

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

12-0400R

RESOLUTION AMENDING THE 2012 ACTION PLAN DELETING THE NORTHERN COMMUNITIES LAND TRUST'S (NCLT) HOME PROGRAM PROJECT; ADDING A NEW HOME PROGRAM PROJECT BY THE HOUSING & REDEVELOPMENT AUTHORITY (HRA); DECREASING THE HRA'S CDBG AWARD; AND ADDING A NEW CDBG PROJECT FOR ONE ROOF COMMUNITY HOUSING

CITY PROPOSAL:

RESOLVED, that the city council hereby amends the 2012 annual action plan to delete \$316,839 in HOME Program funds awarded to NCLT for a HOME project, to create a new HOME Program project awarding \$316,839 to the HRA, to decrease the HRA's CDBG award by \$200,000, and to add a new CDBG project and award \$200,000 to one roof community housing (formerly NCLT), and authorize contracts and contract amendments as set forth below:

2012 HOME Program

Fund 260 (Home Program), Agency 020 (business and community development),  
Object 5434 (projects), Project CD12HM (Home 2012)

Sub-Project	Activity	Project	Amount	New Grant	Difference
CH12	2271	Rehab/ Resale-NCLT	\$316,839	-0-	(\$316,839)
GN12	1738	Property Rehab-HRA	-0-	\$316,839	\$316,839

2012 Grant (CDBG) Program

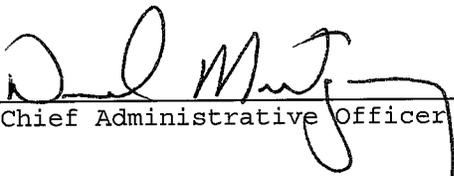
Fund 262 (community development), Agency 020 (business and community development), Object 5434 (projects), Project CD12CD (CDBG 2012)

Sub-Project	Activity	Project	Amount	New Grant	Difference
HOUS	1734	Property Rehab-HRA	\$750,659	\$550,659	(\$200,000)
HOUS	6915	Rehab/ Resale-1Roof	-0-	\$200,000	\$200,000

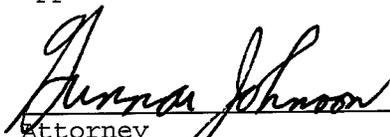
Approved:

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

Approved for presentation to council:

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

Approved as to form:

  
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 Attorney

Approved:

  
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 Auditor

CD KO:bel 08/02/2012

STATEMENT OF PURPOSE: These substantial amendments to the annual action plan for program year 2012 have been completed in accordance with the Community Development Citizen Participation Plan, by holding a public hearing and a 30-day public comment period. The Community Development Committee held a public hearing on the amendments June 26, 2012. The public comment period started on June 17, 2012 and ended July 17, 2012, and was advertised in the Duluth News-Tribune. The Community Development Committee, after holding the required public hearing, recommended the amendments to the annual action plan. There have been no comments received on these substantial amendments.

When Congress enacted HUD's 2012 funding, they imposed several requirements on the HOME Program that make the originally intended use of the City's HOME

allocation problematic. HUD implemented the new rules after the process of awarding funds had been completed. The Northern Communities Land Trust (now One Roof Community Housing) were going to use HOME funds to acquire foreclosed or blighted properties, renovate the homes, and sell them to eligible homebuyers using the land trust model. The new rules severely restricted the time allowed between the signing of an agreement between the City and One Roof, the expenditure of funds, the completion of the renovations, and the sale to buyers to such an extent it would be very difficult for One Roof to meet these deadlines. If not met, the funds must be repaid to the federal treasury. Also, if the sale of a renovated home was not closed within 6 months of the completion of the renovation, the property must be converted to a rental unit. One Roof and City staff were concerned that by default, a number of scattered site single family rental properties would be created in neighborhoods that already have a higher proportion of rental units than the City as a whole. However, the new rules for 2012 do not apply to homeowner rehab projects.

One Roof, the Duluth HRA Rehab Department and City staff agreed that the best use of 2012 HOME Program funds intended for acquisition, renovation and resale of properties would be homeowner rehab, which was originally funded with Community Development Block Grant (CDBG). The substantial amendments change the HRA's homeowner rehab project funding from CDBG to the HOME Program, and using the CDBG funds for One Roof's homebuyer project. With the changing in funding, the goal for the number of renovated properties to be sold to homebuyers by One Roof is reduced from 8 to 5. The goal for the number of owner-occupied homes to be rehabbed by the HRA will be increased from 8 to 15.