



Legislation Text

File #: 3499-2023, Version: 1

BACKGROUND

This Ordinance is to authorize the Director of the Department of Development to enter into a grant agreement in an amount up to \$555,000.00 with Healthy Rental Homes VIII LLC. This ordinance also authorizes the appropriation and expenditure of up to \$560,000.00 of HOME Investment Partnerships Program (HOME) entitlement grants (\$513,352.90 from the 2022 grant and \$46,647.10 from the 2023 grant) from the U.S. Department of Housing and Urban Development and authorizes the Director of the Department of Development to execute a commitment letter and loan agreement and authorizes the city to act as a lender and have a promissory note, mortgage, and restrictive covenant executed for this project with Healthy Rental Homes VIII LLC. This legislation also seeks to authorize eligible costs, including soft costs, which may have been incurred prior to the establishment of the project's purchase order, making those pre-award costs eligible for reimbursement if needed.

Healthy Homes is an affordable housing developer that is wholly owned by Community Development for All People, a Community Housing Development Organization (CHDO) which is eligible for CHDO HOME set aside funds. Healthy Homes is focused on increasing the stock of high-quality housing options available to families earning no more than 80% of Area Median Income (AMI) on Columbus' South Side. Healthy Rental Homes VIII LLC seeks to further address the housing affordability issues that Columbus faces by developing 11 units of new construction rental housing in zip codes 43206 and 43207. These properties will consist of infill development, designed to replace structures that have been demolished. Additionally, the parcels that have been identified for redevelopment are being acquired exclusively from the City of Columbus and Franklin County Land Banks.

The 11 rental units for which we are seeking funding will consist of 3 single family homes and 4 duplexes. All but two of these properties will be built by Unibilt Industries-a modular home builder located in Dayton, Ohio. The modular units will be delivered approximately 75% complete and set on full foundations. Healthy Homes has engaged a General Contractor who will complete all site preparations, construct the foundations and manage the balance of work post-delivery. Once delivered, the units will require mechanical connections for electric, plumbing, and HVAC. Porches will be constructed on site, and there will be some minor interior finishes to finalize. Lastly, the General Contractor will pour concrete parking pads and walk ways, and each site will be fully landscaped with sod and a shade tree. Upon completion, these projects will blend with the existing fabric of the community, and there will be no visible evidence to suggest that they are modular in nature. The two units that are not modular are traditional stick construction.

In addition to high-quality, affordable places to call home, the tenant families who will reside in these units will have access to a variety of supportive services and advocacy opportunities. Healthy Homes hired a full time Tenant Services Coordinator to serve as a link between residents and health/social service providers and Nationwide Children's Healthy Neighborhoods Healthy Families (HNHF) programming. The Tenant Services Coordinator will work to increase health knowledge and self-sufficiency of our tenant families through outreach, community education, and referrals to community resources, social supports, and advocacy. More specifically, tenants will have improved access to health, educational, workforce and life skills development opportunities. Financial literacy, parenting classed and mental health services will also be emphasized. Service engagement will not be a requirement for the families that Healthy Homes serves, but it will be available to all households as needed.

This legislation represents appropriation for a part of the HOME portion of the 2022 Action Plan per ordinance 2800-2021 and the 2023 Action Plan per ordinance 3353-2022.

CONTRACT COMPLIANCE: The vendor's contract compliance number is 047327 and expires on 11/16/25.

FISCAL IMPACT: Funding is available in 2023 Capital Improvement in the amount of \$555,000.00. An amendment to the 2023 Capital Budget is required to establish sufficient budget authority for the project. This project is also utilizing funds within the 2022 HOME Investment Partnership Program Grant (G442102) in the amount of \$513,352.90 and 2023 HOME Investment Partnership Program Grant (G442202) funds in the amount of \$46,647.10. The commitment of funds through this legislation is conditioned on compliance with HUD's environmental review requirements. The funding from HOME Fund (2201) is only authorized if all HOME review and comment requirements have been met prior to any commitment of funds, as approved by the Responsible Entity Agency Official. An Authorization to Utilize Grant Funds will be received by the City from HUD in advance of the execution of documents for this project.

To amend the 2023 Capital Improvement Budget; to authorize the City Auditor to transfer funds within the Development Taxable Bond Fund and within the Department of Development; to authorize the Director of the Department Development to enter into a grant agreement with Healthy Rental Homes VII LLC for an amount not to exceed \$555,000.00; to authorize an expenditure of \$555,000.00 from the Capital Budget, Development Taxable Bond fund 7739; to authorize the appropriation and expenditure of \$513,352.90 of the 2022 HOME Investment Partnerships Program (HOME) entitlement grant (CHDO Set-a-Side) from the U.S. Department of Housing and Urban Development; and to authorize the appropriation and expenditure of \$46,647.10 of the 2023 HOME Investment Partnerships Program (HOME) entitlement grant (CHDO Set-a-Side) from the U.S. Department of Housing and Urban Development. (\$1,115,000.00)

WHEREAS, the Director of the Department Development seeks to enter into a grant agreement in an amount up to \$555,000.00 with Healthy Rental Homes VIII LLC; and

WHEREAS, the Director of the Department desires to support the Healthy Rental Homes VIII LLC, project with HOME funds, for a total contribution of \$560,000.00; and

WHEREAS, authorized costs, including soft costs, which may have been incurred prior to the establishment of the project's purchase order, will be eligible for reimbursement if needed; and

WHEREAS, Healthy Homes is focused on increasing the stock of high-quality housing options available to families earning no more than 80% of Area Median Income (AMI) on Columbus' South Side; and

WHEREAS, the City of Columbus is a participating jurisdiction of the U.S. Department of Housing and Urban Development; and

WHEREAS, the City of Columbus is the recipient of HOME Investment Partnerships funds from the U.S. Department of Housing and Urban Development; and

WHEREAS, the Columbus City Council has approved the 2022 and 2023 Action Plans, per Ordinance 2800-2021 and 3353-2022, respectively, as required by HUD; and

WHEREAS, Healthy Rental Homes VIII LLC seeks to further address the housing affordability issues that Columbus faces by developing 11 units of new construction rental housing in zip codes 43206 and 43207; and

WHEREAS, in the usual daily operation of the Department of Development it is necessary to authorize the Director to

enter into a grant agreement with Healthy Rental Homes VIII LLC, to allow payment to the grantee for project costs incurred prior to the issuance of a purchase order, which advances the public purpose of providing affordable housing in a cost efficient manner; **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 enter into a grant agreement with Healthy Rental Homes VIII, LLC in an amount not to exceed \$555,000.00 to develop up to 11 new construction and 2 units of rehab construction rental housing units in zip code 43206.

SECTION 2. That the 2023 Capital Improvements Budget be amended as follows to establish sufficient authority for this project:

Fund / Project / Project Name / C.I.B. / Change / C.I.B. as Amended

7739 / P441783-100000/Cleveland Ave Area Land Acquisition (Unvoted Carryover) /\$43,710,000.00/\$555,000.00/
\$43,155,000.00

7739 / P782049-100000 / Healthy Rental Homes VIII LLC / \$0.00 / \$555,000.00 / \$555,000.00

SECTION 3. That the transfer of \$555,000.00 or so much thereof as may be needed, is hereby authorized within Fund 7739 (Development Taxable Bond fund), Dept-Div 44-02 (Economic Development) per the account codes in the attachment to this ordinance.

SECTION 4. That for the purpose as stated in Section 1, the expenditure of \$555,000.00, or so much thereof as may be necessary, is hereby authorized in fund 7739 (Development Taxable Bond fund), Project P782049-100000, Dept. 44-10 (Housing), in Object Class 06 (Capital Outlay) per the accounting codes in the attachment to this ordinance.

SECTION 5. That from the unappropriated monies and from all monies estimated to come into said fund from any and all sources and unappropriated for any other purpose during the fiscal year ended December 31, 2023, the sum of \$513,352.90 is appropriated in Fund 2201 (HOME), from Dept-Div 44-10 (Housing), G442102 (2022 HOME Grant), object class 05 (Other Expenses) per the account codes in the attachment to this ordinance.

SECTION 6. That from the unappropriated monies and from all monies estimated to come into said fund from any and all sources and unappropriated for any other purpose during the fiscal year ended December 31, 2023, the sum of \$46,647.10 is appropriated in Fund 2201 (HOME), from Dept-Div 44-10 (Housing), G442202 (2023 HOME), object class 05 (Other Expenses) per the account codes in the attachment to this ordinance.

SECTION 7. That the expenditure of \$513,352.90 or so much thereof as may be needed, is hereby authorized in Fund 2201 (HOME), Dept-Div 4410 (Housing), G442102 (2022 HOME Grant), object class 05 (Other Expenses) per the account codes in the attachment to this ordinance.

SECTION 8. That the expenditure of \$46,647.10 or so much thereof as may be needed, is hereby authorized in Fund 2201 (HOME), Dept-Div 4410 (Housing), G442202 (2023 HOME Grant), object class 05 (Other Expenses) per the account codes in the attachment to this ordinance.

SECTION 9. That the commitment of funds through this legislation is conditioned on compliance with HUD's environmental review requirements. The funding from HOME Fund (2201) is only authorized if all HOME review and comment requirements have been met prior to any commitment of funds, as approved by the Responsible Entity Agency Official. An Authorization to Utilize Grant Funds will be received by the City from HUD in advance of the execution of documents for this project.

SECTION 10. That the Director of the Department Development is hereby authorized to execute a commitment letter

and loan agreement and authorizes the city to act as a lender and have a promissory note, mortgage, and restrictive covenant executed for this project with Healthy Rental Homes VIII LLC, utilizing HOME funds in an amount up to \$560,000.00 for developing 11 units of new construction rental housing in zip codes 43206 and 43207.

SECTION 11. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated, and the City Auditor shall establish such accounting codes as necessary.

SECTION 12. That the City Auditor is authorized to make any accounting changes to revise the funding source for all contracts or contract modifications associated with this ordinance.

SECTION 13. That, at the end of the grant period, any repayment of unencumbered balances required by the grantor is hereby authorized and any unused City match monies may be transferred back to the City fund from which they originated in accordance with all applicable grant agreements.

SECTION 14. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.