

RAB Comments on Application to HUD to Dispose of Two Scattered Sites Properties

- 1302 S. 21st Street, sale price - \$104,000.00
- 4331 N. 69th Street, sale price - \$66,000.00

RAB Comment #1: How do you put a bid in for the house?

HACM Response: HACM would need to submit an application to obtain HUD approval to sell first. That is what we are discussing today. Then HACM would market the property on the MLS system and receive offers to purchase from the public.

RAB Comment #2: Why are these houses being sold?

HACM Response: Neither has been occupied in over four years. There are substantial repairs needed; the amounts exceed the value of the house. Our initial estimates were for over \$104,000 for one property and over \$140,000 for the other. HACM would be required to pay Davis Bacon wages to repair. Given the HACM's current financial situation, HACM does not believe it is in our best interest to continue to hold and repair these two properties at this time.

RAB Comment #3: Are these the same 2 properties we have been talking about?

HACM Response: Yes, these were the properties that were discussed at the April 23, 2025 meeting in which we were discussing selling these properties for \$1 to ACTS Housing. Two things happened since then. The HACM Board of Commissioners felt that we needed to get a fair market price for these two houses. Additionally, ACTS Housing has informed us that they are not interested in a purchase of the property at 4331 N. 69th Street, even at a reduced price.

It was determined that we would follow the other route that HUD allows us, which is to obtain a fair market value via independent appraisal, and then to sell it for the appraised price or higher.

RAB Comment #4: Could we just let the city condemn it?

HACM Response: If it was condemned, it would cost HACM money to demolish the house. If possible, we would prefer to sell the house to a buyer that has the resources to fix it up. Buyers will come in with open eyes and may have more flexibility than HACM to get it in a rentable condition. If there are no buyers, then HACM may need to demolish the property.

RAB Comment #5: It seems you are asking too much for the house. Also, with mold, you'll get cancer. You should just tear it down.

HACM Response: HUD requires us to obtain an appraisal and use that fair market appraised value to sell it when we are doing a sale to the public. It may come down to demolishing the property. However, if we can find a private buyer who is knowledgeable about the condition and is willing to work on the property to get it back into acceptable condition, that would be one less property that is just demolished in a neighborhood. Some houses are in bad condition, but the "bones" of the house are strong. A buyer might be able to do an interior demolition of all drywall and back to the framing, and restore the house. Also, a private buyer can repair it more affordably than HACM, since we would need to pay prevailing wages.

RAB Comment #6: Are there rehab grants available? Also, I know the city is very strict with code violations. Would they give the new owner time to repair?

HACM Response: There may be rehab grants that are available to a private buyer, but we do not know. HACM is not aware of any current open code violations on the properties. Even if there were, we believe the City would work with a new owner if they are making timely progress on the issues.

RAB Comment #7: Why did the scattered site on North 69th Street get in this condition? Was HACM not doing what they needed to do to fix issues? Wouldn't the house have passed inspection?

HACM Response: This property was built in 1954 and probably obtained by HACM in the 1970s. There was a problematic/systemic issue with the construction of the walls which caused the moisture/mold issue. This was not something that maintenance would have easily caught, since it was between the drywall and the siding (the absence of a vapor barrier. Yes, the house had passed previous inspections. When we determined there was an issue, we gave the resident permission to move to Westlawn Gardens. House has to pass inspection. You are putting your headache on someone else. In the meantime Brad mentioned that we would deal with professionals and fully disclose things. The price point is set by HUD. Buyers will come in with open eyes. If we don't

RAB Comment #8: If we are going to sell these houses, this is a good time to sell. Right now, due to the flooding, a buyer may have resources to deal with mold.

HACM Response: That might be true.

RAB Comment #9: One of the houses will be listed for \$66,000. What if we get only a bid for \$30,000?

HACM Response: We will follow up with HUD. If the sale had a provision that it would stay as low-income housing and there is a commitment on that, that might be possible. But since both ACTS Housing and Habitat did not have an interest in purchasing the property for rehab to sell to a low-income household, we do not believe that is likely. It may end up having to get demolished.

RAB Comment #10: When you do sell the houses, where does the money go?

HACM Response: The money would go back into operations specifically for the public housing development that the properties are in. So, the funds would be used to manage and maintain other scattered sites units.

Summary: At the end of the discussion, the Resident Advisory Board (RAB) took a vote regarding Submission of an Application to HUD to dispose of the two properties. The vote was 14 members voted "Yes", with one "No" vote.