

EFM SUBMISSION NO.: 2012EFM 134

PRESENTED: 11-7-12

ADOPTED: 11-8-12

BY THE EMERGENCY FINANCIAL MANAGER:

RESOLUTION

Resolution to enter into a second change order with Metro Community Development, Inc. to extend the contract term until February 13, 2013 and to amend the scope of services to their original home buyer counseling agreement for the Neighborhood Stabilization Program 1 in order for home buyers to continue receiving housing counseling, a requirement to purchase homes in the NSP-1 areas

The Housing and Economic Recovery Act (HERA) of 2008 was adopted by Congress on July 30, 2008 for the overall purpose of assisting in the redevelopment of abandoned or foreclosed homes in highly distressed areas nationwide.

The City of Flint applied for and was awarded \$4,224,621 in funding through the U.S. Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP) authorized by HERA.

Metro Community Development, Inc. is a non-profit counseling agency for the City's Neighborhood Stabilization Program. Metro Community Development, Inc. received a contract award (10-037) in the amount of \$150,000.00 for the purpose of providing home buyer counseling to home buyers interested in purchasing NSP1 Area homes.

An extension to their contract is needed to make sure that all individuals interested in purchasing redeveloped homes in NSP1 areas receive the required home buyer counseling.

This resolution will also be amending the scope of services and fee schedule in their NSP1 contract (10-037) to mirror the scope of services in their NSP2 contract (12-004). A copy of the new scope of services and fee schedule will be attached to this resolution.

IT IS RESOLVED, that the Emergency Financial Manager authorize appropriate City of Flint officials to do all things necessary to enter into a second change order with Metro Community Development, Inc. to extend the contract term until February 13, 2013 and to amend the scope of services to their original home buyer counseling agreement for the Neighborhood Stabilization Program 1 in order for home buyers to continue receiving housing counseling, a requirement to purchase homes in the NSP-1 areas.

APPROVED AS TO FORM:

APPROVED AS TO FINANCE:



Peter M. Bade, Chief Legal Officer



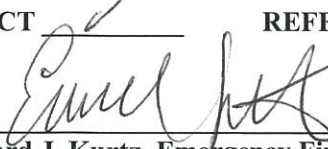
Jerry Ambrose, Finance Director



Michael K. Brown, City Administrator

EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____



Edward J. Kurtz, Emergency Financial Manager

DATED: 11-8-12

RESOLUTION STAFF REVIEW

DATE: October 26, 2012

Agenda Item Title:

Resolution to enter into a second change order with Metro Community Development, Inc. to extend the contract term until February 13, 2013 and to amend the scope of services to their original home buyer counseling agreement for the Neighborhood Stabilization Program 1 in order for home buyers to continue receiving housing counseling, a requirement to purchase homes in the NSP-1 areas

Prepared By: The Department of Community and Economic Development

Author: Kevin L. Miller

Requestor: Karen A. Morris *KAM*

Background/Summary of Proposed Action:

The Housing and Economic Recovery Act (HERA) of 2008 was adopted by Congress on July 30, 2008 for the overall purpose of assisting in the redevelopment of abandoned or foreclosed homes in highly distressed areas nationwide.

The City of Flint applied for and was awarded \$4,224,621 in funding through the U.S. Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP) authorized by HERA.

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Financial Implications:

There are no known financial implications.

Budgeted Expenditure? Yes ☐ No ☐ Please explain if no:

Account No. Revenue: 297-747.442-502.747 and Expense: 297-747.442-805.119 Contract Balance: \$33,820.59

Reviewed and approved by: _____ **Date:** _____

Pre-encumbered? Yes ☐ No ☐ **Requisition #:** _____ **P.O. #:** _____

Other Implications (i.e., collective bargaining):

There are no known implications.

Staff Recommendation:

Staff recommends approval of this resolution.

Supervisor Approval:

(Signature required)

Tracy B. Atkinson
Tracy B. Atkinson, DCED Director

David Solis
David Solis, Director ED

Howard Croft
Howard Croft, Development and Infrastructure Director

METRO COMMUNITY DEVELOPMENT
NEIGHBORHOOD STABILIZATION PROGRAM (NSP-1)

ADDENDUM

Entered into on _____, 2012 by the City of Flint, 1101 South Saginaw Street, Flint, Michigan 48502 and Metro Community Development Corporation, 503 South Saginaw Street, Suite 804, Flint, Michigan 48502 for home buyer counseling services for the Neighborhood Stabilization Program (NSP-1) for the overall purpose of assisting in the redevelopment of abandoned or foreclosed homes under the Housing and Economic Recovery Act (HERA).

The following scope and fee schedule within the current contract shall be changed in the following manner:

New Contract Language:

2. SCOPE OF SERVICE(S)

A. ACTIVITIES

The Subrecipient will be responsible for administering NSP services in a manner satisfactory to the City and consistent with any standards required by the City as a condition of providing these services. Funds for which these activities have been awarded shall be eligible under the Neighborhood Stabilization Program (NSP) and be in accordance with all Federal laws and regulations.

The Subrecipient shall provide all of the materials, labor, equipment, supplies, machinery, tools, superintendence, insurance and other accessories and services necessary to complete the project in accordance with the proposals. 100% of funds are for activities that benefit low to moderate income areas.

The goal of the subrecipient is to successfully provide 8 hour Housing Counseling, Income Verifications, and Credit Repair services for up to 65 potential buyers interested in purchasing homes in NSP1 target areas. Metro Community Development Corporation will primarily counsel homebuyers that are at or below 50 percent of median income. NSP1 program rules allow homes to be sold to families up to 120 area median income (AMI).

Eligible activities include:

1. HUD 8-Hour Housing Counseling

- a. The Subrecipient will submit an 8-Hour Housing Counseling program model and curriculum to the City for review and approval.
- b. The City will provide a Notice to Proceed to the Subrecipient for Housing Counseling for each potential homebuyer upon receipt of an executed Purchase Agreement from the Developer. Upon receipt of the Notice to Proceed, the Subrecipient will contact the potential homebuyer to schedule the 8 Hours of Housing Counseling.
- c. The HUD required Housing Counseling must utilize the National Industry Standards for Homeownership Education and Counseling (<http://www.homeownershipstandards.com>).
- d. A "certificate" must be provided to each participant who completes the counseling
- e. The HUD required Housing Counseling must cover the following topics:
 - i. The Difference between Homeownership and Renting
 - ii. Financial Literacy/Money Management
 - 1. Basic Banking
 - 2. Debt management
 - 3. Construction of a Household Budget
 - iii. Consumer Education
 - iv. Understanding and Repairing Credit
 - v. Qualifying for a Mortgage
 - vi. Selecting a Realtor
 - vii. Insurance and Home Warranties
 - viii. Homeownership Responsibilities
 - ix. Homeownership Safety and Security
 - x. Foreclosure Prevention
 - xi. Property Tax Information
 - xii. Utility Assistance Programs
 - xiii. Other Available Community Services

2. Income Verification

- a. The City will provide a Notice to Proceed to the Subrecipient for Income Verification for each potential homebuyer upon receipt of an executed Purchase Agreement from the Developer. Upon receipt of the Notice to Proceed, the Subrecipient will contact the potential homebuyer to schedule completion of the Income Verification.
- b. The Income Verification will be conducted in accordance to HUD guidelines.

3. Individual Credit Counseling / Credit Repair

- a. The City will provide a Notice to Proceed to the Subrecipient for Credit Counseling/Credit Repair for each potential homebuyer. This determination will be made in consultation with the Housing Counselor and will be based on a potential homeowner's ability to obtain a mortgage. Upon receipt of the Notice to Proceed, the Subrecipient will contact the potential homebuyer to schedule Credit Counseling/Credit Repair services.
- b. No Credit Counseling/Credit Repair services will be conducted on individuals that would not be able to obtain a mortgage within 6 months or by March 13, 2013.
- c. The Credit Counseling/Credit Repair services include the following:
 - i. Counselor will pull a tri-merge credit report
 - ii. Counselor will discuss the credit report in detail, providing clients with options and suggestions on how to reduce debt
 - iii. Counselor will draft and submit credit repair letters (settlement offers, dispute letters, corrections to credit report letters etc.)
 - iv. Counselor will offer client opportunity to participate in the SBBRYC (Save, Borrow, Build, Repair, Your Credit) program
 - v. Counselor will work with client to create a household budget
 - vi. Counselor will discuss the importance of saving and having a relationship with a financial institution
 - vii. Counselor will be available to answer all clients questions regarding Credit Repair & Asset Building
- 4. The Subrecipient will submit monthly activity and progress reports to designated City of Flint staff.
- 5. The Subrecipient will maintain records in accordance with City and NSP1 recordkeeping guidelines
- 6. The Subrecipient will attend meetings every other week with the City of Flint.
- 7. The following activities are required to support the Scope of Services and must be coordinated through City of Flint NSP1 staff:
 - a. Development of procedures and processes
 - b. Creation of required forms and documents
 - c. Scheduling activities
 - d. Creation of a Program Operational Manual
 - e. Generate public progress reports

B. BUDGET - \$33,800.00

Scope Item	Cost	Units	Total
Homebuyer Intake	\$10.00	95	\$950.00
8-Hour HUD Counseling – MOD I	\$80.00	65	\$5,200
8-Hour HUD Counseling – MOD II	\$90.00	65	\$5,850
8-Hour HUD Counseling – MOD III	\$90.00	65	\$5,850
8-Hour HUD Counseling – MOD IV	\$90.00	65	\$5,850
Income Verification*	\$100.00 (\$75.00)	65	\$6,500
Credit Repair**	\$180.00	20	\$3,600
			\$33,800.00

* Income Verification for individuals between 41%-99% AMI is billed at \$75.00/person.

** Credit Repair assumes two (2) 1.5 hour sessions at \$90/session.