


**PLANNING AND DEVELOPMENT MEMORANDUM**  
**#08-11**

May 22, 2008

**TO:** Honorable Mayor Kathleen M. Novak and City Council Members

**FROM:** A. J. Krieger, City Manager  
James Hayes, Director, Planning and Development Department   
Debra Gray, Housing and Grants Administrator

**SUBJECT:** CR-82 - 2007 Community Development Block Grant (CDBG) – Re-Designation

**RECOMMENDATION:**

Staff recommends approval of the attached Resolution, which, if approved, would authorize the re-designation of a portion the City's 2007 CDBG funding for the Equity IQ Program.

**BACKGROUND:**

On February 21, 2008 and April 3, 2008, staff presented information to the City Council regarding the Neighborhood Initiative. One of the components of the Initiative is to reallocate \$91,000 in CDBG funds for a foreclosed home program known as Equity IQ.

Under this program, the City would partner with the Adams County Housing Authority (ACHA), NNDC, or other non-profit to obtain significantly reduced Real Estate Owned (REO) by local and national banks. Value-Builders may be brought in to fix up the home and it may be sold on the open market.

Staff has been meeting Chris Hotz and Eric Stevens from Value Builders for the past several months. We are continuing to develop financing scenarios, which meet the requirements of the CDBG regulations and protect the City's interests before, during, and after the transaction. At a future Council meeting, staff will provide detailed agreements with Value Builders and a real estate contract for consideration.

An issue raised by some members of Council is the "sole sourcing" of Value Builders for this program. We have verified with the County that we do not need to execute a new sub-grantee agreement since we will not be using CDBG Funds to pay Value Builders directly. Therefore, we could have another for-profit or non-profit entity operate as Value Builders and perform the same functions under this program.

**POTENTIAL OBJECTION:**

City Staff is not aware of any specific opposition to the use of CDBG funding for the Equity IQ Program.

**BUDGET/TIME IMPLICATIONS:**

There are no budget implications. However, the funds have been extended once and now have a program end date of February 28, 2009.

**STAFF REFERENCE:**

If Council members have any comments or questions they may contact James Hayes at [jhayes@northglenn.org](mailto:jhayes@northglenn.org) or at 303-450-8937 or Debra Gray at [dgray@northglenn.org](mailto:dgray@northglenn.org) or at 303-450-8931.

SPONSORED BY: COUNCIL MEMBERS CLYNE, DOWNING & WIENEKE

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-82  
Series of 2008

\_\_\_\_\_  
Series of 2008

A RESOLUTION APPROVING THE RE-DESIGNATION OF A PORTION OF THE CITY OF NORTHGLENN'S 2007 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR THE EQUITY IQ PROGRAM

WHEREAS, the City receives Community Development Block Grant (CDBG) funds from Adams County pursuant to an Intergovernmental Agreement for undertaking community development and housing assistance; and

WHEREAS, the City experienced over 200 foreclosures in both 2006 and 2007, and as of April 17, 2008, there were 100 single-family detached homes with 3 bedrooms and 2 bathrooms under \$200,000 on the market that were 30% lender owned, 32% marketed as a short sale and only 38% were shown as a regular listing with out a "distressed seller"; and

WHEREAS, a report from the Pew Charitable Trusts dated April 2008, has projected that in the State of Colorado, over the next two years, neighboring homes close to foreclosed properties will lose an average of \$4,251 from their property vales and a total of \$3.2 billion will be lost from the combined state and local tax base; and

WHEREAS, the City desires to maintain and improve both neighborhoods and housing stock and protect the tax base through the use of a foreclosed home program know as the Equity IQ program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The City Council hereby determines to redesignate the City's 2007 CDBG Allocation in the amount of \$91,000 for the Equity IQ Program.

DATED at Northglenn, Colorado, this \_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
KATHLEEN M. NOVAK  
Mayor

ATTEST:

---

JOHANNA SMALL, CMC  
Acting City Clerk

APPROVED AS TO FORM:

---

COREY Y. HOFFMANN  
City Attorney