



Legislation Details (With Text)

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On agenda: 11/11/2013 **Final action:** 11/13/2013

Title: To authorize the Director of the Department of Development to release the lien position of the City of Columbus on the on loans made from HOME funds totaling \$429,334.19; and to declare an emergency.

Sponsors:

Indexes:

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Attachments:

Date	Ver.	Action By	Action	Result
11/13/2013	1	CITY CLERK	Attest	
11/13/2013	1	ACTING MAYOR	Signed	
11/11/2013	1	COUNCIL PRESIDENT	Signed	
11/11/2013	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus Housing Partnership, doing business as Homeport (Homeport), is a Columbus based Ohio non-profit organization that provides affordable housing opportunities for individuals and families. In 1995, Homeport obtained a total of \$1,060,000 in funding from the City of Columbus for the acquisition and rehabilitation of Stoddart Block Apartments located 260 S. Front Street in Columbus which has been providing affordable housing for eligible Homeport residents since that time. \$760,000 of the funds were from HOME funds granted to the City by the Department of Housing and Urban Development and \$300,000 of the funds were from HOME funds granted to the City by the Ohio Department of Development. The City's agreement with the Ohio Department of Development provides that any cash flow from the project be shared equally between the City and the Ohio Department of Development with the Ohio Department of Development's share not to exceed \$300,000.

Homeport has fulfilled all the federally mandated affordability requirements associated with this loan. The Ohio Department of Development program that awarded the funds to the City for this project is now in the care of the Ohio Housing Finance Agency (OHFA). The Stoddart Block partnership interests that were owned and controlled by Homeport were sold on May 9, 2013. Net proceeds of \$729,334.19 have been deposited in escrow. Homeport has requested forgiveness of the Stoddart Block loans from the City and OHFA.

The City's portion of the debt that could be repaid from the net proceeds is \$429,334.19. In support of the request for forgiveness of the City portion of the debt, Homeport has requested reimbursement for lost developer fees on its NSP 2 projects which is equal to at least \$336,721. In addition, it has requested funding of \$65,156 to pay off deferred developer fees in their Fairview Homes project and \$65,818 to pay deferred developer fees in Southside Homes. Both projects are located in the City of Columbus.

Emergency action is requested so that Homeport can close out the escrow account for the Stoddart Block sale and obtain compensation for the matters requested.

FISCAL IMPACT: There will be a loss of \$429,334.19 in HOME receivables.

To authorize the Director of the Department of Development to release the lien position of the City of Columbus on the on loans made from HOME funds totaling \$429,334.19; and to declare an emergency.

WHEREAS, the Department of Development has outstanding loan balances from HOME funds totaling \$1,060,000 to Stoddart Block Limited Partnership, wholly owned and controlled by Columbus Housing Partnership dba Homeport (Homeport) for the acquisition and rehabilitation of 260 S. Front Street; and

WHEREAS, \$300,000 of the loan made by the Department of Development was funded by the State of Ohio, Department of Development and is now delegated to the Ohio Housing Finance Agency which controls 50% of the cash flow payable on the City loans up to \$300,000; and

WHEREAS, the owner of Stoddart Block Limited Partnership, Homeport, has sold its partnership interests free and clear of encumbrances and has escrowed the funds from the sale; and

WHEREAS, Homeport has requested that the City of Columbus forgive its portion of the debt which amounts to \$429,334.19 to be used to pay lost developer fees from Homeport's participation as an NSP 2 consortium member as well as deferred developer fees from Fairview Homes and Southside Homes; and

WHEREAS, this legislation would release and forgive \$429,334.19 on the HOME loans; and

WHEREAS, these loans were made from HOME Investment Partnership Funds from City of Columbus, Department of Development; and

WHEREAS, these loans were made for the acquisition and substantial rehabilitation of this site for low-to-moderate income (60% or below area median income) rental housing with a mortgage and terms that the loans would be repaid upon sale or transfer of the property, and

WHEREAS, the City will have a loss of \$429,334.19 in HOME accounts receivable; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, Housing Division, in that it is immediately necessary to authorize the release of the recorded interests of the City of Columbus on the loans made from HOME funds so that Homeport can close out the escrow account for the Stoddart Block sale and obtain compensation for the matters requested, all for the preservation of the public peace, health, safety, and welfare; and
NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the Director of the Department of Development be and is hereby authorized to release the City's interests in Stoddart Block of \$429,334.19. There will be a loss of \$429,334.19 in accounts receivable for the HOME Investment Partnerships program income. The funds will be used by Homeport to pay lost revenue from their NSP 2 project and deferred developer fees for Fairview Homes and Southside Homes which are both located within the City of Columbus.

Section 2. That for the reasons stated in the preamble thereto, which is hereby made a part hereof, this Ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.

