



Legislation Text

File #: O-575-19, **Version:** 1

DNBD Cheney Flats Property Sale
Department of Neighborhoods
Amy Sackman Odum (3647)
(Revised)

Authorizing the Mayor to enter into a Real Estate Purchase Agreement with Torrey Hill Apartments Two, LLC, to execute and deliver needed instruments for the sale and conveyance of the city's ground lease interest at 1602 Adams Street in the City of Toledo, Lucas County, Ohio; waiving the competitive bidding and advertising provisions of TMC 187.19; authorizing the deposit of \$81,500; authorizing the mayor to execute and deliver the needed instruments to satisfy the HOME Loan note and release the associated mortgage all in respect to the 65-unit multi-family rental low income tax credit housing known as New Cheney Flats; making certain findings with respect thereto; and declaring an emergency.

SUMMARY & BACKGROUND:

The City of Toledo is the fee owner of certain real property located at 1602 Adams Street in the City of Toledo, Lucas County, Ohio. Improvements on the real property are currently owned by Adams Street II Limited Partnership and are known as New Cheney Flats, which is a 65-unit affordable multi-family housing complex consisting of one-two-and three-bedroom garden style apartments.

In order to facilitate the development of New Cheney Flats in the early 2000s, the city entered into a ninety (90) year ground lease with Adams Street II Limited Partnership and lent HOME Investment Partnership Program loan funds to assist in the construction, financing and completion of the project. In exchange for borrowing HOME loan funds a certain number of units must be affordable for a certain period of time.

In addition to the city's financial assistance, the project was awarded Low-Income Housing Tax Credits. The Low-Income Housing Tax Credit program (LIHTC) is a public policy tool used to provide funding for the development of affordable housing. The federal government allows developers of particular affordable-housing projects to sell tax credits to investors to provide the capital necessary to build the project. In exchange for the LIHTC a certain number of units are required to be affordable for a certain period of time as well.

Adams Street II Limited Partnership, the current owner of the improved property, intends to sell its interest to Torrey Hill Apartments Two, LLC. In addition, Torrey Hill Apartments Two, LLC wishes to acquire the city's fee simple interest in order to obtain acquisition financing for New Cheney Flats. The purchase price for the city's fee simple interest is \$81,500.

Torrey Hill Apartments Two, LLC, intends to continue to operate New Cheney Flats while keeping existing residents in place and adhering to the affordability requirements stipulated by the Ohio Housing Finance Agency and City of Toledo.

As part of the agreement to satisfy the HOME Loan note and release the associated mortgage, the City of

Toledo, Department of Neighborhoods is requiring that seven (7) of the units remain affordable to tenants earning less than or equal to 50% of the Area Median Income (AMI). Rent restrictions will remain on the seven units until December 31, 2032. The City's restrictions are in addition to those stipulated by OHFA.

NOW, THEREFORE, Be it ordained by the Council of the City of Toledo:

SECTION 1. That the mayor is authorized to enter into a Real Estate Purchase Agreement ("Agreement") with Torrey Hill Apartments Two, LLC, for the sale and conveyance of approximately 1.1648 acres or 50,737 square feet, as reflected on TD-12-12-09364, Public Records of Lucas County, Ohio, with a physical address of 1602 Adams Street, in the City of Toledo, Lucas County, Ohio and as more fully described and shown on attached **Exhibit A** ("Real Property"); in addition, Mayor is authorized to enter under additional terms and conditions approved by the Mayor, the Director of Law and the Director of Neighborhoods as being in the best interest of this City, and in keeping with the findings, determinations and purposes of this Ordinance, with the execution by the Mayor of the Agreement being conclusive evidence of such approvals, and no further action relating thereto shall be required by Council.

SECTION 2. That this Council finds and determines that the Real Property to be sold or otherwise disposed of pursuant to the terms of the Agreement is Real Property which is not needed by the City for any municipal purpose; that the disposition thereof to Torrey Hill Apartments Two, LLC, in accordance with the Agreement is necessary to facilitate the operation of New Cheney Flats, to improve the economic welfare of the people of the City of Toledo and is in the best interest of the city; that disposition of the said Real Property by negotiation pursuant to the Agreement is the appropriate method of making it available for redevelopment; that the negotiated sales price is a fair and reasonable value for said Real Property in accordance with the terms of the Agreement.

SECTION 3. That this Council approves the Agreement, including the sale of said real estate provided for therein, notwithstanding and as an exception to the notice, publication and bidding provisions of Chapter 187 of the Toledo Municipal Code and the same are waived. The reason for the waiver and exception is that the property is not needed for any municipal purpose, and that the proposed acquisition and operation of this property is found to be the highest and best use to return the property to a tax producing status.

SECTION 4. That the mayor is authorized to execute and deliver such deeds, certifications and instruments necessary to carry out the terms of the Agreement; that the Director of Law, the Director of Finance, the Clerk of Council and other appropriate officials of this city are authorized to enter into, execute and deliver such other agreements, instruments, documents and certificates to take such other lawful action as may be necessary or appropriate in order to further implement the Agreement and to further evidence the various matters approved and authorized by this Ordinance. That any and all cost, fees, taxes and recoupment charges, and expenses to be paid by the City pursuant to the Agreement and/or incidental to the closing are authorized to be paid from the proceeds being received by the City from the sale of said Real Property.

SECTION 5. That the Finance Director is authorized to accept and deposit \$81,500 into the HOME Investment Partnerships Grants Fund, Account Code 2025-16200-408990-5PH1402STDREH.

SECTION 6. That the mayor is authorized to execute and deliver a satisfaction of the HOME Loan note and release of the associated mortgage.

SECTION 7. That the authority granted in the above sections is conditioned upon the original agreement, which stipulated that seven (7) of the multi-family units maintained a period of affordability for 20

years, continuing to meet the restrictive use until 2032.

SECTION 8. That pursuant to the authority of HOME, the project has, and will continue to serve the interest of the agreement and maintain seven (7) units for income-eligible tenants with rent restrictions.

SECTION 9. That it is found and determined that all formal actions of Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of Council and that all deliberations of Council and any of its committees that result in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 Ohio Revised Code.

SECTION 10. That this Ordinance is declared to be an emergency measure and shall take effect and be in force immediately from and after passage. The reason for the emergency lies in the fact that the same is necessary for the immediate preservation of the public peace, health, safety and property, and for the further reason that this Ordinance must be immediately effective to facilitate the execution and delivery of the Agreement and conveyance of the above described real property for rehabilitation.

Vote on emergency clause: yeas 11 nays 0

Passed: December 10, 2019, 2019, as an emergency measure: yeas 11, nays 0.

Attest:

Gerald E. Dendinger
Clerk of Council

Matt Cherry
President of Council

Approved:

December 11, 2019
Wade Kapszukiewicz
Mayor