



Legislation Text

File #: 1978-2023, **Version:** 1

BACKGROUND

This Ordinance is to authorize the Director of Development to enter into a grant agreement for \$850,000 coming from the 2023 Capital Budget, Affordable Housing Bond fund 7779. This legislation would authorize the use of these bond funds to pay for 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. This project is also utilizing CHDO-HOME funds in the amount of \$760,000 authorized by ordinance 0917-2023 passed on April 24, 2023.

Healthy Homes is an affordable housing developer, 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 VII, LLC seeks to further address the housing affordability issues that Columbus faces by developing 11 units of new construction and 2 units of rehab construction rental housing in the zip code 43206. These properties will consist of infill development, designed to replace residential structures that have been demolished and rehabilitate two existing structures. Additionally, the parcels that have been identified for redevelopment are being acquired exclusively from the City of Columbus and Franklin County Land Banks.

The 13 rental units for which we are seeking funding will consist of 3 single-family homes and 5 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 electricity, 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 walkways, and each site will be fully landscaped with sod and a shade tree. The two units that are not modular are rehabilitation construction of two existing homes. 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.

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 recently 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 the 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, education, workforce, and life skills development opportunities. Financial literacy, parenting classes, 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.

Emergency justification is requested for this ordinance as this project is scheduled to close its financing and start construction in August 2023. In order to close its financing, other sources want to see all funds firmly committed, including City funding. City funding cannot be firmly committed if this ordinance passes as not effective until 30 days after the Mayor signs. Delaying the closing results in additional carrying costs to the project, the threat of additional construction cost increases that are not budgeted for, fewer days of good weather to allow for outside work to be accomplished before winter weather sets in that will in turn result in additional carrying costs and the threat of additional construction costs increases. Approximately 81% of the total development cost is covered with equity generated from the low income housing tax credits awarded by the State to the project. The pricing of credits is dependent on market conditions including an estimated completion and rent up date. If the project is delayed in closing its financing and

starting construction, it may have to pay a credit adjuster to the equity investor for late completion causing additional financial harm to the project.

CONTRACT COMPLIANCE: The vendor's contract compliance number is 043658 and expires on 11/16/24.

FISCAL IMPACT: Funding is available in 2023 Capital Improvement Budget, contingent upon the passage of Ordinance No. 1711-2023. An amendment to the 2023 Capital Budget is required to establish sufficient budget authority for the project.

To amend the 2023 Capital Improvement Budget, contingent upon the passage of Ordinance No. 1711-2023; to authorize the City Auditor to transfer funds within the Affordable Housing Bond Fund and within the Department of Development; to authorize the Director of Development to enter into a grant agreement with Healthy Rental Homes VII LLC for \$850,000.00 coming from the 2023 Capital Budget, Affordable Housing Bond fund 7779; and to declare an emergency. (\$850,000.00)

WHEREAS, this Ordinance is to authorize the Director of Development to enter into a grant agreement for \$850,000 coming from the 2023 Capital Budget, Affordable Housing Bond fund 7779. This legislation would authorize the use of these bond funds to pay for 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. This project is also utilizing CHDO-HOME funds in the amount of \$760,000 authorized by ordinance 0917-2023 passed on April 24, 2023; and

WHEREAS, Healthy Homes is an affordable housing developer, 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 VII, LLC seeks to further address the housing affordability issues that Columbus faces by developing 11 units of new construction and 2 units of rehab construction rental housing in the zip code 43206. These properties will consist of infill development, designed to replace residential structures that have been demolished and rehabilitate two existing structures. Additionally, the parcels that have been identified for redevelopment are being acquired exclusively from the City of Columbus and Franklin County Land Banks; and

WHEREAS, the parcels that have been identified for redevelopment are being acquired exclusively from the City of Columbus and Franklin County Land Banks. The 13 rental units for which we are seeking funding will consist of 3 single-family homes and 5 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 electricity, 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 walkways, and each site will be fully landscaped with sod and a shade tree. The two units that are not modular are rehabilitation construction of two existing homes. 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; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development as this project is scheduled to close its financing and start construction in August 2023. In order to close its financing, other sources want to see all funds firmly committed, including City funding. City funding cannot be firmly committed if this ordinance passes as not effective until 30 days after the Mayor signs. Delaying the closing results in additional carrying costs to the

project, the threat of additional construction cost increases that are not budgeted for, fewer days of good weather to allow for outside work to be accomplished before winter weather sets in that will in turn result in additional carrying costs and the threat of additional construction costs increases. Approximately 81% of the total development cost is covered with equity generated from the low income housing tax credits awarded by the State to the project. The pricing of credits is dependent on market conditions including an estimated completion and rent up date. If the project is delayed in closing its financing and starting construction, it may have to pay a credit adjuster to the equity investor for late completion causing additional financial harm to the project all for the preservation of the public health, peace, property, safety, and welfare; **NOW, THEREFORE**

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

SECTION 1. That the Director of Development be and is hereby authorized to enter into a grant agreement with Healthy Rental Homes VII, LLC in an amount not to exceed \$850,000.00 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 authorized, contingent upon the passage of Ordinance 1711-2023, be amended as follows to establish sufficient authority for this project:

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

7779 / P782012-100000/Affordable Housing (Voted 2019) /\$3,570,000.00/\$850,000.00/ \$2,720,000.00

7779 / P782044-100000 / Healthy Rental Homes VII LLC / \$0.00 / \$850,000.00 / \$850,000.00

SECTION 3. That the transfer of \$850,000.00 or so much thereof as may be needed, is hereby authorized within Fund 7779 (Affordable Housing Bond fund), Dept-Div 44-10 (Housing) per the account codes in the attachment to this ordinance.

SECTION 4. That for the purpose as stated in Section 3, the expenditure of \$850,000.00, or so much thereof as may be necessary, is hereby authorized in fund 7779 (Affordable Housing Bond fund), Project P782044-100000, Dept. 44-10 (Housing), in Object Class 06 (Capital Outlay) per the accounting codes in the attachment to this ordinance.

SECTION 5. That the funds necessary to carry out the purpose of this ordinance are deemed appropriated, and the City Auditor shall establish such accounting codes as necessary.

SECTION 6. 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 7. 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 passage and approval by the Mayor or ten days after passage if the Mayor neither approves nor vetoes the same.