Introduced by	Council Bill No	<u>R 172-13</u>				
A RESOLUTION						
authorizing an amendment to Point for neighborhood assistance funding.						
BE IT RESOLVED BY THE COUNCIL C FOLLOWS:	F THE CITY OF COLUM	MBIA, MISSOURI, AS				
SECTION 1. The City Manager is I the HOME agreement with Job Point for assistance funding. The form and content forth in "Attachment A" attached hereto and verbatim.	r neighborhood develop t of the agreement shall I	ment homeownership be substantially as set				
ADOPTED this day of		, 2013.				
ATTEST:						
City Clerk	Mayor and Presidir	ng Officer				
APPROVED AS TO FORM:						
City Counselor						

#### Attachment A

# AMENDMENT TO HOMEOWNSERSHIP NEIGHBORHOOD DEVELOPMENT AGREEMENT DATED May 7, 2012

Section 1 of the agreement is amended to read as follows:

## 1. Statement of Work

d. The amount of subsidy provided under this grant shall apply only to homes constructed in the Neighborhood Response Team Area and shall not exceed \$25,000, and shall consist of a soft second mortgage forgivable over ten (10) years in an amount up to \$20,000 and a recoverable third mortgage of \$5,000 due upon sale or transfer of the property. The agency shall include language in its CHDO promissory notes and deed of trust subordinating its Community Housing Development Organization loan to the City's HOME loans. These subsidy limits shall not be exceeded unless approved by City Council. In cases where the cost of a house to the Agency exceeds market value of the property, the difference, "development subsidy", shall be provided in the form of a grant to the homebuyer.

# 2. Payments

IN WITNESS WHEREOF, the Parties hereto have ex	ecuted this Agreement on the day and year first above written.	
ATTEST:	CITY OF COLUMBIA, MISSOURI	
BY: Sheela Amin, City Clerk	Maria 1 Maria Cira Maria	
Sheela Amin, City Clerk	Michael Mathhes, City Manager	
APPROVED AS TO FORM:		
Nancy Thompson, City Counselor	JOB POINT	
	BY:	
	Title:	
CERTIFICATION: I hereby certify that this agreeme charged, Account No. 266-4130-532.49.90, G44033, appropriation sufficient to pay therefore  John Blattel, Director of Finance	ent is within the purpose of the appropriation to which it is to be and that there is an unencumbered balance to the credit of such	



Source: Community Development - CDBG/Home Agenda Item No:

To: City Council

From: City Manager and Staff/\(\formall\)

Council Meeting Date: Sep 2, 2013

Re: Approving an Amendment to an Agreement with Job Point for Homeownership Assistance Neighborhood Development Funding

#### **EXECUTIVE SUMMARY:**

Job Point has requested an increase in HOME Homeownership Assistance Neighborhood Developemnt (HOA ND) funding available for two homes completed through Job Point's Youth Build program. HOA ND is a part of the City's Homeownership Assistance Program that provides a soft second and third mortgage to qualified low-moderate income homebuyers to help make homeownership more affordable. The attached amendment increases available HOA ND funding from \$12,500 per home to \$25,000 per home to assist homebuyers at 102 E. Sexton and 908 Madison. The amendment increases total remaining funds available for Job Point to \$50,000. \$121,477 remains in total Homeownership Assistance Program funding available.

Job Point has requested an increase in the amount of NOA ND funding to fill the gap between their cost of building homes and the amount that is affordable to lower income buyers on two remaining homes. Job Point currently has two homes completed or nearly completed and ready for purchase at 908 Madison and 102 E. Sexton. The original HOA ND agreement was approved on May 7, 2012 and included \$12,500 for each of four homes to be completed. The attached amendment increases the level of assistance to \$25,000 for the remaining two homes for a total of \$50,000. Approving the resolution will increase HOA ND funds available to Job Point to ensure timely sale of their remaining to homes.

#### **DISCUSSION:**

HUD guidelines require HOME funded homes to be sold with a fully executed contract within 9 months of completing construction. Failure to meet this deadline can result in HUD requesting repayment of funds through general revenue. 102 E. Sexton must have a fully executed contract by October 23, 2013 in order to meet the 9 month required HUD deadline. Construction of 908 Madison is expected to be completed within 60 days.

The City currently has \$121,477 in uncommitted HOME funding designated for Homeownership Assistance. Job Point has requested an amendment to its agreement to increase HOA ND funds available for its two remaining unsold homes. The amendment increases available HOA ND funding from \$12,500 per home to \$25,000 per home to assist homebuyers at 102 E. Sexton and 908 Madison. The amendment increases total remaining funds available for Job Point to \$50,000. Increasing HOA ND funds available will increase affordability to additional low-moderate income home buyers, and ensure timely project completion.

Staff recommends approving the amendment in order to assist Job Point in completing the sale of their remaining two homes and ensure HUD required deadlines are met. These funds will assist homebuyers in the purchase of 102 E. Sexton, and 908 Madison. If these two properties do not sell by the HUD required deadline, City staff will work with Job Point to convert these properties to rental.

## FISCAL IMPACT:

The amendment includes currently appropriated funds; therefore, there is no fiscal impact.

## VISION IMPACT:

#### http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php

The projects further Goals 2.3 and 11.2 through providing additional housing choices for low and very low income owner occupants, including homes to be constructed in the central city. Implementation Task 18 will be addressed through the provision of additional affordable housing units.

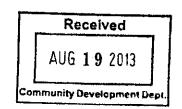
## **SUGGESTED COUNCIL ACTIONS:**

Approve the attached resolution authorizing the City Manager to execute an amendment to an agreement increasing total remaining funding availability to \$50,000 in HOME Homeownership Assistance funds to Job Point for the purpose of assisting two lower income homebuyers through the Homeownship Assistance Neighborhood Development program.

FISCAL and VISION NOTES:							
City Fiscal Impact Enter all that apply Prog		Program Imp	pact	Mandates			
City's current net FY cost	\$0.00	New Program/ Agency?	No	Federal or State mandated?	Yes		
Amount of funds already appropriated	\$0.00	Duplicates/Epands an existing program?	No	Vision Implementation impact			
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?	No	Enter all that apply: Refer to Web site			
Estimated 2 yea	d 2 year net costs: Resources Required		quired	Vision Impact?	Yes		
One Time	\$0.00	Requires add'l FTE Personnel?	No	Primary Vision, Strategy and/or Goal Item #	2 and 11		
Operating/ Ongoing	\$0.00	Requires add'I facilities?	No	Secondary Vision, Strategy and/or Goal Item #	2.3 and 11.2		
		Requires add'l capital equipment?	No	Fiscal year implementation Task #	FY12Task18		



2116 Nelwood Drive, Suite 200 Columbia, MO 65202 VOICE/TTY 573/474-8560 FAX 573/474-8575 URL WWW.jobpointmo.org



15 August, 2013

Mr. Tim Teddy, Director City of Columbia, Community Development Department P O Box 6015 Columbia, MO 65205-6015

Dear Mr. Teddy:

This request is to amend the existing agreement between Job Point and the City of Columbia relating to the allocation of Home Ownership Assistance funding for Neighborhood Development.

As you are aware Job Point's staff and students of the YouthBuild program have completed renovation and construction of residences at 102 Sexton and 908 Madison avenues respectively. Federal guidelines require the timely title transfer or rental occupancy of properties built or renovated with federal funding assistance. Additionally, federal guidelines require the sale of said properties to citizens of low to moderate income.

Since the real estate financial crisis of 2008, finding buyers who both meet federal income guidelines and who qualify financially for real estate loans has become the most challenging aspect of Job Point's housing construction program. New banking and real estate loan policies have made it increasingly difficult for those of low income and/or less-then-stellar credit ratings to satisfy bank requirements for real estate loans. Simply put, Job Point has had an extremely difficult time selling in a timely manner the homes which we build.

One consideration which can help in this situation is increasing the amount of Home Ownership (down payment) Assistance available to low income purchasers. Like any other home buyer, purchasers of these homes must secure conventional real estate loans for the balance between the full purchase price and the down payment amount. The greater the amount of the latter, the more willing lenders are to qualify buyers for real estate loans.

Since federal program funding is available, I request that the agreement between Job Point and the City of Columbia be amended to increase the HOA ND funding from its current \$12,500 to \$25,000. This will allow for more flexibility in down payment assistance to purchasers of Job Point built houses and thus increase the opportunity for homeownership by low income citizens.

Thank you for your consideration of my request.

Sincerely,

Jim Loveless, President/CEO

Accredited by the Rehabilitation
Accreditation Commission





#### Attachment A

#### AGREEMENT

THIS AGREEMENT, made and entered into this 7th day of May, 2012, by and between the City of Columbia, Missouri, a municipal corporation (hereinafter "City"), and Job Point, a not-for-profit corporation of the State of Missouri (hereinafter "Agency"). The term of this agreement shall end on December 31, 2013.

#### WITNESSETH:

WHEREAS, the Agency has established a program of construction of new single-family homes for sale to low-income families and individuals; and

WHEREAS, such program may result in the market value of a property not supportive of acquisition, demolition, and construction costs, and other soft costs associated with each property;

WHEREAS, assistance is necessary to make up the difference between total costs and market value; and

WHEREAS, the City Council of the City of Columbia has determined it is in the best interest of the community that such assistance be provided by the City's HOME Investment Partnership Program, and such assistance may not be fully recovered by the City over the period of the HOME loan

NOW, THEREFORE, City and Agency agree as follows:

#### Statement of work;

- a. The amount of financial assistance shall be the minimum amount estimated to be necessary to ensure a qualifying home buyer purchases the property and that Agency funds are recovered.
- b. Debt shall be secured by a deed of trust and a promissory note for the full amount of assistance for a ten year period, provided that prorated recapture due to sale during the affordability period, as prescribed by HUD regulations, or prorated loan forgiveness, shall be allowed. Provisions for recapture in the case of foreclosure shall be as prescribed by HUD as required by 24 CFR part 92.252(a)(5)(ii), but shall not exceed the amount of the net proceeds from the sale.
- c. Newly constructed dwelling units shall meet, at a minimum, applicable City of Columbia Housing and Building Codes upon occupancy by the home buyer; as evidenced by a Certificate of Occupancy issued by the City.
- d. The amount of subsidy provided under this grant shall apply only to homes constructed in the Neighborhood Response Team Area and shall not exceed \$12,500, and shall consist of a soft second mortgage forgivable over ten (10) years in an amount up to \$7,500 and a recoverable third mortgage of \$5,000 due upon sale or transfer of the property. The Agency shall include language in its CHDO promissory notes and deed of trust subordinating its Community Housing Development Organization loan to the City's HOME loans. These subsidy limits shall not be exceeded unless approved by the City Council. In cases where the cost of a house to the Agency exceeds the market value of the property, the difference, "development subsidy", shall be provided in the form of a grant to the homebuyer.
- e. The purchase price shall not exceed 95% of the median purchase price for the type of single-family housing for Columbia.

#### 2. Payments

- a. The City will make available \$37,500 of HOME funds to provide homeownership assistance to assist eligible homeouyers to purchase houses constructed by the Agency. Housing assistance costs will be paid to the purchaser(s) and/or Agency by the City as needed.
- b. Upon presentation of proper documentation, including a purchase contract, appraisal, an income verification and other documents required by the City, the City will reimburse the Agency for costs incurred, not to exceed the applicable amounts specified by Section 1(d) of this agreement.
- 3. <u>Records and Reports:</u> The Agency shall provide all information needed for monitoring purposes by the City or the U.S. Department of Housing and Urban Development. Agency shall permit City to inspect the premises of all projects to certify final completion, and shall then submit necessary project completion information to the City upon completion of each project.

## 4. <u>Other Provisions</u>.

- a. The Agency agrees to comply with federal regulations applicable to HOME projects, including, but not limited to, conflict of interest, equal employment opportunity, Section 3, female employment, affirmative action, and lead-based paint prohibition.
- b. Upon finding that the Agency materially fails to comply with any term of the Agreement the program shall be terminated immediately by the City.
- c. The Agency agrees that should the program terminate during the period of time covered by this agreement, any HOME funds on hand at the time of termination and any accounts receivable attributable to the use of HOME funds shall be transferred to the City of Columbia.
- d. Agency agrees to comply with all applicable provisions of the Americans with Disabilities Act and the regulations implementing the Act, including those regulations governing employment practices.
- e. Upon finding that the Agency materially fails to comply with any term of this Agreement, any HOME funds on hand at the time of such funding shall be transferred to the City of Columbia and future HOME assistance may be denied.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in duplicate by their duly authorized officers the day and year first above written.

ATTEST:	CITY OF COLUMBIA, MISSOURI
Dial	BY: Mily Math
Sheela Amin, City Clerk	Mike Matthes, City Manager
APPROVED AS TO FORM:	JOB POINT
Ind Rushin	BY: A Welsh
City Counselor	um Loveless, President

CERTIFICATION:

I hereby certify that this contract is within the purpose of the appropriation to which it is to be charged, Account No. <u>266.4130.532.45.60 644033</u>, and that there is an unencumbered balance to the credit of such appropriation sufficient to

pay therefor.

John Blattel, Director of Finance