City of Gainesville

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Legislation Text

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Discussion of Low-interest Loan Program for Moving Historically Significant Houses (B)

The City Commission approved a house-moving program during its meeting of September 27, 1999. The approval limited the funding to $10,000 per fiscal year, with any one grant limited to 50 percent of the program's budget for moving historically significant houses at least 50 years of age within the City. The grant can be for up to 50 percent of an applicant's cost to move such a house. The Commission also requested that staff explore the idea of a low-interest loan or other program in addition to or instead of the approved grant program.

Planning staff has discussed the concept of a low-interest loan program with staff from the Housing Division, which has considerable experience with loan administration. Low-interest loans administered through the Housing Division typically have an annual interest rate of 3 to 5 percent, which is below market value. Such loans have market appeal, but administrative costs are relatively high. Establishing a program would require identifying a source of funds, setting maximum loan amounts and terms, developing an application process and applicant eligibility criteria, establishing insurance requirements, and developing repayment and other performance criteria.

One advantage of a loan program over a grant program is that accrued interest payments to the City could be used as a source of funds for the house-moving program. A loan program also has the advantage of creating a recorded mortgage that runs with the property, thus allowing for placement of a lien if necessary, and monitoring changes in ownership. Non-performance of contractual terms by one owner would not obviate the contractual obligations of a subsequent owner of the property. However, given the probable relatively small amount of a house-moving loan, the City would likely have an inferior lien position and would predictably encounter difficulty in collection.

Staff prepared three different scenarios for a low-interest house-moving loan program. The first scenario was for a $10,000 program budget, the second for a $30,000 budget, and the third for $50,000. Each had a five-year payback period and a five- percent annual interest rate. The first and second were based on $5,000 loans, and the third scenario was for loans of $10,000. The $10,000 loan program (first scenario) would grow by over $1,300 (unadjusted for inflation, no loan delinquency assumed) at the end of the five-year payback period. The $30,000 program would grow by over $3,900 over five years, the $50,000 program would grow by more than $6,600 during the same period.

The Building Inspections Department has provided a listing of house-moving permits (and permits for moving other structures) for 1997, 1998 and 1999. Twenty-one permits were issued during this 3-year period, and 12 of the 21 total permits were for moves to locations outside of the City. Of the nine structures that were moved to other locations in the City, six were houses, and one of the houses burned down before it was moved. The other three permitted moves were for non-residential structures. These consisted of a City-owned building (moved from 505 Northwest 3rd Street to 423 Northwest 6th Street), one storage shed, and a historic tobacco barn moved from the University of Florida campus to southeast Gainesville (behind the former Coca-Cola bottling plant), where it is to serve as an artist's studio.

Staff made a presentation on the status of the house-moving program to the Historic Presentation Board on May 2, 2000. In light of the relatively low number (nine) of permits issued over the past three years issued for moves within the City, the Board discussed the idea of keeping the program as a grant program for the time being, rather than making it a loan program. No action was taken in this regard. The Board also discussed the merits of expanding the house-moving program to include non-residential structures. The Board then voted unanimously to amend the house-moving program to include non-residential structures, rename the program appropriately and add wording that preference be given to residential structures, provided however, that non-residential structures would be given full consideration based upon availability of funds.

A source of funds for a low-interest loan program has not been identified. The budget for the grant provided during this fiscal year was from the City Commission contingency.

The City Commission hear a brief presentation from staff and authorize amendment of the grant program to include nonresidential structures as a second priority.