



Legislation Details (With Text)

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On agenda: 4/21/2015 **Final action:** 4/21/2015
Title: Budget Ordinance in the amount of \$160,000 to extinguish construction loans related to properties in Willow Oaks

Sponsors:

Indexes:

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Attachments: 1. SOS_LSCG Fund 19.pdf, 2. 15-0339 BudOrd.pdf

Date	Ver.	Action By	Action	Result
4/21/2015	1	City Council	adopt	Pass

Budget Ordinance in the amount of \$160,000 to extinguish construction loans related to properties in Willow Oaks

Department: Neighborhood Development and Planning
Council District: 1

Public Hearing: N/A
Advertising Date/By: N/A

Contact 1 and Phone: Barbara Harris, Neighborhood Development, 373-2509
Contact 2 and Phone: Sue Schwartz, FAICP, Planning, 373-2149

PURPOSE:

City Council is requested to approve a budget ordinance in the amount of \$160,000 to fund the commitment to extinguish construction loans related to properties in Willow Oaks and provide clear title, allowing them to be sold to qualifying owner-occupants in an active redevelopment area.

BACKGROUND:

Areas of the Willow Oaks neighborhood slated for single family construction were conveyed to the non-profit Greensboro Housing Development Partnership (GHDP), with single family homes constructed by private builders through a ground lease managed by the site developer. Three houses built in 2008-2010 by OU Chavis Contracting Company remain unsold (2108 John Tarpley Lane, 2205 Charles Harshaw Avenue, and 812 Green Oaks Street). A map illustrating their location within Willow Oaks is attached.

OU Chavis Contracting has been sued by LSCG Fund 19, LLC (an entity related to LS Capital, LLC) for construction financing totaling \$407,361.78 plus interest accruing since November 26, 2014. A judgment against the builder will cloud the titles of the three properties, with negative consequences for the Willow Oaks redevelopment neighborhood.

The City Attorney's office has negotiated the assumption and payoff of the three promissory notes securing the construction loans held by LS Capital, LLC for these three properties for a total of \$160,000. Based on appraisals dated March 20, 2015, the appraised value of the properties totals \$285,000. Two of the properties require minor repairs (related to vandalism) to resolve minimum housing code violations that were identified during routine inspections.

This action will provide clear title to the properties to GHDP, allowing the properties to be sold to qualifying buyers. At their March 23, 2015 meeting GHDP agreed to accept clear title to these properties, make the required repairs, and market them for sale to qualifying owner-occupants. Net proceeds from the sales will be returned to the City to the Nussbaum Housing Partnership fund, less the costs incurred by GHDP for repairs and disposition.

BUDGET IMPACT:

The amount of \$160,000 to be appropriated from the Nussbaum Housing Partnership fund balance to a FY 2015 account. As properties are sold, net proceeds will be returned to the Nussbaum fund for future housing activities.

RECOMMENDATION / ACTION REQUESTED:

City Council is requested to approve a budget ordinance appropriating \$160,000 from the Nussbaum Housing Partnership fund unallocated balance in the FY 2015 account to extinguish construction loans related to properties in Willow Oaks.