

March 28, 2024

Item No. 9.2.

Contract Termination - Habitat for Humanity 14015 Renee Lane

Sponsor: Debbie Eller, Director of Community Services

Reviewed By CBC: City Council

Agenda Caption: Presentation, discussion, and possible action regarding termination of a Community Development Block Grant Funding Contract with Bryan/College Station Habitat for Humanity.

Relationship to Strategic Goals:

Core Services & Infrastructure, Neighborhood Integrity

Recommendation(s): Staff recommends termination of the Community Development Block Grant Funding Contract (17300511) with B/CS Habitat for Humanity.

Summary: A Community Development Block Grant (CDBG) Funding Contract in the amount of \$794,000 was executed with Bryan-College Station Habitat for Humanity (Habitat) in July 2017. The budget included acquisition of the property at 14015 Renee Lane (1.57 ac.) for \$475,000 and soft costs, professional fees, a development fee, and infrastructure costs totaling \$319,000. Based on preliminary designs by the seller, Habitat estimated that they would be able to construct 8 single-family homes on the parcel of land. Significant drainage issues resulted in a final approved design of 5 platted lots. The contract does not provide any funds to Habitat for housing construction expenses.

This project has experienced significant delays and the cost for construction has increased significantly. Habitat responded to a Request for Proposal for the development of affordable housing in May 2023 requesting additional funds in the amount of \$300,000.

The final plat for the subdivision was approved on November 7, 2023. The approved infrastructure design includes paving, sidewalks, grading, sanitary sewer, storm sewer and water line improvements to support the development of single-family homes. Habitat released an RFP for infrastructure construction on February 2, 2024. Habitat's award of a construction contract in the amount of \$572,153 is pending. Habitat submitted a revised request for funds in March 2024 in the amount of \$446,921.

Based on the final estimated cost per house of \$448,184, Habitat and city staff mutually request the termination of contract 17300511. Habitat will be required to dispose of the property and reimburse the city in the amount of the fair market value of the property not to exceed \$514,592.43, the total amount of CDBG funds drawn to date by Habitat for the project. The expenditure of these funds did not result in meeting a national objective and is considered an ineligible use of CDBG funds.

The amount of CDBG funds drawn to date totals \$516,791.37. The amount of \$65,541.82 were funds from the 2015 CDBG grant and are subject to repayment by the City. Once repaid to HUD, the amount of \$65,541.82 will be recaptured by the U. S. Treasury and will not be available to College Station for future projects.

Budget & Financial Summary: Community Development Block Grant Funds are available in the FY2024 Community Development Budget.

Attachments:

1. Renee Lane Project Cost Summary

14015 Renee Lane/B-CS Habitat for Humanity CDBG Funding Agreement

Cost Summary Sources	Based on Original Proposal June 2017	Based on Final Plat June 2017	Response to RFP in May 2023 March 2024	Based on Revised Request March 2024
Number of Houses	8	5	5	5
Land Acquisition	\$477,307	\$477,307	\$477,307	\$477,307
Infrastructure Costs	\$248,000	\$248,000	\$420,232	\$572,153
Other Soft Costs/Fees	\$68,693	\$68,693	\$96,461	\$191,461
Housing Construction	\$700,000	\$700,000	\$1,000,000	\$1,000,000
Total Project	\$1,494,000	\$1,494,000	\$1,994,000	\$2,240,921
Per House Cost	\$186,750/House	\$298,800/House	\$398,800/House	\$448,184/House
CDBG Funds Requested	\$794,000	\$794,000	\$994,000	\$1,240,921

Timeline

Original Proposal (RFP 17-058)	May 2017	RFP 23-063 May 2023	Revised Request
Acquisition	July 2017		
Engineering Work Completed	Fall 2017		November 2023
Infrastructure Work Complete	Spring 2018	December 2023	May 2024
Home Construction Begins	Spring and Summer 2018	January 2024	October 2024
Home Construction Complete	Summer and Fall 2021	December 2024	April 2026
All House Sales Closed (latest)	Spring 2022	December 2024	April 2026

Draw Breakdown

Habitat Expenses	City Staff Costs
\$515,691.90	\$1,099.47

Habitat Repayment to HUD	Habitat Repayment to Local Account Funds	City Repayment to HUD
\$64,442.35	Not to exceed \$451,249.55	\$1,099.47