



Department of City Development
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MEMORANDUM

DATE: August 14, 2012

TO: Honorable Members, Community Development Committee

FROM: Brian F. O'Connell, Director 

SUBJECT: Item 12-8039 - Communication from the Director of City Development recommending changes to the HOME grant provided to the St. Paul Community & Economic Development Corporation for the Faith Builds Community Housing and Homeownership Expansion Initiative.

On June 7, 2011, by resolution 11-2572, the Common Council provided a grant of \$100,000 in HOME funds to the St. Paul Community & Economic Development Corporation (also known as the "Faith Builds") for the construction of a single-family home on the vacant lot at 61 Riverside Drive. Since then, as staff has worked with Faith Builds, two broad concerns have emerged: that the project is under-funded, raising the risk that work on the house could begin and then stop due to lack of funds, and that the ownership of the house by the Faith Builds after construction creates potential conflicts with recently changed HUD regulations.

To remedy these concerns, staff is recommending the following:

- That the HOME grant be increased to cover more of the actual cost of the house, estimated at \$160,000.
- That Faith Builds receive a development fee, \$16,000 based on the above assumptions. Faith Builds manages construction. The fee is not reduced if there are cost savings; the fee is not increased if there are cost overruns.
- That Faith Builds deed the property back to the City of Racine. City and Faith Builds jointly market the home upon completion of construction, but the City deals with income eligibility of buyers, program income, etc.

The total revised amount of the HOME grant will be \$176,000. A revised budget is attached. HOME funds are available to cover the increase.

To implement the change, I ask that your committee recommend that the Mayor and City Clerk be authorized to execute an amended agreement consistent with these recommendations. I look forward to discussing this item with you at tomorrow's meeting.

Attachment

Project Budget
61 Riverside Drive
Racine, WI

<u>Item</u>	<u>HOME Funds</u>	<u>Other Sources</u>	<u>Total</u>
1 Property Acquisition	\$ -	1	\$ -
1 Permits	\$ 900	0	900
1 Survey	\$ 1,300	0	1,300
1 Excavation	\$ 3,500	0	3,500
1 Sewer & Water	\$ 10,000	0	10,000
1 Foundation	\$ 14,500	0	14,500
3 Carpentry Package	\$ 5,500	0	5,500
2 Roof	\$ 22,500	0	22,500
2 Framing	\$ 18,000	0	18,000
2 Electric	\$ 10,000	0	10,000
2 Plumbing	\$ 8,000	0	8,000
2 HVAC	\$ 6,500	0	6,500
3 Insulation	\$ 6,700	0	6,700
3 Drywall	\$ 9,000	0	9,000
3 Fixtures	\$ 3,000	0	3,000
4 Finish Carpentry	\$ 6,000	0	6,000
4 Flooring	\$ 5,800	0	5,800
5 Grading/Landscaping	\$ 4,500	0	4,500
4 Flatwork	\$ 2,700	0	2,700
3 General Contractor	\$ 7,500	0	7,500
4 Overhead/Administration	\$ 0	799	0
Interest	\$ 0	0	0
HOME TOTAL	\$ 145,900	800	\$146,700
1 Permits	\$ 600		600
5 Flatwork	\$ 2,500		2,500
6 Framing	\$ 4,500		4,500
6 Carpentry	\$ 1,000		1,000
6 Roofing	\$ 1,800		2,800
6 Garage Doors	\$ 800		800
6 Garage Door Opener	\$ 850		850
6 Finish Carpentry	\$ 1,250		1,250
Overhead	\$		
GARAGE TOTAL	\$ 13,300		\$13,300
GRAND TOTAL			\$160,000

*Numbers indicate payment schedule
*6 payment schedule

*payment schedule and work completed are tentatively

#1 done within 30 days of start

#3 completed within 30 days after #2

#5 completed within 15 days of #4

#2 completed within 30 days after #1

#4 completed within 30 days after #3

#6 completed within 15 days of #5