



Legislation Text

File #: 08-0874, **Version:** 1

Resolution to Approve Housing Rehabilitation Agreement with Henry and Dorothy Owen for 2053 Newport (\$30,832.00 HOME Funds)

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

This housing rehabilitation project consists of two phases including completion of sanitary sewer work and additional repairs to the property as outlined in the resolution. This low income household headed by two older adults initially applied for assistance from Community Development in March 2008 to cover the construction costs and connection charges to Public Services for completing the physical connection to the City's sanitary sewer. As a result of a failing septic system, the initial application for assistance was processed as an emergency priority and the work was completed in June 2008. The costs for the emergency sanitary sewer connection will be included in the final security documents executed between Community Development and the homeowners. The City will address the following housing rehabilitation work on this property: insulate walls; install gutters and downs and gutter guard system; replace steps and landing; install stairs; trim all overgrowth; install exterior doors, windows, interior switches and receptacles; replace furnace; install glass block windows in basement; insulate rim joists; install emergency egress window, GFCI outlets, water supply lines, shower stall, vent, gas stove, and attic insulation; and rewire house to code.

On July 3, 2008, the Office of Community Development received five (5) bids for the Phase II work. The lowest bid amount was submitted by McHugh's Home Improvement with a base bid of \$28,029, to which a 10% contingency of \$2,803 was added, bringing the total amount to \$30,832. The \$30,832 in HOME funds will be provided in the form of a 5% 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 5% 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 II work with Henry and Dorothy Owen in the amount of \$30,832.00 in HOME funds as a 5% simple interest, deferred payment loan for improvements to their home at 2053 Newport.

Prepared by: Damon E. Thompson, Operations Manager

Reviewed by: Jayne Miller, Community Services Administrator

Mary Jo Callan, Community Development Director

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; and

Whereas, Five (5) bids were received on July 3, 2008, and Henry and Dorothy Owen will be executing an agreement with McHugh's Home Improvement, the lowest responsible bidder, who has Human Rights and Living Wage Approval, to complete the rehabilitation work;

RESOLVED, That City Council approve the Housing Rehabilitation Agreement with Henry and Dorothy Owen in the amount of \$30,832.00 in HOME Funds as a 5% 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.