

RESOLUTION NO. 2013-09

A RESOLUTION AUTHORIZING THE CITY OF FLAGSTAFF TO PROVIDE UP TO TWO HUNDRED FORTY-FIVE THOUSAND (\$245,000.00) TO MOUNTAINSIDE VILLAGE/FLAGSTAFF LP AS LOCAL GOVERNMENT CONTRIBUTION FOR A LOW INCOME HOUSING TAX CREDIT PROJECT UNDER THE ARIZONA DEPARTMENT OF HOUSING (“ADOH”) 2013 QUALIFIED ALLOCATION PLAN

RECITALS:

WHEREAS, the City of Flagstaff wishes to encourage development and maintenance of affordable housing in the City; and

WHEREAS, Section 42 of the Internal Revenue Code provides the private market with an incentive to invest in affordable rental housing called the LIHTC Program; and

WHEREAS, the City Council (“Council”) by Ordinance No. 1837 dated June 7, 1994 authorized the sale of approximately 5.5 acres of City property within the Sunnyside neighborhood (the “Property”) for the purpose of residential units affordable to families with income levels at or below 60 percent of the Area Median Income,

WHEREAS, the City issued a Deed of Trust (“Mortgage”) dated December 13, 1994 to loan the amount of \$345,000 with Flagstaff Affordable Housing LP, for the purchase of the property at an interest rate of 3% for 30 years, payable interest only each year when there is sufficient cash flow as determined by an independent auditor, with a balloon payment at the end.

WHEREAS, the City simultaneously entered into a Development Agreement with Flagstaff Affordable Housing LP regarding the development of the Property and further stipulating the project serve households with incomes at or below 60 percent area median income and establishing maximum rent amounts for the term of the Mortgage; and

WHEREAS, the Mountainside Village Apartments were financed under the LIHTC Program; and

WHEREAS, Mountainside Village/Flagstaff LP is proposing to purchase the Property and Mountainside Village Apartments from Flagstaff Affordable Housing LP; and

WHEREAS, Mountainside Village/Flagstaff LP, is the applicant for a new, 2013, LIHTC allocation with the Arizona Department of Housing and intends to apply for the 2014 LIHTC allocation if it is not successful in 2013; and

WHEREAS, the 2013 Qualified Allocation Plan from the Arizona Department of Housing awards ten points to any project in which as least 10 percent of the permanent financing is from a Local Government with a population of less than 500,000; and

WHEREAS, Mountainside Village/Flagstaff LP wishes to obtain the points offered for local government financing by obtaining a mortgage from the City similar to the one the City entered into with Flagstaff Affordable Housing LP; and

WHEREAS, if Mountainside Village/Flagstaff LP is awarded the LIHTC allocation it wishes to: 1) satisfy the Mortgage; 2) execute a deed of trust and promissory note for a cash-flow loan with the City in the amount of \$245,000, with interest at the rate of 3% annually for the 30 year term of the new loan; and 3) extend the requirement of providing affordable housing for the new term of the loan; and

WHEREAS, the result of such an agreement will result in a payment of \$100,000.00 to the City and the extension of the commitment to provide affordable housing until approximately 2043 or 2044.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. That the City will provide, upon acquisition of the Property, up to Two-Hundred Forty-Five Thousand (\$245,000) to the Developer as Local Government Contribution under the Arizona Department of Housing (“ADOH”) 2013 or 2014 Qualified Allocation Plan by means of a promissory note and deed of trust which provide for repayment of the Local Government Contribution (“LGC”) in 2043 or 2044 and require the Developer to provide low-income housing at the Mountainside Village Apartments for the term of the loan. The interest rate on the thirty-year cash-flow loan shall be 3% annually, with other terms to be negotiated by City of Flagstaff Staff.

SECTION 2. That the LGC will be contingent upon the award of tax credits by ADOH to the Developer for Acquisition/Rehabilitation of Low Income Housing Tax Credit mufti-family project known as Mountainside Village Apartments.

SECTION 3. That the City Manager be and hereby is authorized to execute any documents necessary to implement the Local Government Contribution option in connection with the Developer’s application for Low Income Housing Tax Credits under the ADOH 2013 or 2014 Qualified Allocation Plan.

SECTION 4. That this resolution shall take effect 30 days after its adoption.

PASSED AND ADOPTED by the City Council and approved by the Mayor of the City of Flagstaff this _____ day of _____, 2013.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY