



MEMORANDUM

To: Mayor and City Councilors

From: Rich Olson, City Manager

Date: April 18, 2013

Re: Consideration – Community Support Grant Request from Habitat for Humanity

BACKGROUND:

The City received the attached correspondence from Elizabeth City Habitat for Humanity. They are requesting \$7,500 in funding from the City to complete improvements on three (3) new homes they own on Fifth Street. Recently, Habitat for Humanity received a gift from one of our local banks of the three partially completed homes. (The original developers went bankrupt.)

Before the City would allow Habitat to sell these homes, they were required to install water and sewer lines, including a lift station, for the three existing homes and the three remaining vacant lots. The cost to do this work was approximately \$100,000. It is my understanding that the homes are 90% complete and need such improvements as installation of concrete driveways and landscaping. These homes are energy efficient. Habitat has worked with Dennis Gordon to insure a well-built, energy efficient home.

ANALYSIS:

During the Fiscal Year 2012-2013 budget process, the City Council allocated \$75,000 for Community Support Grants. There is \$2,500 remaining in the account, which could be used by the City Council. In the past, the City has made bridge loans to other non-profits such as the Boys and Girls Club. The remaining \$5,000 being requested by Habitat could be handled through a bridge loan.

I discussed the possibility of a bridge loan with David Cross, Board Member and Building Committee Chair for Habitat, and he said that they could afford monthly payments of \$100 to \$150 per month. Once the homes are sold, these payments could be increased or an early payment forgiveness of the principal amount could occur.

The Finance Committee discussed this matter during their meeting on April 17, 2013 and recommends approval.

STAFF RECOMMENDATION:

By motion, adopt the attached budget amendment to award a Community Support Grant to Elizabeth City Habitat for Humanity in the amount of \$2,500; and further, authorize the City Attorney to draft a Bridge Loan Agreement with Elizabeth City Habitat for Humanity that would require repayment of \$5,000 in loan principal within 36 months.

RCO/vdw

BUDGET AMENDMENT

BE IT ORDAINED by the City Council of the City of Elizabeth City that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2013:

SECTION I. That the General Fund Community Support Grant (106620.6000) be decreased by \$2,500, the General Fund Balance Appropriated (103990.0000) be increased by \$5,000, and the Habitat for Humanity (106620.5835) be increased by \$7,500.

(To record contribution of \$2,500 and \$5,000 36-month interest-free loan to Habitat for Humanity.)

Joseph W. Peel, Mayor

Dianne S. Pierce-Tamplen, MMC, City Clerk



April 12, 2013

Mayor Joseph Peel
Elizabeth City Council Members
City of Elizabeth City
PO Box 347
Elizabeth City, NC 27906

Dear Mayor Peel and Councilors:

Elizabeth City Habitat for Humanity is in the process of completing three new homes for lower income families currently living in sub-standard housing. The homes are located on Fifth Street near Knobbs Creek Recreation Center. Once complete, these three families will benefit from clean, comfortable and energy efficient housing. Habitat will finance the homes for the families at no interest. As in previous Habitat projects, we expect the surrounding property owners will take more pride in their homes and improve the overall neighborhood.

We have invested over one hundred thousand dollars (\$100,000.00) in the completion of the homes including water and sewer improvements. We have exhausted all of our financial sources and remain approximately \$7,500.00 short of funds to complete the project and turn the homes over to our families.

Elizabeth City Habitat for Humanity is asking for the City to assist us with any available grant money and/or a bridge loan we can repay on a monthly basis – no longer than forty-eight (48) months.

Thank you for your consideration and assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Cross".

David W. Cross
Board Member and Building Committee Chair
(252) 338-5786
david@crossre.com