



Legislation Text

File #: 2004-2017, **Version:** 1

BACKGROUND: In 1992, Starr/High Limited Partnership obtained a loan of \$275,000 in City Investment funds with a 1% interest rate from the City of Columbus for acquisition of the real property at 989-997 North High Street in the Short North Community within the City of Columbus. In 1993, Starr/High obtained a loan of \$307,613 in City's HOME funds with 0% interest for the rehabilitation of the project and it has been providing thirty-five units of affordable housing for eligible residents since that time. Per City Ordinance 0128-2017, Starr/High Limited Partnership (Starr-High), an affiliate of Columbus Housing Partnership dba (Homeport) has sold the building and wishes to reinvest the proceeds from the sale in a new senior housing development within the American Addition neighborhood. Conditions of sale of Starr High include allowing all existing residents to remain in the homes for at least 24 months and continuing to allow the existing management company, Wallick, to remain as the project manager for at least 12 months. In addition, Homeport will be setting aside funds to assist any tenants remaining after the 24 month period who do not remain in the property.

City Ordinance 0128-2017, which dealt with the HOME fund loan, stipulated that the loan of City Investment Funds would be repaid in full. In light of the urgent need to provide affordable senior housing in the North Central neighborhood and for minimizing the total costs related to site acquisition and project development, this legislation will allow Homeport to utilize the repayments that would otherwise come to the City's Investment Fund, including the principal and accrued interests now in an escrow account, to be reinvested in the American Addition project.

Emergency action is requested so that disposition of the proceeds can be determined.

FISCAL IMPACT: There will be a loss of \$275,000 original principal plus \$67,432 in City's CDBG receivable, totaling \$342,432 as of June 30, 2017

To authorize the Director of the Department of Development to forgive the principal and accrued interest on an Investment Fund loan due to the City of Columbus totaling approximately \$342,432.00; to authorize the Director to enter into contract with Columbus Housing Partnership, dba Homeport, to allow the funds to be allocated to operating costs to the extent of \$67,432.00 and to direct the remaining proceeds into an affordable senior housing project in the American Addition neighborhood of Columbus; and to declare an emergency. **(AMENDED BY ORD. 3312-2021; PASSED 12/13/2021)**

WHEREAS, the Department of Development has \$275,000 in principal and \$67,432 in accrued interest owed to it for an Investment Fund loan made to Starr/High Limited Partnership for the acquisition of the project site located at 989-997 North High Street in Columbus; and

WHEREAS, the owner, Starr/High Limited Partnership (Starr-High) has requested that it be forgiven the principal and accrued interest on the loan; and

WHEREAS, this legislation would forgive approximately \$342,432 of principal and accrued interest on the Investment Fund loan; and

WHEREAS, this loan was made in conjunction with a City HOME loan for the acquisition and rehabilitation of these rental units for low-to-moderate income resident with a mortgage and terms that the loan would be repaid upon sale or transfer of the property; and

WHEREAS, all existing tenants at the Starr High site will be allowed to remain in place for at least 24 months following the sale of the Starr-High property and after that time may seek assistance with relocation from Starr/High sponsor

Columbus Housing Partnership, dba Homeport; and

WHEREAS, the proceeds from the Investment Fund loan will be reinvested in a senior housing project via a contract between the Department of Development and Columbus Housing Partnership, dba Homeport, within the American Addition neighborhood with the prior approval of the Director of Development; and

WHEREAS, the City will have a loss of approximately \$342,432 in Investment Fund principal and accrued interest receivable; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to authorize the Director of Development to enter into contract with Homeport and to authorize the forgiveness of the Investment Fund loan from the City; 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 \$275,000 original principal plus \$67,432 accrued interest totaling \$342,432 to Starr/High Limited Partnership. There will be a loss of \$342,432 in principal and accrued interest receivable for the City Investment Fund program income.

SECTION 2. That the Director of the Department of Development be and is hereby authorized to enter into a contract with Columbus Housing Partnership, dba Homeport, for the purpose of reinvesting the fund from property sale in a senior housing project within the American Addition neighborhood with the consent of the Director of Development.

SECTION 3. That for 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.