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Title: AUTHORIZATION TO AMEND AND EXTEND AGREEMENT C-8437-1 FOR THE NEIGHBORHOOD STABILIZATION PROGRAM AND RATIFICATION OF EXPENDITURES WITH HABITAT FOR HUMANITY CENTRAL ARIZONA
Staff Contact: Erik Strunk, Director, Community Services

Sponsors:

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AUTHORIZATION TO AMEND AND EXTEND AGREEMENT C-8437-1 FOR THE NEIGHBORHOOD STABILIZATION PROGRAM AND RATIFICATION OF EXPENDITURES WITH HABITAT FOR HUMANITY CENTRAL ARIZONA
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Purpose and Recommended Action

This is a request for City Council to waive reading beyond the title and adopt a resolution authorizing the Acting City Manager to extend C-8437-1 for the Neighborhood Stabilization Program (NSP) and to ratify expenditures to date. If approved, this contract extension will allow the City of Glendale to continue partnering with Habitat for Humanity Central AZ to use program income generated from previous NSP funds for the continued acquisition, rehabilitation, and resale of foreclosed homes in Glendale in an amount not to exceed $3,570,824. It will also ratify $425,997.49 in NSP expenditures that have occurred since June 11, 2014.

Background

On September 26, 2008, the City of Glendale was notified by the U.S. Department of Housing and Urban Development (HUD) that it was eligible to apply for and receive one-time Neighborhood Stabilization Program (NSP) funds in the amount of $6.1 million. These funds were part of the larger Housing and Economic Recovery Act (HERA), which was signed into law on July 30, 2008. The funds could only be used to address the impact of foreclosed/abandoned homes or property in Glendale. As a result, city staff developed an action plan for the use of these funds that was subsequently approved by City Council on November 25, 2008.

A formal Request for Proposals (RFP) process was conducted to identify a qualified contractor to acquire, rehabilitate and resell foreclosed properties to eligible homebuyers within the city limits of Glendale. Habitat for Humanity Central Arizona (Habitat) was awarded the contract. Since then, Habitat has used $1,650,717 in NSP

funds to acquire and resell over 45 homes throughout the 85301, 85302, and 85303 zip codes (the geographic areas in which the use of the funds can be used per federal program regulations).

This program is now generating "program income" that is being used to sustain the continued acquisition of foreclosed homes by Habitat. "Program income" is defined as those monies due to the City of Glendale that are generated by the sale of a property or a refinance. Although this contract was previously approved by Council and contained the necessary legal language to extend administratively for a period of four additional years, due to changes in state law, it is now necessary to again seek the approval of City Council to amend and extend this contract. Because of this, it is also necessary to request a ratification of $425,997.49 in NSP expenditures that have occurred since June 11, 2014. As this is a federally funded program, there is no impact to the General Fund.

If approved, the ratification of expenditures and the revised contract will authorize the Acting City Manager to enter into a new contract with Habitat to ensure that the City is able to allocate future program income to Habitat in an amount not to exceed $3,570,824 for the NSP.

Analysis

Habitat has been an important partner in helping the city meet its required HUD goals for NSP. Without this partnership, the City would have had great difficulty in meeting the statutory expenditure deadlines of these grants. The program income generated from these funds can only be used for the original activities outlined in our NSP plan approved by Council. By extending this contract, the City will continue to acquire and renovate foreclosed homes which become available and provide affordable homebuyer opportunities to low-to-moderate families in our community.

If approved, the proposed action will allow Habitat to continue to acquire, rehabilitate, and resell abandoned and foreclosed residential homes by extending their current NSP agreement until June 30, 2016. There is no impact on city departments, staff, or service levels.

Previous Related Council Action

On June 11, 2013, Council authorized the Acting City Manager to enter into a new contract with Habitat for Humanity Central Arizona, in an amount not to exceed $3,570,824 of NSP funding, to continue to acquire foreclosed properties to rehabilitate and resell to eligible homebuyers within the city limits of Glendale.

Community Benefit/Public Involvement

The acquisition, rehabilitation and resale of foreclosed single family houses has helped stabilize neighborhoods and improve the quality of life for the existing homeowners. To date over 45 previously foreclosed homes have been completely rehabilitated with the incorporation of energy-efficient and green building features, which has helped maintain affordability for the homebuyers of these houses.

Budget and Financial Impacts

Since this is a federally-funded program, there will be no fiscal impact on the city. No General Funds will be used for these agreements. Funding is available in the Community Services NSP Grant FY2014-15 operating

budget as shown below. Annual budget appropriation thereafter is contingent upon council approval through the budget review process. Total expenditures are not to exceed $3,570,824 for the term of this agreement.

Cost	Fund-Department-Account
$1,320,000	1310-30900 NSP Community Services NSP Programs

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?