



Legislation Text

File #: ID 16-0516, **Version:** 1

Resolution to Modify Loan Agreement and Accept Deed in Lieu of Foreclosure for 1004-1028 John Dimrey Drive

Department: Neighborhood Development
Council District: All

Public Hearing: No
Advertising Date/By: n/a

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PURPOSE:

City Council is asked to consider a resolution to modify the loan agreement terms and recorded restrictions on multi-family property located at 1004-1028 John Dimrey Drive [PIN 7874024541] and to approve the acquisition through a deed in lieu of foreclosure. The City will sell the property and use the federal program income for future housing and community development activities.

BACKGROUND:

The 22 units located at 1004-1028 John Dimrey Drive were part of a City rental housing investment program in the 1990's aimed at the rehabilitation of existing units in distressed areas. The property was acquired by the Redevelopment Commission in 1990 as part of the Benjamin Benson Redevelopment Plan. The property was sold to Raymond S. King Limited Partnership and rehabilitated using Low Income Housing Tax Credits from the North Carolina Housing Finance Agency [NCHFA], as well as \$778,246 in federal HOME and CDBG program funds from the City of Greensboro. The City first position lien currently totals \$757,939.45 of CDBG and HOME program funds. A Redevelopment Commission second position lien totals \$24,000. The City and Redevelopment Commission hold the only recorded mortgages on the property. The property has been appraised at \$275,000 in its current condition.

The units successfully served very low income tenants for 20 years. However, the units have reached the point in their economic life where they need to be recapitalized. United Housing Associates, the current general partner of the Raymond S. King Limited Partnership, has offered a deed in lieu of foreclosure to the City. A deed in lieu of foreclosure will truncate existing NCHFA deed restrictions. NCHFA has agreed with the work out plan for this property.

In order to pursue the deed in lieu option, the loan agreement and recorded restrictions must be amended to correctly reflect the HOME-required 10 year period of affordability, instead of the 30 year term as currently stated in the loan documents. Once the loan agreement and deed restrictions are amended to shorten the restrictions period, the City would take title to the property via deed in lieu of foreclosure. The City would then sell the property through the public sale process. The net income from the sale would be federal HOME and CDBG program income to be used for future affordable housing and community redevelopment activities.

BUDGET IMPACT:

The owner has offered title to the property through deed in lieu of foreclosure for existing loans currently totaling \$781,939.45. When the property is transferred to the City, the loans would be extinguished.

RECOMMENDATION / ACTION REQUESTED:

City Council is asked to authorize a resolution amending the loan agreement and deed restrictions to shorten the period of restrictions to the 10 years required by the HOME program and to accept a deed in lieu of foreclosure from Raymond S. King Limited Partnership for the property located at 1004-1028 John Dimrey Drive. City Council is also asked to approve the City Manager to execute the documents related to the loan modification and acquisition.

COMMITTEE ACTION: This item was referred to Council by the Community Services Committee.