




MEMORANDUM

TO: Board of Mayor and Alderman

FROM: Eric Stuckey, City Administrator 
Vernon Gerth, ACA-Community & Economic Development
Kathleen L. Sauseda, Interim Housing Development Coordinator

DATE: February 14, 2012

SUBJECT: COF Contract 2010-103B with Community Housing Partnership, a Community Development Based Organizations

Purpose

The purpose of this contract amendment is to provide guidance for the use of funds when a Community Based Development Organization (CBDO) realizes a profit from the sale of a low-income single-family dwelling involving Community Development Block Grant (CDBG) funding.

Background

Annually, the City of Franklin receives CDBG funds from the Department of Housing and Urban Development (HUD). These funds are used to support various HUD-approved housing activities in accordance with the City's Consolidated Plan. One of the approved activities is supporting CBDO's in the acquisition, construction, rehabilitation, and sale of single-family residences to low- moderate income families. Community Housing Partnership (CHP) and Mt. Hope/Hard Bargain are currently the two CBDO's eligible to receive CDBG funding from the City.

According to HUD regulations, the City has two options when handling income related to CDBG funded activities: the CBDO can return the excess funds thus leaving the City responsible to monitor and eventually reallocate the funds or, the City can allow the CBDO to utilize the funds toward an additional HUD-approved housing activity with the City reporting this added activity to HUD.

The current contract with Mt. Hope/Hard Bargain does include the language proposed; however this language was not included in contract number 2010-130 between the City of Franklin and CHP. Steve Murray, Executive Director of CHP, supports this amendment addendum.

Financial Impact

There is no direct financial impact to the City to institute this contract amendment.

Recommendation

Since CBDO's receive minimal CDBG funds and utilize other funding sources to acquire, construct, rehabilitate, and sell a low-income single-family residence, staff recommends the City allow CBDO's to utilize income toward an additional HUD-approved activity with the City's oversight.

**AMENDMENT TO
CONTRACT FOR THE COMMUNITY BASED DEVELOPMENT ORGANIZATION
COF Contract #2010-0130B**

THIS AMENDMENT is to the CONTRACT made and entered into on the 14th day of September, 2010, by and between the CITY OF FRANKLIN, TENNESSEE (“City”) and COMMUNITY HOUSING PARTNERSHIP OF WILLIAMSON COUNTY, INC. (“Organization”).

WHEREAS, the Contract was executed prior to any profits being made from the sale of properties; and

WHEREAS, in partnership with the non-profit community a profit has been made from the sale of a property that had been purchased with Community Based Development Organization (CBDO) funds; and

WHEREAS, the parties wish to execute this amendment to address the program income generated and provide that it is to be used by the Organization for additional eligible housing related activities of its choosing.

NOW, THEREFORE, the parties AGREE as follows:

1. Section 4 of the Contract shall be amended as follows, by inserting the text below as new paragraphs 15. and 16. to SECTION 7 – STANDARD TERMS AND AGREEMENTS:

15. PROGRAM PROCEEDS

THE ORGANIZATION is acting as a Community Based Development Organization (CBDO) and not as a subrecipient under the terms of this agreement. Revenues generated by activities undertaken by THE ORGANIZATION with funds provided through this agreement are not considered to be program income. The City of Franklin does require THE ORGANIZATION to use program proceeds to continue THE ORGANIZATION’S mission of providing affordable housing. Toward that end, the City of Franklin requires THE ORGANIZATION to submit a written statement within 30 days of receipt of any initial program proceeds outlining their intended future use.

16. REVERSION OF ASSETS.

Upon termination of this agreement, THE ORGANIZATION shall transfer to the City of Franklin any unused program funds on hand at the time of expiration and any accounts receivable attributable to the use of program funds. Any real property under THE ORGANIZATION control that was acquired or improved in whole or in part with program funds in excess of \$25,000 is either: (i) used to meet one of the national objectives in 24 CFR 570.208 until five years after expiration of the agreement; or(ii) not used in accordance with the above paragraph (i) of this section, in which event THE ORGANIZATION shall pay to the City of Franklin an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-program funds for the acquisition of, or improvement to, the property.

2. This AMENDMENT, together with the CONTRACT, constitutes the entire agreement between the parties and supersedes any prior or contemporaneous communications, representations or agreements between the parties, whether oral or written, regarding the subject matter of this AMENDMENT. The terms and conditions of this AMENDMENT may not be changed except by a separate amendment expressly referencing this AMENDMENT and signed by an authorized representative of each party.

In WITNESS WHEREOF, the parties hereto have caused this Agreement to be made, effective and executed as of the ___ day of _____, 20__, by their respective authorized officials.

CITY OF FRANKLIN, TENNESSEE

COMMUNITY HOUSING PARTNERSHIP

By: _____
Dr. Ken Moore
Mayor
Date: _____

By: _____
Stephen Murray
Title: _____
Date: _____

Attest:

Eric S. Stuckey
City Administrator/Recorder
Date: _____

Approved as to form:

Kristen L. Corn, City Attorney