



Legislation Details (With Text)

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On agenda: 1/24/2005 **Final action:** 1/26/2005
Title: To authorize the Director of the Department of Development to release the recorded mortgage interest of the City of Columbus in property that secures a loan with an outstanding balance totaling \$25,700 and to declare an emergency.

Sponsors:

Indexes:

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Attachments:

Date	Ver.	Action By	Action	Result
1/26/2005	1	MAYOR	Signed	
1/26/2005	1	CITY CLERK	Attest	
1/24/2005	1	Columbus City Council	Approved	Pass
1/24/2005	1	COUNCIL PRESIDENT	Signed	
1/6/2005	1	CITY ATTORNEY	Reviewed and Disapproved	
1/6/2005	1	Dev Drafter	Sent for Approval	
1/6/2005	1	CITY ATTORNEY	Reviewed and Approved	
1/6/2005	1	Dev Drafter	Sent to Clerk's Office for Council	
1/5/2005	1	Dev Drafter	Sent for Approval	
1/5/2005	1	DEVELOPMENT DIRECTOR	Reviewed and Approved	
1/5/2005	1	Dev Drafter	Sent for Approval	

BACKGROUND: This legislation authorizes the City of Columbus, Department of Development to release its recorded mortgage interests in a residential property located at 1407-1409 North Fifth Street that secures one City loan with outstanding balances totaling \$25,700 made to borrower Northside Development Corporation. The purpose of the release is to enable Northside to sell the property to an individual who will maintain this twin single as affordable housing. The purchaser of the property meets the requirement of 80% and below Area Median Income. This ensures the property will not be resold through an unavoidable foreclosure action. The action would, however, require the city to forgive \$25,700 (or the original loan amount).

Northside Development Corporation purchased this property using city HOME dollars in 1993 to create a rental income portfolio. Due to the large number of rental units in the area Northside has shifted focus to homeownership development. In addition, the properties are in need of significant repair and maintenance. Northside is unable to effectively manage the properties and lacks the operating dollars to complete the rehabilitation work needed. An existing tenant in the twin single has agreed to purchase the property for \$38,000. Code Enforcement has inspected the property, and outstanding repairs have been made and were to be paid for from proceeds of the sale of the property. The mortgage will be transferred to the new owner with a five year Restrictive Covenant and forgivable Mortgage requiring the owner to live in one-half of the property for five years and the City will forgive the loan. Should the property sell or transfer ownership, the entire \$25,700 will be due in full. In order to complete the sale for the negotiated price, the City must agree to allow the new owner to assume the mortgage with the forgivable clause for the \$25,700. This transaction would enable Northside to satisfy the first mortgage and closing costs and Northside would retain \$4,500 dollars for expenses. Thus a

qualified homeowner who has been a resident in the area will continue to keep this property affordable and enable Northside to focus efforts on homeownership activities.

Emergency action is requested to expedite authorization for a settlement and the closing on the properties.

FISCAL IMPACT: There is no impact on current operating funds. **There will be a potential \$25,700 loss in accounts receivable for HOME Investment Partnerships Loan Repayments.**

To authorize the Director of the Department of Development to release the recorded mortgage interest of the City of Columbus in property that secures a loan with an outstanding balance totaling \$25,700 and to declare an emergency.

WHEREAS, the City of Columbus, Department of Development made one HOME Assistance loan to borrower Northside Development Corporation with combined outstanding balances totaling \$25,700 and the loan is secured by a recorded mortgage on property located at 1407-1409 North Fifth Street, and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to release the recorded mortgage interests of the City on the 1407-1409 North Fifth Street property in order to expedite authorization for a settlement and the closing on said property, all for the preservation of public health, peace, property and safety, **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 recorded mortgage on property located at 1407-1409 North Fifth Street and allow the new owner to assume the mortgage that secure the City's outstanding loan amounts totaling \$25,700 from the current owner Northside Development Corporation. This assumption will be a five-year forgivable loan. Should the new homeowner sell or transfer the property within the five-year period, the entire \$25,700 will be required to be repaid to the City.

Section 2. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this Ordinance is hereby 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.