TO: Mayor and City Council

SUBJECT: HOME Investment Partnerships Funding Agreement Amendment with Mennonite Housing Rehabilitation Services, Inc. (District I)

INITIATED BY: Housing and Community Services Department

AGENDA: Consent

**Recommendation:** Approve the contract amendment providing for additional time to complete construction and sale of the home located at 2644 N. Estelle, and authorize the necessary signatures.

**Background:** On February 9, 2015, the City Council approved use of HOME Investment Partnerships (HOME) funding for community housing development organizations (CHDO) to execute an agreement with Mennonite Housing Rehabilitation Services, Inc. (MHRS) in the amount of $186,900. The use of the funds was to subsidize development and construction of four single-family homes located at 732 S. Pattie, 1003 N. Indiana, 1221 N. Ash, and 2644 N. Estelle. Under the terms of the funding agreement, the four homes are to be sold to income-eligible, owner-occupant homebuyers, who will receive down payment/closing costs assistance loans through the City’s HOMEownership 80 Program. The homes constructed at 732 S. Pattie, 1003 N. Indiana, and 1221 N. Ash have been completed and sold to HOME-eligible, owner-occupant homebuyers. However, the last site has not been completed. Construction is almost finished, but MHRS has encountered difficulty in identifying an eligible buyer.

MHRS has requested an amendment to extend the term of the funding agreement through August 30, 2017, in order to complete construction and sale of the home located at 2644 N. Estelle, as well as final site improvements as soon as weather permits, in early 2017. MHRS has identified a buyer for the home and has not requested additional funding.

The project is consistent with the City’s Comprehensive Housing Policy, specifically, the components related to affordability, availability, and neighborhood stability. The project is also in accordance with the departmental goal to increase and preserve the supply of housing in order to maintain affordability for residents earning 80 percent or less of the area median income, which is currently $65,200.

**Financial Considerations:** There is no impact to the General Fund. No additional federal funding is being provided under the proposed amendment to the funding agreement. The total project cost, including the three homes that were completed and sold under the funding agreement, is estimated to be $580,000. HOME funding is provided under the zero-interest, forgivable development subsidy loan structure for each individual home.

**Legal Considerations:** The Law Department has reviewed and approved the amendment to the funding agreement as to form.

**Recommendations/Actions:** It is recommended that the City Council approve the contract amendment providing for additional time to complete construction and sale of the home located at 2644 N. Estelle, and authorize the necessary signatures.

**Attachments:** Amendment to funding agreement.