

RESOLUTION NO. _____

AUTHORIZATION TO ENTER INTO A CONSTRUCTION AGREEMENT WITH RIVER CITY HOUSING FOR NEW HOME LOCATED ON LOT # 15 AT SHEPPARD SQUARE

Item No. 5G

WHEREAS, in June 2017, the Louisville Metro Housing Authority (LMHA) and the U.S. Department of Housing and Urban Development entered into an Addendum to the HOPE VI Implementation Grant Agreement, which describes the Onsite Homeownership Phase for the Sheppard Square HOPE VI Revitalization; and

WHEREAS, as the developer for the Sheppard Square Homeownership Program, LMHA will make non-federal funds available for construction financing for homebuyers; and

WHEREAS, the funds will originate from developer fees earned by LMHA from Sheppard Square rental phases; and

WHEREAS, on February 8, 2017, the LMHA issued a Request for Letters of Interest for Onsite Homebuilders for Sheppard Square HOPE VI Revitalization and River City Housing (RCH) was one of two respondents; and

WHEREAS, LMHA has identified a prospective purchaser for property located at 741 John Little Street, and would like to enter into a Construction Agreement with RCH for the construction of a new 1,100 square foot single-family accessible home on the property; and

WHEREAS, the Construction Agreement will be in the amount not to exceed \$262,650.00; and

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WHEREAS, RCH will provide all labor, material, supervision, equipment, and all other things necessary to prosecute and complete the work in 180 calendar days as described in the Construction Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS, that the Executive Director and Contracting Officer, Lisa Osanka, is hereby authorized to enter into a construction agreement with River City Housing in the amount not to exceed of \$262,650.00 for the construction of a new home located at 741 John Little Street at Sheppard Square.

RESOLUTION BACKGROUND STATEMENT

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I. STATEMENT OF FACTS:

In June 2017, LMHA and the U.S. Department of Housing and Urban Development entered into an Addendum to the HOPE VI Implementation Grant Agreement, in which the Onsite Homeownership Phase for the Sheppard Square Revitalization is described. Under this document, LMHA commits to act as a developer for the 23 Homeownership units that are part of lenders and homebuilders and to oversee the construction of the new homes.

Part of LMHA's role as a developer is also to provide construction financing for homebuyers as needed. Program income funds from Sheppard Square rental phase developer fees will capitalize the revolving construction loan fund.

River City Housing is one of two respondents to the Request for Letters of Interest for the Onsite Homebuilders for Sheppard Square HOPE VI Revitalization that LMHA advertised on February 8, 2017. RCH has met with the potential homebuyer and agreed to be the builder for the new home located on Lot#15 (741 John Little Street) at Sheppard Square and can build the home for an amount not to exceed \$262,650.00 in 180 calendar days.

The Sheppard Square Homeownership Design Committee, (LaTasha Kilgore, Norma Ward and Sherman Carter Barnhart Architects), has reviewed the plans and specifications, budget, and construction schedule for the new 1,100 square foot accessible home submitted by RCH, and found it to be in compliance with the Sheppard Square Homeownership Program design parameters. RCH has also agreed to comply with LMHA's MBE, FBE and DBE and Section 3 Participation Goals. LMHA will oversee the construction and compliance to the program.

The Board approved a previous Resolution, No. 48-2019 (5/21/19), but the construction contract was not executed due to design and financing concerns. Those concerns have been addressed, allowing staff to recommend that the transaction move forward.

LMHA will be repaid the \$262,650.00 at the Mortgage Closing with the homebuyer.

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II. ALTERNATIVES:

- A. Approve authorization to enter into a Construction Agreement with River City Housing for a new home located on lot # 15 (741 John Little Street) at Sheppard Square, in an amount not to exceed \$262,650.00.
- B. Do not approve award of the contract at this time.

III. RECOMMENDATION:

Staff recommends Alternative "A."

IV. JUSTIFICATION:

- The Sheppard Square Design Committee (LaTasha Kilgore, Norma Ward and Sherman carter Barnhart Architects) has reviewed the plans and specifications for the new home and finds them in compliance with the Sheppard Square Pattern Book.
- Sheppard Square Home Ownership is the final stage of the Sheppard Square HOPE VI Revitalization.

V. BUDGET APPROVAL:

Funding for this project is provided from developer fees earned from Sheppard Rental phases.

Aaron Dean, Director of Finance

Date

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VI. PROCUREMENT CERTIFICATION:

The procurement of this contract is in compliance with the Louisville Metro Housing Authority's procurement policies and procedures.

Steve Webb, Purchasing Agent

Date

Prepared and submitted by: Norma Asyn Ward, Director
Capital Improvements Department

Jeff Ralph, Director
Strategic Planning
May 17, 2022