



City of Columbus

Office of City Clerk
90 West Broad Street
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columbuscitycouncil.org

Legislation Text

File #: 0050-2005, **Version:** 1

BACKGROUND: This legislation authorizes the City of Columbus, Department of Development to release its recorded mortgage interests in residential properties (referenced below) that secure five City loans with outstanding balances totaling \$136,575 made to borrower Northside Development Corporation. The purpose of the releases is to enable the City to receive a \$73,000 payment rather than receiving nothing if the property is resold through an unavoidable foreclosure action. The action would, however, require the city to forgive \$63,575 of the original loan amounts.

Northside Development Corporation purchased these properties using city HOME dollars in 1996 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 landlord in the area, JR Haller, has agreed to purchase the properties for \$232,500, rehabilitate the units and maintain affordability. In order to complete the sale for the negotiated price, the city must forgive \$63,575 of the original loans but will receive a payment of \$73,000. The transaction would enable Northside to satisfy the first mortgages and closing costs totaling \$159,500 as well as provide a partial payment to the city but Northside would retain no dollars. Thus a known landlord in the area would upgrade the units and keep them affordable and enable Northside to focus efforts on homeownership activities.

The property addresses are:

1293-1295 Fifth St.
1297-1299 Fifth St.
1323-1325 Fifth St.
1333-1335 Fifth St.
1319-1321 Fifth St.

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 \$63,575 loss in accounts receivable for HOME Investment Partnerships Loan Repayments but receipt of \$73,000, which may not occur without the negotiated settlement.**

To authorize the Director of the Department of Development to release the recorded mortgage interests of the City of Columbus in properties that secures loans with outstanding balances totaling \$136,575 and to accept \$73,000 in exchange for said release and to declare an emergency.

WHEREAS, the City of Columbus, Department of Development made five HOME Assistance loans to borrower Northside Development Corporation with combined outstanding balances totaling \$136,575 and the loans are secured by five recorded mortgages on properties located at 1293-1295, 1297-1299, 1323-1325, 1333-1335, and 1319-1321 Fifth Street, and

WHEREAS, the release of the City's mortgage interests will enable the City to receive a \$73,000 payment rather than receiving nothing if the property is resold through a foreclosure action; 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 properties listed above in order to expedite authorization for a settlement and the closing on said properties, 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 mortgages on properties located at 1293-1295, 1297-1299, 1323-1325, 1333-1335, and 1319-1321 Fifth Street that secure the City's outstanding loan amounts totaling \$136,575 in exchange for payment of \$73,000 to the City from the current owner Northside Development Corporation.

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.