

RESOLUTION NO. _____

**AUTHORIZATION TO AMEND THE SHEPPARD SQUARE HOMEOWNERSHIP
DEVELOPMENT AGREEMENT WITH HABITAT FOR HUMANITY**

Item No. 5E

WHEREAS, the Louisville Metro Housing Authority (LMHA) owns and prepared twenty-three (23) lots for homeownership in conjunction with the Sheppard Square HOPE VI project on Hancock Street and John Little Street between Jacob Street and Lampton Street; and

WHEREAS, LMHA signed a Development Agreement (the Agreement) executed on August 29th, 2018, with Habitat for Humanity of Metro Louisville, Inc. (Habitat). The Agreement provided Habitat with the opportunity to reserve five (5) lots and construct single-family homes on those lots for families earning at or below 80% of Area Median Income. Once improvements are complete, LMHA and Habitat would convey the parcel and improvements respectively to an affordable homebuyer; and

WHEREAS, the Agreement was amended effective August 29th, 2021, increasing the lots reserved for Habitat to eight (8); and

WHEREAS, Habitat is proposing to amend the Agreement to allow for three (3) one-year extensions; to change the reserved lots; and increase the total amount of currently reserved lots to fourteen (14) which are to be used for construction of affordable single-family homes for families earning at or below 80% of Area Median Income; all other terms and conditions within the Development Agreement shall remain the same.

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NOW, THEREFORE, BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS, that the Executive Director, is hereby authorized to amend the Amendment to Development Agreement with Habitat and execute any documents necessary to improve and sell fourteen (14) lots (#15, #16, #17, #18, #19, #20, #21, #24, #25, #26, #27, #28, #29, #30) at \$1.00 each, for a total of \$14.00 to affordable homebuyers provided by Habitat For Humanity of Metro Louisville for the construction of fourteen (14) single-family affordable homeownership homes.

RESOLUTION BACKGROUND STATEMENT

AUTHORIZATION TO AMEND THE SHEPPARD SQUARE HOMEOWNERSHIP DEVELOPMENT AGREEMENT WITH HABITAT FOR HUMANITY

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I. STATEMENT OF FACTS:

The Louisville Metro Housing Authority (LMHA) owns and prepared twenty-three (23) lots for homeownership in Sheppard Square on Hancock Street and John Little Street between Jacob Street and Lampton Street within Smoketown. Homeownership is one of the elements of the Sheppard Square HOPE VI development.

LMHA signed a Development Agreement executed on August 29th, 2018 with Habitat For Humanity of Metro Louisville, Inc. (Habitat). The Agreement provided Habitat with the opportunity to reserve five (5) lots (#8, #9, #22, #23, #24) and construct single-family homes on those lots for families earning at or below 80% of Area Median Income. Once improvements are complete, LMHA and Habitat would convey the parcel and improvements respectively to an affordable homebuyer.

The Agreement was amended effective August 29th, 2021, revising the lots committed to eight (8) lots. Lots #8 and #9 were removed from the committed lot list. Lot #22 was sold. The reservation for Lots #23 and #24 remained and lots #16, #17, #27, #28, #29 and #30 were added. All other terms and conditions listed within the Development Agreement shall remained the same.

A developer that is working with a qualified buyer has requested that the reserved lot #15, as well as the prospective buyer, be allowed to transfer to the Habitat program. Habitat has tentatively agreed to the transfer and proposes to amend the Agreement to include lot #15 and an additional six (6) lots for matching with qualified buyers in the coming years. Habitat also proposes to extend the term to allow for three (3) one-year extensions; to change the reserved lots; and increase the total amount of reserved lots to fourteen (14) which are to be used for construction of affordable single-family homes for families earning at or below 80% of Area Median Income.

To date, Habitat has performed the following work:

- Lot #22 and #23 were fully developed and sold to homeowners
- Lot #29 and #30 are construction complete and scheduled to close in September

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I. STATEMENT OF FACTS (cont'd):

- Lot #28 is construction complete and scheduled to close in September
- Lot #17 construction is substantially complete
- Worked with another developer on architectural plans and financing for Lot #15
- Two lots have also been matched to qualified buyers
- Habitat plans to offer the eight (8) uncommitted lots to the next group of graduates in the third quarter of 2023.

II. ALTERNATIVES:

- A. Approve amending the development agreement with Habitat for Humanity of Metro Louisville
- B. Do not amend the document and pursue other development options

III. RECOMMENDATION:

Staff recommends Alternative "A"

IV. JUSTIFICATION FOR THIS RECOMMENDATION:

- A. Habitat for Humanity of Metro Louisville is a nonprofit organization that will develop the property for low-income homebuyers and bring homebuyer financing to the table.
- B. Habitat has a proven track record of building a high-quality home within the parameters of the Sheppard Square Homeownership Pattern Book.
- C. Habitat has shown that there is interest within their program for Sheppard Square homeownership.

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V. PROCUREMENT CERTIFICATION:

This Asset Disposition is within compliance with the Louisville Metro Housing Authority's Disposition Policy

Steve Webb, Purchasing Agent

Date

Submitted by: Jeffrey Ralph, Director of Strategic Initiatives
September 20, 2022