



Legislation Text

File #: 15-231, **Version:** 1

AUTHORIZATION TO AMEND AND EXTEND AGREEMENT C-8524-1 FOR NEIGHBORHOOD STABILIZATION PROGRAM 3 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-8524-1 for the Neighborhood Stabilization 3 Program (NSP 3) 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 3 funds for the continued acquisition, rehabilitation, and resale of foreclosed homes in Glendale in an amount not to exceed \$2,500,000 for NSP 3. It will also ratify \$70,727.34 in NSP 3 expenditures that have occurred since June 25, 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.

In 2010, the City Council accepted \$3.7 million via a third version of the NSP called "NSP 3". Like the first NSP program, these funds were also used to purchase foreclosed residential properties, to rehabilitate and resell to qualifying families and individuals.

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 \$741,438 in NSP 3 funds to acquire and resell over 12 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 \$70,727.34 in NSP 3 expenditures that have occurred since June 25, 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 \$2,500,000 for the NSP 3.

Analysis

Habitat has been an important partner in helping the city meet its required HUD goals for NSP and NSP 3. 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 the City's NSP 3 plan approved by Council. By extending these contracts, 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 3 agreement until June 30, 2016. There is no impact on city departments, staff, or service levels.

Previous Related Council Action

On June 25, 2013, the City Council authorized the Acting City Manager to enter into an agreement using NSP 3 funds for the acquisition, rehabilitation, and resale of foreclosed homes with Habitat for Humanity Central Arizona (Habitat) in an amount not to exceed \$2,500,000.

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 12 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 \$2,500,000 for the term of this agreement.

Cost	<u>Fund-Department-Account</u>
\$600,000	1311-30912 Community Services - NSP III Program

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?