

RESOLUTION NO. _____

APPROVAL OF AMENDMENT TO EXISTING NEWBURG HOMEOWNERSHIP PLAN

Item No 5f

WHEREAS, the former Housing Authority of Jefferson County (now LMHA) received HUD approval on May 7, 1993 of the Newburg Homeownership Plan (Plan); and

WHEREAS, the approved Plan allowed the conversion of single-family homes, from KY105002 (now KY001017 and KY001039), KY105004 and KY105006, located in Newburg to homeownership utilizing the HOPE III/5(h); and

WHEREAS, the HOPE III/5(h) program has generated over \$790,000 in program income; and

WHEREAS, LMHA wishes to amend the existing Newburg Homeownership Plan to expand the approved use of Section 5(h) sale proceeds (program income) to include Choice Neighborhoods initiatives.

NOW, THEREFORE BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS that the Newburg Homeownership Plan be amended to include Choice Neighborhood Initiatives as an approved use of sale proceeds (program income) and then submitted to HUD for approval.

RESOLUTION BACKGROUND STATEMENT

APPROVAL OF AMENDMENT TO EXISTING NEWBURG HOMEOWNERSHIP PLAN

Item No 5f

I. STATEMENT OF FACTS:

LMHA executed the Plan on May 7, 1993. The initial Plan converted 68 public housing units into homeownership utilizing HOPE III/5(h). The original Plan has been amended 6 times with the final amendment moving two unsold units back into public housing inventory and closing out the program. The final amendment was approved December 19, 2018 via Resolution Number 98-2018. HUD approved the request on March 22, 2019. The Special Applications Center (SAC) updated the IMS/PIC application IBSKY10510 to reflect the amendment.

LMHA and its partners are currently working on a Choice Neighborhoods Implementation grant to redevelop the 758-unit Beecher Terrace public housing site. To fund this ambitious housing plan, LMHA received a Choice Neighborhood Implementation grant award of \$29,575,000. LMHA is leveraging its Choice Neighborhoods grant dollars with over \$110,000,000 in additional committed funding sources, including: low-income housing tax credits, first mortgage debt, deferred and recontributed developer fee, as well as Community Development Block Grant Funds from the Louisville Metro Government. LMHA has committed \$41,500,000 of its own funds, including Section 8 reserves, Capital Funds, program income as well as the Newburg Section 5(h) funds.

LMHA also applied for and was awarded \$4 million of Supplemental Grant funds that were available to previously funded Choice Implementation recipients facing budget constraints due to changes in the LIHTC market, construction costs, etc.

The CNI Master Budget includes Section 5(h) as a source of funds to help develop the new neighborhood. LMHA seeks approval to amend its Newburg Homeownership Plan to allow for the use of Section 5(h) sale proceeds to augment the Beecher Terrace housing plan. This would include our current Newburg related Section 5(h) reserves of approximately \$797,000, plus any additional income that is generated between now and the completion of the Beecher Terrace Housing Plan.

RESOLUTION BACKGROUND STATEMENT

APPROVAL OF AMENDMENT TO EXISTING NEWBURG HOMEOWNERSHIP PLAN

Item No 5f

II. ALTERNATIVES:

- A. Approve the amendment to the Newburg Homeownership Plan to allow use of proceeds in CNI efforts.
- B. Do not approve the amendment to the Newburg Homeownership Plan to allow use of proceeds in CNI efforts.

III. RECOMMENDATION:

Staff recommends Alternative "A"

IV. JUSTIFICATION:

- As part of the Newburg Homeownership Plan, LMHA is required to use sale proceeds (program income) as approved in the plan.
- LMHA has accumulated Section 5(h) program income but has no current plan to utilize the proceeds in another development or program effort.
- The Section 5(h) funds were included within the original CNI budget, therefore approval of this resolution follows the original intent of the initial budget.
- Use of Section 5(h) program income within the CNI effort will allow the currently held funds to be utilized productively in an ambitious housing plan.

RESOLUTION BACKGROUND STATEMENT

APPROVAL OF AMENDMENT TO EXISTING NEWBURG HOMEOWNERSHIP PLAN

Item No 5f

IV. BUDGET APPROVAL:

Funding for this expenditure is through the Authority's HAJC Newburg H/O Reserves.

Angela Larsson, Director of Finance

Date

Prepared and Submitted by: Jeffrey Ralph
Director of Strategic Initiatives
May 19, 2020