Legislation Details (With Text)

File #:	44947	**Version:**	1	**Name:**	Approve Common Wealth Development's request to waive selected requirements of the Community Development Division's 2015-2016 Community Development Program Goals and Objectives for the organization's proposed rental acquisition and rehabilitation project a
Type:	Resolution			**Status:**	Passed
File created:	10/26/2016			**In control:**	BOARD OF ESTIMATES (ended 4/2017)
On agenda:	11/22/2016			**Final action:**	11/22/2016
Enactment date:	11/28/2016			**Enactment #:**	RES-16-00859

Title: Approve Common Wealth Development's request to waive selected requirements of the Community Development Division's 2015-2016 Community Development Program Goals and Objectives for the organization's proposed rental acquisition and rehabilitation project at 2102 Leland Drive.

Sponsors: Samba Baldeh, Maurice S. Cheeks, Matthew J. Phair

Indexes:

Code sections:

Attachments: 1. CWD 2102 Leland Framework Waiver Memo.pdf, 2. CWD Waiver Request Letter 102016.pdf, 3. Housing Presentation to CDBG Office.pdf

Date	Ver.	Action By	Action	Result
11/22/2016	1	COMMON COUNCIL	Adopt	Pass
11/7/2016	1	BOARD OF ESTIMATES (ended 4/2017)		
11/3/2016	1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	Return to Lead with the Recommendation for Approval	Pass
11/2/2016	1	BOARD OF ESTIMATES (ended 4/2017)	Refer	
11/1/2016	1	COMMON COUNCIL	Refer	
10/26/2016	1	Community Development Division	Referred for Introduction	

Fiscal Note

Up to $432,000 in federal HOME funds were previously authorized by the Common Council as part of the Adopted 2016 Operating Budget for the Community Development Division. This Resolution authorizes a waiver to selected program requirements. No additional funds are being requested, and there is no impact on the local levy.

Title

Approve Common Wealth Development's request to waive selected requirements of the Community Development Division's *2015-2016 Community Development Program Goals and Objectives* for the organization's proposed rental acquisition and rehabilitation project at 2102 Leland Drive.

Body

Common Wealth Development (CWD) has an accepted offer to purchase a 7-unit rental housing property at 2102 Leland Drive in the Balsam-Russett neighborhood on the City's southwest side. CWD proposes to use up to $432,000 of HOME funds authorized in the 2016 Adopted Operating Budget and approved during the Community Development Division's 2015-2016 two-year funding process. The original authorization for this project anticipated the acquisition and rehabilitation of eight (8) units of rental housing at $54,000 per unit, with a secured loan-to-value limit of 125%, per the requirements of the Division's *2015-2016 Community*

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Development Program Goals and Objectives. The proposed project at 2102 Leland Drive would exceed both the original authorization of $54,000 per unit and the 125% loan-to-value limit. As such, it would require a waiver of the *2015-2016 Community Development Program Goals and Objectives* under which it was funded. To maintain feasibility, the project continues to require the same total funding commitment of $432,000. For this reason, CWD has requested waivers to both the per unit maximum funding amount and the loan-to-value limit. The primary purpose of these waivers is to fund energy efficiency improvements and provide for one fully accessible unit.

The first proposed waiver would authorize a reduction in the number of HOME-assisted units, resulting in an increased average CDD investment per unit from $54,000 to $61,714. The *2015-2016 Community Development Program Goals and Objectives* anticipated the possible need to increase investment above the standard maximum of $60,000 per unit to provide accessibility and/or energy efficiency improvements. CWD plans to invest an additional $39,750 to substantially renovate one first floor unit and exterior entrances into an ADA accessible, barrier-free unit. Its rehabilitation scope of work also includes approximately $18,355 in energy efficiency improvements.

The second proposed waiver would authorize an increase in the project's secured loan-to-value ratio from 125% to 130%. CWD is requesting this waiver in order to accomplish the following:

a. Invest up to an additional $2,622 per unit for a total of approximately $18,355 based on increased costs to provide energy efficiency improvements;
b. Invest up to an additional $39,750 for increased costs associated with creating one barrier free ADA accessible unit.

At a total CDD investment of $61,714 per unit and a loan-to-value ratio 130%, this request merits approval as it represents a worthwhile City investment toward the stabilization of CWD's southwest portfolio and the Meadowood Neighborhood.

Action

WHEREAS, the Common Council previously authorized the award of $432,000 in HOME funds to Common Wealth Development, Inc. for acquisition and rehabilitation of eight (8) units of affordable rental housing in 2016 on the southwest side; and,

WHEREAS, the acquisition and rehabilitation of the 7-unit property at 2102 Leland Dr. adjacent to Meadowood Park represents a highly strategic move toward achieving neighborhood stabilization while ensuring permanently, affordable rental housing for low-income people; and

WHEREAS, CWD has demonstrated the need to utilize the total award of $432,000 to provide accessibility, energy efficiency improvements and other necessary rehab to the 7-unit property; and,

WHEREAS, the reduction in the number of HOME-assisted units results in a greater per unit investment than previously authorized by the CDBG Committee and Common Council; and,

WHEREAS, exceeding the original per unit authorization of $54,000 per unit and the maximum investment of $60,000 per unit require a waiver of the *2015-2016 Community Development Program Goals and Objectives*; and,

WHEREAS, exceeding the secured loan-to-value ratio of 125% in an Neighborhood Resource Team (NRT) area also requires a waiver of the *2015-2016 Community Development Program Goals and Objectives*; and,

WHEREAS, the loan necessary to complete the acquisition and rehabilitation results in a higher than anticipated loan-to-value ratio in this neighborhood; and,

WHEREAS, the increased risk to the City is substantially mitigated by the following factors:

- CWD has worked intensively on the city's southwest side over the past four years, thus substantially increasing the likely success of the project;
- CWD has a strong record of performance and responsible use of public funds to improve the stock of affordable housing for low-income people while also revitalizing and stabilizing distressed neighborhoods;
- Nearby property values are likely to increase if the Southwest side projects and revitalization efforts are successful as planned;
- CWD is in a unique position to provide much needed, high quality property management services within the context of a sustained community development approach to this property and the surrounding neighborhood; and
- The project would not likely be undertaken but for the City's commitment of funds, resulting in a lost opportunity to advance neighborhood stabilization efforts while adding affordable rental housing; and

WHEREAS, CDD staff and the CDBG Committee have reviewed the request for these waivers and find that it merits approval while at the same time adequately ensuring a reasonable risk to the City and worthwhile investment of HOME funds;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council approves Common Wealth Development's request to waive the *2015-2016 Community Development Program Goals and Objectives* for the rental housing acquisition and rehabilitation project at 2102 Leland Dr., allowing the project to exceed the maximum investment of $60,000 per unit, for a total average investment of $61,714 per unit;

BE IT FURTHER RESOLVED, that the Common Council approves Common Wealth Development's request to waive the *2015-2016 Community Development Program Goals and Objectives* 125% loan-to-value limit for the rental housing acquisition and rehabilitation project at 2102 Leland Dr. allowing a secured loan-to-value ratio of up to 130%;

BE IT FINALLY RESOLVED, that the Mayor and the City Clerk are hereby authorized to execute, deliver, publish, file and record any additional documents, instruments, notices and records, and take such other actions as shall be necessary or desirable, to accomplish the purposes of this Resolution and to comply with and perform the obligations of the City hereunder.

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