

**City of Sedgwick
City Council Meeting
May 6, 2026**

TO: Mayor and City Council

SUBJECT: Third Addendum To Moderate Income Housing Grant Agreement

INITIATED BY: Administration

AGENDA: New Business

Background: The City of Sedgwick was the recipient of the Moderate-Income Housing Grant through the Kansas Housing Resource Corporation for the establishment of Red Barn Farms Addition in 2020. To date, two homes have been built in the addition – one spec home that is currently being occupied by the developer’s family, and a second home that was established in 2024 after combining two lots within the development. This leaves two remaining lots within the development and one \$40,000 downpayment assistance grant through the MIH program.

The developer, Dru Held, has been approached by the Hansen family seeking to purchase one of the remaining lots and utilize the \$40,000 downpayment assistance to fund the building of a single-family residence that will become a rental property. The Hansen’s currently have a tenant that has approved of the draft contract and are ready to move forward pending council’s approval of the amendment to the MIH agreement.

Analysis: Staff has reviewed the financial information provided by the tenant and acknowledge that they meet the income requirements set forth by the program. In discussions with MIH Program Administrator Brina Nold, it is the decision of the governing body as to whether to approve the addendum to the original MIH agreement, MIH has no restrictions on the funding being utilized for the creation of long-term rental properties over owner-occupied units.

This addendum would allow for the grant funds to be utilized to build a long-term rental property instead of a traditional single-family owner-occupied unit. The approval of this addendum would close out the MIH grant with KHRC and establish another tax eligible property within the city. This property would not qualify for additional local incentives such as the Homebuyers Incentive Program as the structure is not the primary residence of the parcel owner.

Financial Considerations: In lieu of the downpayment assistance going to the home buyer, funds would be disbursed once the builder has accumulated expenses. They would need to request a drawdown of the funds outlining the construction costs incurred. KHRC would process the request to the City, then the City to the builder.

Recommendation: It is recommended that City Council approve the third addendum to the moderate-income housing grant agreement as presented.

Third Addendum to Moderate Income Housing Grant

This Third Addendum to the Moderate Income Housing Grant Agreement (“Third Addendum”) between the City of Sedgwick, Kansas (“Grantee”), 520 N. Commercial, Sedgwick, Kansas 67135, and Kansas Housing Resource Corporation (“KHRC”) is effective May 6, 2026.

WHEREAS, KHRC administers the Moderate Income Housing (“MIH”) program through the State Housing Trust Fund (“SHTF”), which provides loans or grants to cities or counties for infrastructure or housing development in rural areas (“Eligible Activities”);

WHEREAS, Grantee and KHRC entered into the Moderate Income Housing Agreement executed on January 28, 2020 (the “Agreement”), under which KHRC agreed to allocate MIH program funds to Grantee, and Grantee agreed to use those funds to complete certain Eligible Activities as detailed in the Agreement;

WHEREAS, a First Addendum to the Agreement executed on March 3, 2023 provided Grantee additional MIH program funds in the amount of \$40,000 to support the Eligible Activities as set out in the Agreement;

WHEREAS, a Second Addendum to the Agreement executed on August 21, 2024 reduced the number of MIH housing units from five (5) to four (4) units to enable the combining of two adjoining parcels for sale to one buyer;

WHEREAS, Grantee now requests utilizing the additional \$40,000 downpayment assistance granted from the First Addendum by allowing the one buyer to qualify a long term tenant family to occupy the 3rd home to be built on Lot1, and KHRC is agreeable to the requested change for this purpose, and

WHEREAS, the parties desire to modify the Agreement to provide for the above-referenced amendment with express stipulations as noted herein, and otherwise to ratify and confirm the Agreement in its entirety.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the parties agree as follows:

1. In the purchase of lot1 to build the 3rd of four MIH homes on Sedgwick Redbarn Farms the buyer will be allowed to receive the final \$40,000 down payment assistant grant from KHRC/City of Sedgwick once the qualifying tenant household income is approved and a long term lease agreement that specifies the period of prepaid \$40,000 rent is signed.

2. Construction of the house is completed, the mortgage and deed restriction is closed in escrow, and occupancy approved from the City of Sedgwick no later than December 30, 2027.
3. The \$40,000 down payment assistance will be sent to escrow at closing in consideration as advance rent payment as specified in the long term lease agreement for a specified period to account for the \$40,000 prepaid rent.
4. This third addendum Agreement validity is expressly contingent upon the sale of the current identified buyer (landlord) and a long term lease by the tenant that is pre-qualified within the MIH household income range. In the event the sale is not completed on or before June 30, 2026 or the identified tenant does not sign the lease agreement to occupy the home upon completion of construction this third addendum is null and void by its own terms without further action by the parties hereto.
5. All other terms of the initial Agreement are hereby ratified and affirmed including the first and second addendums. The parties reaffirm all certificates and representations made in the Agreement and understand that there has not been any waiver or modification of any of the terms or conditions of the Agreement except as expressly stated herein.
6. This third Addendum, along with the forementioned First and Second Addendum, embody the entire agreement with understanding of the parties hereto with respect to the subject matter contained herein. No alteration, modification, or change to this Third Addendum shall be valid unless executed in writing by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Third Addendum to Agreement between Grantee and KHRC as of the date stated above.

GRANTEE: City of Sedgwick, Kansas

By: _____

Date: _____

KANSAS HOUSING RESOURCES CORPORATION

By: _____

Date: _____