**File #:** 2396-2019, **Version:** 1

**BACKGROUND:**
East Fifth Avenue Apartments, LLC is a thirty eight unit affordable supportive housing project located at 3005-3025 East Fifth Avenue on the east side within the City of Columbus. In 2003, East Fifth Avenue Apartments obtained a loan of $432,000 in HOME funds from the City of Columbus for site acquisition and construction of the project which has been providing affordable housing for eligible residents since that time. The interest rate on the loan is 4.17% and the loan balance is approximately $652,224. The required federal compliance period for this loan is complete and the restrictive covenant was released in 2009. The project has never operated at a profit. The completion of the 15 year compliance period for housing tax credits was December 31, 2018.

Due to the ongoing losses of the project and the upcoming maturity of the City mortgage loan, the property owner, Community Housing Network, has requested forgiveness of the loan. It is CHN's intent to have the property continue to serve women with a history of homelessness and disabilities. The Housing Division is recommending that all but $5,000 be forgiven and the loan term extended to December 31, 2118.

The City of Columbus Policy for Requests for Debt Forgiveness for Multifamily Rental Projects does not address the outright forgiveness of debt. In this situation, the Housing Division recommends the forgiveness request because it contributes to being able to operate with as much stability as possible.

Emergency action is requested so that East Fifth Avenue can remove the debt from its financial statements before the maturity date is reached.

**FISCAL IMPACT:**
There will be a loss of approximately $647,224 in HOME receivables.

To authorize the Director of the Department of Development to modify loan documents for East Fifth Avenue Apartments, LLC to forgive the principal and accrued interest on a HOME loan due to the City of Columbus totaling approximately $647,224.00 with $5,000.00 to remain due and payable, to extend the term of the loan to December 31, 2118, to modify the interest rate to 0% and to declare an emergency.

**WHEREAS**, the Department of Development has approximately $652,224 in principal and accrued interest owed to it for a HOME loan made to East Fifth Avenue Apartments, LLC for the acquisition and rehabilitation of the project located at 3005-3025 East Fifth Avenue in Columbus; and

**WHEREAS,** the owner, East Fifth Avenue Apartments, LLC has requested that it be forgiven all but $5,000 of the principal and all accrued interest on the loan, that the term of the loan be extended to December 31, 2118 and that the interest rate be set at 0%; and

**WHEREAS,** this legislation would forgive approximately $647,224 of principal and accrued interest on the HOME loan; and

**WHEREAS,** this loan was made for the acquisition and rehabilitation of these rental units for low-to-moderate income (60% or below area median income) rental housing with a mortgage and terms that the loan would be repaid upon sale or transfer of the property, and

**WHEREAS**, the owner has sustained significant losses on the ongoing operation and maintenance of this project and has

no belief that the loan can be repaid; and

**WHEREAS,** the property will continue to provide affordable housing to women who would otherwise be homeless and those with disabilities; and

**WHEREAS,** the City will have a loss of up to $647,224 in HOME principal and accrued interest receivable; and

**WHEREAS,** an emergency exists in the usual daily operation of the Department of Development, Housing Division, in that it is immediately necessary to authorize the forgiveness of the HOME loan due to the City of Columbus in order to allow the loan to be removed from its financial statements; 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 modify loan documents with East Fifth Avenue Apartments, LLC to forgive all but $5,000 of principal and all of the accrued interest totaling approximately $647,224, to extend the term of the loan to December 31, 2118 and reduce the interest rate on the loan to 0%. There will be a loss of approximately $647,224 in principal and accrued interest receivable for the HOME Investment Partnerships program income.

**Section 2.** That this modification is made pursuant to Chapter 329 of the Columbus City Code.

**Section 3.** That for the reasons stated in the preamble thereto, which is hereby made a part hereof, this Ordinance is 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.



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