



Legislation Text

File #: O-455-19, **Version:** 2

Autumn Wood I Portfolio
Department of Neighborhood and Business Development
Amy Sackman Odum (x3647) Veronica Burkhardt (2605)

Authorizing the Mayor to execute a loan modification agreement on the Low-Income Housing Tax Credit Project for 48 scattered site, single family rental housing units called Autumn Wood I that provides for the partial release of twelve (12) single family unit mortgages in an amount not to exceed Twenty Five Thousand Dollars (\$25,000.00), as well as providing those purchasers of the twelve (12) single unit family homes down payment assistance in the amount of the partial release so that their mortgage is no greater than Fifty Thousand Dollars (\$50,000.00); in addition agreement shall also forgive accrued interest and set interest rate at 0% on the original Three Hundred Thousand (\$300,000.00) HOME loan and also provide that city shall monitor compliance with terms of agreement by reviewing and approving closing statements for initial twelve (12) home sales; and declaring an emergency.

SUMMARY & BACKGROUND:

The Low-Income Housing Tax Credits program (LIHTC) is a public tool used to provide funding for the development of affordable housing. The federal government allows developers of particular affordable-housing project to sell tax credits to investors to provide the capital necessary to build the project. Locally, community development corporations have used LIHTC as a financing tool to build many units of affordable housing and promote homeownership in Toledo.

Autumn Wood I originated as a portfolio with 48 single-family housing units under the auspices of Preferred Properties, Inc., identified as Autumn Wood Limited Partnership. An investment of \$300,000 of HOME Investment Partnerships (HOME) funds was made to this project. This project, while close to 100% occupancy, has a high debt ratio. The request is for a loan modification agreement (“Agreement”) that provides forgiveness of the \$300,000 HOME loan but in a manner that provides partial releases in \$25,000 increments to the first 12 single family purchasers while also providing those same purchasers with down payment assistance by ensuring that the amount released is used toward their down payment so that their single family mortgage does not exceed \$50,000 in its entirety; Agreement shall also provide that with each of the first 12 closings the city will deliver a Partial Release of Mortgage to Seller, forgive all accrued interest and set an interest rate at 0%; finally, the city through Department of Neighborhoods will monitor compliance with Agreement by reviewing and approving closing statements of the initial twelve (12) home sales. Preferred Properties, Inc., identified as Autumn Wood Limited Partnership intends to sell the portfolio to a stable entity named Great Lakes Realty. This will have no financial impact upon the current HOME balance within the City’s budget.

The City of Toledo, along with Local Initiatives Support Corporation (LISC), and Preferred Properties, Inc. have been instrumental in working with the buyer, securing the portfolio toward a partner that will work with tenants to move them toward homeownership, along with homebuyer counseling, financial literacy, home maintenance and education opportunities.

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

SECTION 1. That the Mayor is authorized to execute and deliver a loan modification agreement (“Agreement”) that provides forgiveness of the \$300,000 HOME loan but only through partial releases in \$25,000 increments and only to the first twelve (12) single family purchasers, which must also be provided with down payment assistance in the same amount as the partial release, so that the first twelve (12) single family home mortgages do not exceed \$50,000 per home; and

SECTION 2. That the Mayor is authorized to execute and deliver pursuant to Agreement with each of the first twelve (12) closings a Partial Release of Mortgage to Seller; and

SECTION 3. That the Mayor is authorized to execute and deliver pursuant to Agreement forgiveness of all accrued interest on the note and set an interest rate at 0%;

SECTION 4. That the Mayor through Department of Neighborhoods will monitor compliance with Agreement by reviewing and approving closing statements of the initial twelve (12) home sales.

SECTION 5. That this ordinance is declared to be an emergency measure and shall be in force and effect from and after its passage. The reason for the emergency lies in the fact that same is necessary for the immediate preservation of safety and well being of current tenants.

Vote on emergency clause: yeas 12, nays 0.

Passed: November 12, 2019, as an emergency measure: yeas 12, nays 0.

Attest:

Gerald E. Dendinger
Clerk of Council

Matt Cherry
President of Council

Approved:

November 12, 2019
Wade Kapszukiewicz
Mayor