



**TO: JIM GRAY, MAYOR
URBAN COUNTY COUNCIL**

FROM: CHARLIE LANTER, DIRECTOR 
DIVISION OF GRANTS AND SPECIAL PROGRAMS

DATE: September 10, 2018

SUBJECT: Authorization to Approve Change in Use For Property Located at 1807 Dalton Court, to Declare the Property as Surplus, and to Convey Ownership of Property to Arbor Youth Services – REQUIRES PUBLIC HEARING TO BE HELD OCTOBER 11, 2018

Request:

Request Council authorization to approve a change in use for property owned by LFUCG and located at 1807 Dalton Court, to declare the property as surplus, and to convey ownership of the property to Arbor Youth Services.

Why are you requesting?

In 1992 the LFUCG paid \$78,300 to purchase real property located at 1807 Dalton Court for the purpose of leasing it to AIDS Volunteers of Lexington (AVOL, Inc.) to operate Rainbow House, a transitional housing program for people living with HIV/AIDS. In 1995, LFUCG utilized \$62,000 of Community Development Block Grant (CDBG) funds for rehabilitation at the site, which includes a 1,845 square foot building currently divided into 5 apartments and one office for support staff. LFUCG has since maintained a lease with AVOL in which the organization pays \$10 annually and maintains responsibility for operations and maintenance of the program and property utilizing federal Housing Opportunities for Persons with AIDS (HOPWA) funding also granted by LFUCG.

The most recent lease with AVOL for this property has expired and AVOL has expressed that it wishes to migrate the Rainbow House program to a scattered site format, eliminating the need for this site. The building is now vacant and LFUCG is paying for utilities and maintenance to sustain the property. The LFUCG has also received a proposal from Arbor Youth Services to take ownership of 1807 Dalton Court, perform needed rehabilitation, and operate an independent living program for youth who are exiting homelessness. Arbor Youth Services has a commitment from the LFUCG Affordable Housing Trust Fund for \$250,000 to finance the rehabilitation and the Lexington Housing Authority will provide program-based vouchers to support ongoing operations.



Regulation 24 CFR 570.505 requires the government to provide affected citizens with reasonable notice of, and opportunity to comment on, any proposed change in use of real property acquired or improved in whole or in part using CDBG funds in excess of \$25,000. If the new use of the property does not meet a national objective under CDBG regulations, then the CDBG program must be reimbursed. Therefore, a deed restriction will be placed on the property requiring that Arbor Youth Services utilize 1807 Dalton Court for an activity that meets a CDBG National Objective or reimburse the LFUCG's CDBG program \$62,000. This amount must also be repaid to the CDBG program if the property is ever sold.

What is the cost in this budget year and future budget years? No financial impact to LFUCG.

Are the funds budgeted? N/A

File Number: 0960-18

Director/Commissioner: Charlie Lanter/Sally Hamilton