



City of Olathe

COUNCIL AGENDA ITEM

MEETING DATE: 10/15/2019

DEPARTMENT: Parks and Recreation, Legal

STAFF CONTACT: Michael Meadors, Ron Shaver

SUBJECT: Authorization of the sale of Neighborhood Stabilization Program rental properties during the Program affordability period pursuant to applicable Program requirements and applicable U.S. Housing and Urban Development requirements for low-income homebuyers.

ITEM DESCRIPTION:

Consideration of Resolution 19-1060 authorizing the sale of certain Neighborhood Stabilization Program rental properties.

SUMMARY:

In 2010, the City of Olathe used Neighborhood Stabilization Program (NSP) funds (enabled by passage of the Housing & Economic Recovery Act of 2008) to purchase and rehabilitate eleven (11) homes in Olathe. Three (3) were rehabilitated and immediately sold to low-income families (income below 120% area median). After sale of the houses, the sale proceeds were turned over to the State of Kansas as required under NSP regulations. The remaining eight (8) purchased homes were rehabilitated and then converted to NSP rentals. Under NSP, rentals may be purchased by current tenants who have lived there for at least a year with no neighbor complaints, meet income qualifications, and take an 8-hour homebuyer education and counseling class.

These eight (8) NSP rental homes are subject to NSP affordability periods during which tenants must be income-qualified at the time of rental and the rent is restricted to HUD Section 8 fair market rent amounts. Four properties are subject to a 10-year affordability period (expires 2020), and the other four have a 15-year period (expires 2025). One NSP rental property - 407 S. Ridgeview - is ready to be sold to the current tenant, who is interested and able to purchase the property. Another NSP rental property - 110 S. Chambery - has a tenant who is interested and may be able to purchase. Staff has prepared a resolution to authorize these sales and any others meeting applicable NSP and HUD requirements ([Attachment A](#)).

Additional background and details on the NSP and Olathe's NSP rental homes is included as [Attachment B](#).

FINANCIAL IMPACT:

None. Homes were purchased entirely with federal grant funds and all proceeds from sales during the affordability period are returned by the OHA to U.S. Department of Housing and Urban Development through the State of Kansas.

ACTION NEEDED:

MEETING DATE: 10/15/2019

Approve Resolution 19-1060 authorizing the sale of certain Neighborhood Stabilization Program rental properties.

ATTACHMENT(S):

Attachment A: Resolution 19-1060

Attachment B: City of Olathe Neighborhood Stabilization Program Summary