOR PROPERTY LOCATED AT 1426 STAFFORD AVENUE IN CONNECTION WITH THE CITY'S PHASE IV MORTGAGE BUY-DOWN AFFORDABLE HOUSING PROGRAM.

BACKGROUND:

In 1996, the City began offering Phase IV of the Mortgage Buy-down Affordable Housing Program to help low and moderate-income first-time homebuyers purchase and rehabilitate existing single-family homes. City Local Option Tax funds, along with HOME grant funds from the Iowa Department of Economic Development and HAF grant funds from the Iowa Finance Authority (IFA), were used to assist first-time homebuyers with down payment and closing costs assistance. The maximum purchase price limit for the program was \$90,630.

In 1997, Gail Shook participated in this program to receive assistance for the purchase of a property at 1426 Stafford Avenue. The property was purchased for \$72,900. **Ms. Shook received financial assistance through the program in the amount of \$16,360. To receive the financial assistance, Ms. Shook signed a Contract & Lien agreement with the City that required an immediate payback of 100% of the no-interest, 30-year loan if the property was sold, rented, and/or unoccupied before the 30-year period ended.**

Ms. Shook has sold her property at 1426 Stafford Avenue before the thirty- (30) year period has ended, and therefore must repay the City of Ames an amount as described above. **The property sold for \$150,000. The City has received a check from Ms. Shook in the amount of \$16,360.** These funds will be deposited in the City-wide Affordable Housing Program. Council action is now being requested to release the contract and lien on the property.

ALTERNATIVES:

1. Authorize the release of the Contract and Lien for the property located at 1426 Stafford Avenue in connection with the City's Phase IV Mortgage Buy-down Affordable Housing Program.
2. Do not authorize the release of the Contract and Lien for the property located at 1426 Stafford Avenue in connection with the City's Phase IV Mortgage Buy-down Affordable Housing Program.

CITY MANAGER'S RECOMMENDED ACTION:

The City has several past down payment and closing cost assistance programs that require repayments of assistance provided if the property is sold or rented during a specified timeframe. This assistance was provided under the City's 1996 Phase IV Affordable Housing Program. The payback to the City is consistent with the terms of the original agreement, and it would be appropriate now to release the lien on the property. Therefore, it is the recommendation of the City Manager that City Council adopt Alternative #1, as noted above.

ATTACHMENT(S):

[Release \(Shook\).pdf](#)