



Legislation Text

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Rental Rehabilitation Grant and City Loan to Richard Anderson

Mr. Anderson is proposing to renovate a two bedroom house located at 1406 S.E. 2nd Street for a lease to a low-income household. After renovations are complete, the building will contain three bedrooms. The building is currently dilapidated and vacant.

Existing approved City Commission policy allows: A maximum grant award of \$9,500 for each unit containing three or more bedrooms; a grant to cover the cost of any insulation and venting, if any; and a grant to cover the closing costs. However, the City Commission does not have an approved policy for granting low-interest loans to investors. Historically, the City Commission has taken action on these requests on a case-by-case basis.

Due to the condition of the structure, existing market rents, and the cost to comply with housing code requirements, the project is not feasible without both the grant and low-interest loan. Staff has prepared a cost feasibility analysis (proforma) to support this conclusion.

Mr. Anderson owns the property free and clear of any mortgage or other encumbrances. The total project cost is \$31,620.64 (renovations, contingency and closing costs). The Housing Division program funds budgeted in accounts 104-790-7968-5540-4120 and 104-790-7968-5540-4324 are available to finance the grant and loan to Mr. Anderson.

The City Commission: 1) Approve the award of a \$9,500 Rental Rehabilitation Grant, \$325.64 closing cost grant, and a \$2,500 insulation and venting grant to Richard Anderson; 2) authorize the award of a \$19,295 City loan to Richard Anderson for a term of 15 years and a fixed interest rate of 3%, with payments of interest and principal beginning six months after completion of construction; 3) authorize the Housing Division to use the standard rehabilitation program grant and loan documents to consummate the grant and loan awards, subject to approval by the City Attorney as to form and legality; and 4) authorize the issuance of a purchase order (which does not include closing costs) to the contractor, R-ONE Investments, Inc., in an amount not to exceed \$28,450 plus a 10% contingency of \$2,845.