



Legislation Text

File #: 28407, Version: 1

Fiscal Note

Sufficient Federal HOME, HOME Match and/or CDBG funds are available for this project within the Community Development Division's Housing Development Reserve Fund, which was authorized as part of the CD Division's 2013 Adopted Operating Budget.

Title

Authorizing up to \$216,000 in Housing Development Reserve Funds to assist Housing Initiatives, Inc. to acquire and rehabilitate rental housing in 2013.

Body

BACKGROUND:

Housing Initiatives is a local community-based agency that provides permanent, affordable rental housing to people who are homeless and disabled through chronic mental illness. Housing Initiatives acquires and rehabilitates property, manages the property as affordable housing, and actively assists their tenants in maintaining case management services.

In the past few years, Housing Initiatives has been successful in acquiring and rehabilitating vacant foreclosed multi-family properties for rental housing. This approach helps to address the problems associated with foreclosed properties while also meeting the goal of increasing the number of affordable rental units at a reasonable price. With this commitment of funds, HII will seek to acquire and rehabilitate a 4-unit vacant, foreclosed bank-owned property. The Community Development Program Goals and Priorities requires that applications for projects funded out of the Housing Development Reserve Fund identify a site specific project.

ACTION:

WHEREAS, the CDBG staff and the CDBG Committee have reviewed this proposal and find that it furthers the goals expressed in the 2010-2014 Five-Year Community and Neighborhood Development Plan and the 2013 Community Action Plan; and

WHEREAS, this project is eligible based on the 2013-2014 Community Development Program Goals and Priorities; and

WHEREAS, the successful completion of this project will add to the permanent, affordable rental housing stock which is in high demand for low-income people who are homeless and disabled through chronic mental illness; and

WHEREAS, the successful completion of this project will also meet the high priority of reducing the number of foreclosed properties that negatively impact neighborhoods, especially 2-8 multi-family properties; and

WHEREAS, receipt of Housing Development Reserve Funds is contingent upon Housing Initiatives, Inc. indentifying an appropriate, feasible, vacant and foreclosed property and submitting site specific project information by June 30, 2013; and

WHEREAS, receipt of up to \$216,000 in Reserve Funds from the CDD is also contingent upon Housing Initiatives, Inc. obtaining sufficient financing to complete the project while maintaining 115% secured loan to value ratio; and

WHEREAS, HII's application for funds for a project at a site yet to be determined will require a waiver to the

Community Development Program Goals and Priorities; and

WHEREAS, the CDBG staff and the CDBG Committee have reviewed this request for a waiver and find that it merits an exception because it addresses the City's concurrent interest in addressing the problems associated with foreclosed properties;

NOW, THEREFORE, BE IT RESOLVED that the Common Council approve up to \$216,000 in Housing Development Reserve Funds, and authorizes the Mayor and the City Clerk to enter into an agreement with Housing Initiatives, Inc. to provide funds to create at least four units of affordable rental housing at a site yet to be determined; and

BE IT FURTHER RESOLVED that the assistance be provided as a long-term deferred loan payable upon sale, transfer, or change in the use of the property. Repayment will be equal to the amount of the CDD funds invested in the property plus or minus a percent of the appraised value based on CDD investment; and

BE IT FURTHER RESOLVED that the assistance be provided contingent upon Housing Initiatives, Inc. obtaining a post-rehabilitation appraisal that supports a maximum of 115% secured loan to value ratio and sufficient financing to complete the project.