



Legislation Text

File #: O-136-22, Version: 1

West Central Homes Portfolio
Department of Housing and Community Development
Director Rosalyn Clemens (x3647)

Authorizing the Mayor to execute the Modification and Amendment HOME Loan Agreement (“Agreement”) with West Central Homes LLC with respect to the thirty-two (32) scattered site, single family rental housing units located within the West Central Homes Project upon certain terms and conditions; 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 projects 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.

The 32-unit scatter site West Central Homes portfolio was developed by West Central Homes LLC. In 2005, the City of Toledo invested \$320,000 of HOME Investment Partnerships (HOME) gap financing in the project at an interest rate of 5.58 % per annum, compounded semi-annually. To prevent failure of the project prior to the end of the 16-year LIHTC compliance period, Neighborworks Toledo Region (NTR) was recruited by the City and the original investors to join the partnership and stabilize the portfolio. NTR continues to operate the West Central Homes portfolio; and through the Year 16 LIHTC Initiative, works to convert existing tenants to homeowners through the Financial Opportunity Center (FOC). NTR has refurbished or completed new construction of some units that were vacant or demolished. NTR has requested forgiveness of the HOME debt including outstanding accrued interest and principal to allow for the sale of the units and setting the interest on the HOME loan at 0%. NTR is also offering a Key Bank financed mortgage product for purchase of the units.

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

SECTION 1. That the Mayor is authorized to execute and deliver Agreement on such terms that are acceptable to the Director of Housing and Community Development and Director of Law which must contain the following:

- A. Adjusting the interest rate on the original HOME loan from 5.58% to 0% per annum;
- B. Forgiving of fifty percent (50%) of the current balance of accrued interest on the HOME Loan as of January 1, 2022, which is an amount equal to Two Hundred Five Thousand Seven Hundred Seventy-One and 57/100 Dollars (\$205,771.57);
- C. At the closing of each sale of the thirty two (32) single family homes of the Project, the City shall partially release the Mortgage that secures the Note for each of the thirty two (32) single family homes as well as amount equal to 1/32th of any unpaid principal and interest on the Note in exchange for a credit from Borrower in the amount of Ten Thousand and 00/100 Dollars

(\$10,000.00) (collectively “**Release Payment**”); and (ii) the Borrower shall provide to the individual purchaser(s) of each of the single family homes a credit from Borrower as seller of a single family home in the amount of the Release Payment as a credit to assist with the purchase of each of the single family homes provided that Borrower shall only provide such credit if the individual purchaser of the single-family home was a former tenant occupant of the single family home being purchased.

- D. Units for sale pass a HUD Section 8 Housing Quality Standards (“**HQS**”), amended, and applicable housing and building codes of the City of Toledo, as amended; and
- E. In the event that NTR provides financing for the purchase of the home, NTR shall provide City with terms and conditions of financing and apply for the City’s Home at Last down payment assistance on behalf of the buyer pursuant to the Home at Last program guidelines.

SECTION 2. That the Mayor is authorized to execute and deliver pursuant to Agreement with each of the 32 closings a Partial Release of Mortgage to Seller; and

SECTION 3. That the Mayor through Department of Housing and Community Development will monitor compliance with Agreement by conducting HQS inspections, reviewing terms of financing provided by NTR, and review of closing statements to validate that purchasers receive Release Payment credit.

SECTION 4. 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 fostering of homeownership and the immediate preservation of safety and wellbeing of current tenants.

Vote on emergency clause: yeas 12, nays 0.

Passed: March 29, 2022, as an emergency measure: yeas 12, nays 0.

Attest:

Gerald E. Dendinger
Clerk of Council

Matt Cherry
President of Council

Approved:

March 30, 2022
Wade Kapszukiewicz
Mayor