

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

12-0318R

RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME PROGRAM) HOMEOWNER REHAB PROJECT AGREEMENT WITH THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH (HRA), CONTRACT NO. 21417, RESOLUTION NO. 10-0628 AND RESOLUTION NO. 11-0216, INCREASING THE AMOUNT PAYABLE UNDER THE AGREEMENT TO \$290,000

CITY PROPOSAL:

RESOLVED, that the proper city officials are authorized to enter into a first amendment to an agreement, substantially in the form of that on file in the office of the city clerk as Public Document No. \_\_\_\_\_, to the HOME Program to assist low- to moderate-income homeowners to rehabilitate their homes, increasing the amount payable under the agreement to \$290,000, an increase from \$180,000 from Fund 260 (HOME investment partnership program), Agency 020 (planning department), Object 5434 (grants & awards), Project CD11HM, Sub-project CH11, Activity 1226.

Approved:

  
\_\_\_\_\_  
Department Director

Approved for presentation to council:

  
\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

  
\_\_\_\_\_  
Attorney

Approved:

  
\_\_\_\_\_  
Auditor

CD KO:be1 06/15/2012

STATEMENT OF PURPOSE: This purpose of this resolution is to increase the amount of a HOME Program agreement with the Duluth Housing & Redevelopment Authority (HRA) to assist income eligible homeowners to rehabilitate their

homes. The original amount payable was \$180,000, the increased funds are \$110,000, for a total amount payable of \$290,000.

In the past, the Duluth HRA utilized HOME Program funds to acquire foreclosed or blighted properties, rehabilitate them, and sell them to income eligible homebuyers that did not qualify for a loan from a financial institution. To allow these buyers to purchase a home, the HRA provides a mortgage with the monthly payments based on the household's income. The payments were aggregated from all the buyers, until such time as there was enough in the account to acquire another property to be rehabbed and sold.

Under the HOME Program regulations, the homeowner's payments to the HRA are considered to be program income. HUD requires program income to be expended before the city can draw any new HOME funds from the city's allocation. When the HRA held payments until enough funds accumulated for another project, that considerable amount of program income negatively impacted the city's ability to manage HOME Program funding.

At this time, the HRA has ended their acquisition, rehab and resale project. The program income generated must be used for HOME eligible activities, such as homeowner rehab. The increase in the amount of the current HRA homeowner rehab agreement is necessary to allow a timely expenditure of the program income.

**2011 HOME PROGRAM  
HOMEOWNER REHAB PROJECT  
DULUTH HOUSING & REDEVELOPMENT AUTHORITY  
AGREEMENT NO. 21417  
FIRST AMENDMENT**

THIS AMENDMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by and between the City of Duluth (the City) and Duluth Housing & Redevelopment Authority (the Agency).

WHEREAS, on August 12, 2011, the City entered into an agreement with the Agency pursuant to which the Agency will use HOME Program funds to assist income eligible homeowners to rehabilitated their homes; and

WHEREAS, the parties desire to amend the agreement to increase the amount payable to \$290,000 (the agreement and amendment hereinafter referred to as the Agreement).

NOW, THEREFORE, the parties do mutually agree as follows:

1. Paragraph 18, Reimbursement of Project Costs, is hereby amended to increase the sums payable to Two Hundred and Ninety Thousand Dollars (\$290,000).
2. Except as provided in this Amendment, all terms and provisions of the Agreement shall remain in force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above shown.

CITY OF DULUTH

DULUTH HOUSING & REDEVELOPMENT  
AUTHORITY

\_\_\_\_\_  
Mayor

By \_\_\_\_\_  
Its \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

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City Attorney

COUNTERSIGNED:

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City Auditor

THIS AGREEMENT DRAFTED BY:

Karen Olesen  
Senior Planner  
407 City Hall  
Duluth, MN 55802