



Mayor Jim Gray

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
Division of Grants and Special Programs

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

**FROM: IRENE GOODING, DIRECTOR
DIVISION OF GRANTS AND SPECIAL PROGRAMS**

DATE: MARCH 30, 2012

**SUBJECT: REQUEST COUNCIL AUTHORIZATION TO EXECUTE HOME
AGREEMENT WITH NATIONAL HOUSING ASSOCIATES, INC.
FOR USE OF HOME FUNDS FOR REHABILITATION OF
RENTAL HOUSING PROJECT AT SALEM VILLAGE
APARTMENTS**

The Lexington-Fayette Urban County Government's approved Consolidated Plan provides for the use of federal HOME Investment Partnerships Program funds for the development of rental housing for low-income households. National Housing Associates, Inc., a nonprofit organization, has been awarded Low-Income Housing Tax Credits through Kentucky Housing Corporation's 2012 competitive rental funding cycle for the rehabilitation of Salem Village Apartments, a multifamily Project Based Section 8 development located at 1109 Winburn Drive. In order to be financially feasible, this project requires \$400,000 in HOME Investment Partnerships funds as gap financing. This property, built in 1979, is deteriorating and, without substantial rehabilitation, will become uninhabitable in the near future. The result will be the loss of 39 Section 8 Project Based units for households below 50% of median income. National Housing Associates in partnership with Oracle Consulting Services, LLC and Oracle Design Group, LLC, proposes to perform substantial renovation of units, create a minimum of five ADA accessible units, ADA accessible sidewalks, repave parking lot, improve community amenities, and improve energy efficiency of all units. The Oracle Design Group, Inc., and related companies are based in Louisville and have been responsible for development of eighteen projects in Kentucky (637 units.)

The total estimated cost of the housing redevelopment is \$5,225,117. Sources of funds are: Low-Income Housing Tax Credit equity in the amount of \$4,550,025, Kentucky Affordable Housing Trust Fund in the amount of \$250,000, deferred developed fee in the amount of \$25,092, and HOME funds in the amount of \$400,000.

HOME funds will be loaned to National Housing Associates, Inc., in the form of a Deferred Payment Loan for the term of fifteen (15) years. The Deferred Payment Loan shall be at zero percent (0%) interest for the duration of the loan, with no repayment of principal, unless an event of default occurs prior to the maturity date. During this term, the organization is

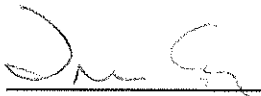
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required to rent to income eligible persons at affordable rents as determined by the U.S. Department of Housing and Urban Development.

Budget amendment is in process providing the following funds for the project:

FUND	DEPT ID	SECT	ACCOUNT	ACTIVITY	PROJECT	BUD REF	AMOUNT
3120	900247	0001	71101	H03	HOME 2008	2008	\$100,000
3120	900247	0001	71101	H03	HOME 2009	2009	\$200,000
3120	900247	0001	71101	H03	HOME 2010	2010	\$100,000

Council authorization to execute HOME Agreement with National Housing Associates, Inc. is hereby requested.



Irene Gooding, Director

Xc: Richard Moloney, Chief Administrative Officer