



Legislation Text

File #: 09-1184, **Version:** 1

Resolution to Approve Housing Rehabilitation Agreement with Henry and Dorothy Owen for 2053 Newport (\$36,613.00 HOME Funds)

Attached for your review and approval is a resolution to approve a second Housing Rehabilitation Agreement with Henry and Dorothy Owen to complete rehabilitation assistance to their home at 2053 Newport. The property was annexed to the City of Ann Arbor effective December, 2007.

On October 6, 2008 in Resolution #R-08-408, City Council approved a housing rehabilitation agreement in the amount of \$30,832.00 with Henry and Dorothy Owen. The initial bid for this project was awarded to McHugh's Home Improvement. To date, McHugh has drawn \$21,899.00 in HOME project funds. After multiple instances of poor workmanship on this project including documented unprofessional behavior displayed by the contractor, McHugh's Home Improvement was suspended for twelve (12) months from active participation as a vendor with the Housing Rehabilitation Program beginning October 2, 2009 and ending on October 2, 2010. The suspension notice was issued after the contractor failed to attend two mandatory mediations with the homeowner to create an action plan for resolving the workmanship issues. At this time, the housing rehabilitation project has not been completed and Community Development staff has moved forward with securing a new contractor and enforcing the liquidated damages policy in the housing program guidelines to recoup funding from McHugh's Home Improvement. There is \$8,933.00 available in the current HOME contract with McHugh's Home Improvement that will be used to fund the corrective action repairs at 2053 Newport. In addition to the disciplinary action rendered by Community Development, it is anticipated that disciplinary action will be requested with the State of Michigan by the homeowner and Community Development.

The third phase of this housing rehabilitation project will address corrective action repairs and complete the unfinished repairs in the original contractor bid including re-install windows, re-hang the metal entrance door, install new gutter guards, install new down spouts, replace the damaged aluminum siding, install a new microwave and exterior access vent, drywall repairs, rewire house to code, replace steps and landing, and increase attic insulation to R-38.

On October 23, 2009, the Office of Community Development received one (1) bid for the phase III work. The lowest bid amount was submitted by A.H. Construction Company with a base bid of \$34,870.00 to which a 5% contingency of \$1,743.00 was added, bringing the total amount to \$36,613.00. The \$36,613.00 in HOME funds will be provided in the form of a 2% simple interest, deferred payment loan to be repaid in full after 30 years or at the time the property changes ownership either by sale, gift, mortgage, land contract, conversion to rental property, inheritance or change of the use of the property from a single-family residence. The 2% simple interest will be forgiven after ten (10) years based on the terms and conditions of the security documents.

Community Development staff recommends that City Council approve the Housing Rehabilitation Agreement for the phase III work with Henry and Dorothy Owen in the amount of \$36,613 in HOME funds as a 2% simple interest, deferred payment loan for improvements to their home at 2053

Newport.

Prepared by: Damon E. Thompson, Operations Manager

Reviewed by: Mary Jo Callan, Community Development Director, Jayne Miller, Community Services Administrator

Whereas, An application was received from Henry and Dorothy Owen for housing rehabilitation assistance for their owner-occupied dwelling located at 2053 Newport;

Whereas, The homeowners meet the City's criteria for participation in the Housing Rehabilitation Program;

Whereas, On October 6, 2009 in Resolution #R-08-408, City Council approved a housing rehabilitation agreement in the amount of \$30,832.00 with Henry & Dorothy Owen. The initial bid for this project was awarded to McHugh's Home Improvement;

Whereas, After multiple instances of poor workmanship on this project including documented unprofessional behavior displayed by the contractor, McHugh's Home Improvement was suspended for twelve (12) months from active participation as a vendor with the Housing Rehabilitation Program beginning October 2, 2009 and ending on October 2, 2010;

Whereas, The suspension notice was issued after the contractor failed to attend two mandatory mediations with the homeowner to create an action plan for resolving the workmanship issues;

Whereas, At this time, the housing rehabilitation project is not completed and Community Development staff has moved forward with securing a new contractor and enforcing the liquidated damages policy in the housing program guidelines to recoup funding from McHugh's Home Improvement;

Whereas, There is \$8,933.00 available in the current HOME contract with McHugh's Home Improvement that will be used to fund the corrective action repairs at 2053 Newport; and

Whereas, On October 23, 2009, the Office of Community Development received one (1) bid for the phase III work submitted by A.H. Construction Company with a base bid of \$34,870.00 to which a 5% contingency of \$1,743.00 was added, bringing the total amount to \$36,613.00;

RESOLVED, That City Council approve the Housing Rehabilitation Agreement with Henry and Dorothy Owen in the amount of \$36,613.00 in HOME Funds as a 2% simple interest, deferred payment loan, to be repaid in full after 30 years or at the time the property changes ownership either by sale, gift, mortgage, land contract, conversion to rental property, inheritance, or change of the use of the property from a single-family residence;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute a Housing Rehabilitation Agreement with Henry and Dorothy Owen consistent with this resolution, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney with funds to be available without regard to fiscal year;

RESOLVED, That as a condition of loan disbursement, Henry and Dorothy Owen will execute a mortgage and promissory note, subject to approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator, or his designee, be authorized to take necessary administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution.