



Legislation Details (With Text)

File #:	0276-2014	Version:	1
Type:	Ordinance	Status:	Passed
File created:	1/29/2014	In control:	Development Committee
On agenda:	2/10/2014	Final action:	2/12/2014
Title:	To authorize the Director of the Department of Development to forgive the accrued interest on a HOME loan made to Faith Village II Limited Partnership due to the City of Columbus totaling up to \$685,000.00 and to modify the interest rate on the loan to 0%; and to declare an emergency.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:			

Date	Ver.	Action By	Action	Result
2/12/2014	1	CITY CLERK	Attest	
2/11/2014	1	MAYOR	Signed	
2/10/2014	1	COUNCIL PRESIDENT	Signed	
2/10/2014	1	Columbus City Council	Approved	Pass

BACKGROUND: Faith Village II Limited Partnership (Faith II) is a seventy four unit affordable housing project located at 3331 Imani Drive on the northeast sector within the City of Columbus. In 1996, Faith II obtained a loan of \$281,500 in HOME funds from the City of Columbus for site acquisition and construction of the project which has been providing affordable housing for eligible residents since that time. The interest rate on the loan is 7.04%. The required federal compliance period for this loan is not yet complete and will not be complete until 2018. Housing Division staff will continue to monitor the property until the HOME compliance period is complete. Faith Village II anticipates that it will be awarded low income housing tax credits along with tax exempt bonds and gap funds from the Ohio Housing Finance Agency (OHFA) to recapitalize and modernize the project. In order to obtain the necessary financing to accomplish this much needed rehabilitation work, Faith Village is asking the City to forgive the outstanding accrued interest on this loan totaling up to \$685,000 and convert the loan to 0% interest rate. With the new low income housing tax credit and OHFA gap funding being placed on the property, the same oversight for affordable rents and low and moderate income occupancy will be in place for a continued 15 year period.

Emergency action is requested so that Faith Village II can finance its rehabilitation activities for these sites and meet the timelines mandated by OHFA and the low income housing tax credit program to complete the rehabilitation work and place the sites into service.

FISCAL IMPACT: There will be a loss of up to \$685,000 in HOME interest receivables.

To authorize the Director of the Department of Development to forgive the accrued interest on a HOME loan made to Faith Village II Limited Partnership due to the City of Columbus totaling up to \$685,000.00 and to modify the interest rate on the loan to 0%; and to declare an emergency.

WHEREAS, the Department of Development has accrued interest due to it from a \$281,500 HOME loan totaling up to \$685,000 to Faith Village II for the acquisition and rehabilitation of the project located at 3331 Imani Drive in Columbus; and

WHEREAS, the owner, Faith Village II Limited Partnership has requested that it be forgiven the accrued interest on the loan but maintain the existing principal balance; and

WHEREAS, this legislation would forgive up to \$685,000 of accrued interest on the HOME loan and modify the interest rate to 0%; and

WHEREAS, this loan was made for the acquisition and new construction of these rental units for low-to-moderate income (60% or below area median income) rental housing with a mortgage and terms that the loan would be repaid upon sale or transfer of the property, and

WHEREAS, the current owner of the properties is in the process of securing financing in the form of low income housing tax credits, tax exempt bonds and gap funding from the Ohio Housing Finance Agency to recapitalize and modernize the sites so that they can continue to be quality affordable rental housing and City staff has made a recommendation to forgive the accrued interest on these sites based upon the review of the financial condition of the project; and

WHEREAS, the project owner has agreed to maintain the City debt on sites; and

WHEREAS, the City will have a loss of up to \$685,000 in HOME accrued interest 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 forgiveness of the interest due to the City of Columbus on the on loan made from HOME funds in order to meet the timelines mandated by OHFA and the low income housing tax credit program, 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 forgive the accrued interest of up to \$685,000 to Faith Village II Limited Partnership and to modify the interest rate on the loan to 0%. There will be a loss of \$685,000 in accrued interest receivable for the HOME Investment Partnerships program income but the existing principal balance of \$281,500 will remain.

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.