



City of Grand Island

Tuesday, April 14, 2015

Council Session

Item G-18

#2015-98 - Approving Neighborhood Stabilization Program Re-Use Funds Development Agreement with Habitat for Humanity

Staff Contact: Charley Falmlen

Council Agenda Memo

From: Charley Falmlen, Community Development

Meeting: April 14, 2015

Subject: Approving Neighborhood Stabilization Program Re-Use Funds Development Agreement with Habitat for Humanity

Item #'s: G-18

Presenter(s): Charley Falmlen, Community Development

Background

In October 2009, the City of Grand Island was awarded a \$993,000 Neighborhood Stabilization Program (NSP) grant from the Nebraska Department of Economic Development. In December 2009, the City of Grand Island entered into a Development Agreement with Habitat for Humanity (a non –profit housing developer) regarding using NSP Funds on qualifying Habitat for Humanity projects. The grant enabled the city to purchase and demolish at least six (6) vacant, blighted structures and redevelop the lots into six (6) new homes.

Discussion

The original NSP grant has been completed, and a NSP Re-Use Fund has been created to make use of funds that the City of Grand Island has re-captured as part of the original NSP Grant funding process. The proposed new Development Agreement would allow the City of Grand Island to continue to partner with Habitat for Humanity on NSP qualifying projects by making use of NSP Re-Use funds.

The original Housing Developer Agreement from December 2009 did include permission for the Community Development Division to issue funds to Habitat for Humanity from the NSP Re-Use fund. However, the scope and nature of the projects outlined in the original Agreement has changed, which is why the Community Development Division is seeking a new Development Agreement. Under the new agreement, the City of Grand Island will not be purchasing properties and donating them to Habitat or creating liens on said properties. Instead the City of Grand Island will issue funds to Habitat for Humanity to be used for property acquisition, among other qualifying activities including

demolishing and construction costs – all of which are qualifying activities under the NSP Re-Use Guidelines established at the conception of this project.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approves Neighborhood Stabilization Program Re-Use Funds Development Agreement with Habitat for Humanity and authorizes Mayor to sign all related documents.

Sample Motion

Move to approve Neighborhood Stabilization Program Re-Use Funds Development Agreement with Habitat for Humanity

DEVELOPMENT AGREEMENT
NEIGHBORHOOD STABILIZATION PROGRAM RE-USE FUND
CITY OF GRAND ISLAND, NEBRASKA AND
GRAND ISLAND AREA HABITAT FOR HUMANITY, INC.

THIS AGREEMENT is approved as of this 14th day of April, 2015, by and between the CITY OF GRAND ISLAND, NEBRASKA, located at 100 East First Street, Grand Island, Nebraska 68801, hereinafter referred to as the “City,” and GRAND ISLAND AREA HABITAT FOR HUMANITY, INC., whose principal office is located at 502 W. 2nd Street, Grand Island, NE, hereinafter referred to as the “Developer” or “Habitat.”

IT IS AGREED by and between the parties as follows:

I. PERIOD OF PERFORMANCE

The activities described in this Agreement are to begin no later than July 31, 2014, and shall be completed no later than October 1, 2015. All eligible activities are limited to the above time period, with the exception of eligible activities specifically approved by the City. This Agreement shall remain in full force and effect with respect to the Developer until such time the Property has been conveyed to a qualified homebuyer under the terms and conditions of this Agreement.

II. ACQUISITION, PRE-DEVELOPMENT AND CONSTRUCTION REQUIREMENTS

A. Acquisition. Habitat will acquire properties for demolition in accordance with all applicable City and Neighborhood Stabilization Program requirements. If Habitat owns a qualifying property, the City may elect to provide demolition assistance. In that event, Habitat will comply with the terms of the NSP grant and NDED contract with respect to construction of improvements and sale to a qualified buyer.

B. Compliance with Applicable Codes. The Developer shall comply with all applicable codes and pay all applicable fees during the period of time it owns the Property.

C. Property Standards. At the time of initial occupancy by a qualified buyer, the Property shall comply with all applicable codes and ordinances; City Housing Minimum Housing Standards; applicable federal, state and local laws, regulations and requirements; and program terms and conditions of the attached NSP grant and NDED contract number 093N11.

D. Oversight of Redevelopment. The Developer shall be responsible for ensuring that all redevelopment work is carried out in accordance with all applicable laws, codes, rules, regulations, standards and ordinances.

E. Completion of Redevelopment. The Developer shall commence work no later than six months (6) after demolition of the Property and complete the redevelopment of the Property no later than October 1, 2015, unless otherwise agreed to in writing by the City.

III. OCCUPANCY AND BUYER ELIGIBILITY REQUIREMENTS

A. Income Eligibility. At the time of sale or lease of the Property, the Buyer shall meet program eligibility requirements.

B. Minimum Sale Price. The minimum sale price shall be consistent with the terms and conditions of the NSP grant and NDED contract.

C. Closing on Sale of the Property. The Developer shall provide the City written notice of the closing on the sale of the Property. A developer fee of \$4,000 will be disbursed to Habitat after closing on the sale of the Property to an income eligible buyer and the submission of all required reports and documentation determined necessary by the City.

IV. MISCELLANEOUS PROVISIONS

A. This agreement contemplates one or more projects funded through the Nebraska Department of Economic Development Neighborhood Stabilization Program. Other developers may be used by the City and the number of projects in which HABITAT will participate is not guaranteed nor is HABITAT the exclusive developer under this program.

B. This agreement will automatically renew for projects financed by reuse funds from the original projects contemplated by this Agreement unless notice is received from either party to terminate the agreement. Notwithstanding such automatic renewal, nothing in this agreement shall obligate the City or the Developer to participate in future projects with each other or to prevent the City from engaging any other person or entity as a developer for future projects.

Effective this 14th day of April, 2015

Jeremy L. Jensen, Mayor
CITY OF GRAND ISLAND

Dana Jelinek, Executive Director
GRAND ISLAND AREA HABITAT FOR HUMANITY, INC.

RESOLUTION 2015-98

WHEREAS, the City of Grand Island, Nebraska was awarded a \$993,000 Neighborhood Stabilization Program (NSP) grant from the Nebraska Department of Economic Development; and

WHEREAS, after the grant's initial completion, a NSP Re-Use Fund was created for use of recaptured funds from the original grant; and

WHEREAS, Habitat for Humanity is a nonprofit housing developer partnering on the grant and are eligible to make use of the NSP Re-Use Fund; and

WHEREAS, the City must enter into a Development Agreement with each organization to move forward with construction of new housing.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that The City of Grand Island, Nebraska is hereby authorized to enter into a Development Agreement with Habitat for Humanity and the Mayor is hereby authorized and directed to execute such contracts.

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Adopted by the City Council of the City of Grand Island, Nebraska, April 14, 2015.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
April 13, 2015	☐ City Attorney