



## Legislation Text

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**File #: 27742, Version: 1**

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### **Fiscal Note**

The only changes being requested by this Resolution are to the use of HOME funds and to property ownership. No change in authorized funding amounts is being requested, and these changes will have no impact on the local levy.

### **Title**

Authorizing the amendment of the Operation Fresh Start: Employment and Rehab 2006, 2008, 2009 and 2011 HOME contracts. The amendment includes a change of use of HOME funds and change of ownership for seven (7) properties currently titled to Operation Fresh Start

### **Body**

Operation Fresh Start (OFS) has historically received funding through the CDBG office to construct affordable housing for resale as owner-occupied housing under the federal regulations of 24 CFR 92.254. The current housing inventory for OFS consists of 7 un-sold properties which OFS requests to transfer to Wisconsin Partnership for Housing Development to be included their Lease-to-Purchase program.

WPHD Lease-to-Purchase program is a new program developed by OFS and WPHD. In this model WPHD will purchase and construct or rehab housing using development funds through CDBG office. The contractor to be used for each property will be OFS Youth-Build program. During construction, WPHD will identify prospective tenants who will lease the property. Per federal regulations the property must be transferred within 36 months of initial occupancy. WPHD will offer extensive education for tenants to prepare them for homeownership. Buyers must qualify for conventional financing at the time of purchase; HOME funds invested in the property can be transferred as down payment assistance to eligible households.

The 7 properties are as follows with corresponding contract years in which the properties were funded:

- 4717 Crescent funded 2006
- 117 Rustic Dr funded 2008
- 6317 Driscoll funded 2009
- 5141 Crescent Oaks funded 2009
- 1425 MacArthur Rd funded 2011
- 2718 Myrtle St funded 2011
- 809 Crestview funded 2011

WPHD has agreed to find private financing to purchase the 7 units from OFS. Any CDBG funds invested in the properties originally funded through OFS' Capital Revolving Loan Fund Contract will be returned to the CDBG office at the time of transfer from OFS to WPHD. WPHD will assume all HOME related debt on each property in order to keep the home affordable. HOME funds will transfer to the homeowner within the 36 month lease period when the homebuyer purchases the home from WPHD.

WHEREAS, the CDBG staff and the CDBG Committee have reviewed the proposal and find that it furthers the goals expressed in the 2010-2014 Five-Year Community and Neighborhood Development Plan and the 2012 Community Action Plan which identifies affordable housing as a critical issue within the community, and outlines strategies and priorities to address those problems using community-based groups; and,

WHEREAS, the successful completion of this project will add to the affordable homeowner housing stock and will provide extensive homebuyer education to potential buyers during the lease period which will prepare

these households to purchase the home within 36 months.

NOW, THEREFORE BE IT RESOLVED that the Common Council approve amendment of the Operation Fresh Start: Employment and Rehab 2006, 2008, 2009 and 2011 HOME contracts. The amendment includes a change of use of HOME funds from a direct homebuyer project operated by OFS to a 36 month lease-to-purchase program operated by WPHD and change of ownership for seven (7) properties from OFS to WPHD and authorizes the Mayor and the City Clerk to enter into an agreement with WPHD to purchase the 7 properties from OFS and operate a lease-to-purchase program.