

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

13-0357R

RESOLUTION AUTHORIZING A SECOND 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 RESOLUTION NO. 11-0216, AND RESOLUTION NO. 12-0318 EXTENDING THE TERM OF THE AGREEMENT TO DECEMBER 31, 2013

CITY PROPOSAL:

RESOLVED, that the proper city officials are authorized to enter into a second 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, extending the term of the agreement to December 31, 2013.

Approved:



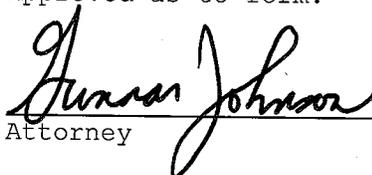
Department Director

Approved for presentation to council:



Chief Administrative Officer

Approved as to form:



Attorney

Approved:



Auditor

CD KO:bel 06/20/2013

STATEMENT OF PURPOSE: The purpose of this resolution is to extend the term, or length of, a HOME Program agreement with the Duluth Housing & Redevelopment Authority (HRA) to assist income eligible homeowners to rehabilitate their homes. The term currently ends on June 30, 2013.

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 provided 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. The HRA has ended their acquisition, rehab and resale project. The program income generated must be used for HOME eligible activities, and is being used for homeowner rehab under this agreement.

The first amendment to the agreement increased the amount payable to include the program income. The original term did not take into consideration the time needed to complete the additional rehabs funded by the program income. Therefore, this resolution extends the term of the contract until the end of the year, December 31, 2013.

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

THIS AMENDMENT is entered into this _____ day of _____, 2013, 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 rehabilitate their homes; and

WHEREAS, the parties desire to amend the agreement to extend the term (the agreement and amendment hereinafter referred to as the Agreement).

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

1. Paragraph 3, TERM, is hereby amended to extend the term of the agreement to December 31, 2013.
2. Except as provided in this Amendment, all terms and provisions of the Agreement shall remain in forces 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:

City Attorney

COUNTERSIGNED:

City Auditor

THIS AGREEMENT DRAFTED BY:

Karen Olesen
Senior Planner
407 City Hall
Duluth, MN 55802