

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

08-0598R

RESOLUTION AUTHORIZING A FOURTH AMENDMENT TO THE FISCAL YEAR 2005 HOME PROGRAM HOUSING DEVELOPMENT PROJECT PURCHASE/REHABILITATION/RESALE FOURTH STREET REVITALIZATION AGREEMENT #19864 WITH NEIGHBORHOOD HOUSING SERVICES, EXTENDING THE TERM AN ADDITIONAL 12 MONTHS.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into a fourth amendment, substantially in the form of the copy on file in the office of the city clerk as Public Document No. _____, to the HOME program housing development project purchase/rehabilitation/resale agreement with Neighborhood Housing Services (NHS), extending the term of the agreement to August 31, 2009.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

STATEMENT OF PURPOSE: NHS has developed the east side of Lake Avenue at East Fourth Street into a project called Lake Superior View condominium project. The project consists of eight newly-constructed condominium units and eight rehabilitated condominium units. The eight rehabilitated units consist of one fourplex and two duplexes.

On April 1, 2005, the city of Duluth entered into a HOME program agreement with NHS to assist in funding the rehabilitation of one of the duplexes. NHS has now completed the rehabilitation work on the two units in the duplex, and one unit has been sold to an income-qualified home buyer. NHS had previously requested additional time to sell the second unit, which time has expired. NHS again requests an additional 12-month extension due to the weakening of the Duluth real estate market and the national sub prime mortgage crisis. NHS has found that the current market and tightened credit requirements are making it difficult to find income-qualified buyers.