



Legislation Text

File #: ID 15-0312, **Version:** 1

Resolution to extinguish construction loan and enter into a development agreement with the Greensboro Housing Development Partnership for acquisition and resale of property in Willow Oaks.

Department: Neighborhood Development and Planning
Council District: 1

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

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PURPOSE:

City Council approval is requested to enter into a development agreement with the Greensboro Housing Development Partnership (GHDP) for acquisition and resale of three residential properties in Willow Oaks. This action would extinguish construction loans related to these properties in order to provide clear title and allow 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:

\$160,000 from the Nussbaum Housing Partnership fund will be used to acquire the properties and extinguish the construction loan. As properties are sold, net proceeds will be returned to the Nussbaum fund for future housing activities.

RECOMMENDATION / ACTION REQUESTED:

City Council approval is requested for a resolution to allocate \$160,000 from Nussbaum Housing Partnership fund balance; to authorize payment to LS Capital, LLC in an amount not to exceed \$160,000 for payment of specified promissory notes executed by OU Chavis Contracting Company for the properties referenced above; execute any other necessary documents to provide clear title to the properties; and to authorize the City Manager to execute an agreement with Greensboro Housing Development Partnership (GHDP) to market the properties for sale to qualifying owner-occupants with return of net proceeds to the Nussbaum Housing Partnership Fund.