

City Council – Action Request Form

Date: September 13, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Patrice Toney, Assistant City Manager
Marla Y. Newman, Community Development Director

Council Action Requested:

Resolution authorizing a permanent financing commitment of up to \$400,000 for construction of a mixed-use development, known as Ram’s Pointe (East Ward)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

MTB3 Properties, LLC, whose Managing Members are Charmon M. Baker and Michael P. Baker, is requesting gap financing to support the development of Ram’s Pointe, a three-story, 33,000 sq. ft. mixed-use building with 30 residential units and six retail units located at 310 Martin Luther King, Jr. Drive.

On June 17, 2019, the Mayor and City Council authorized the sale of the property to MTB3, including certain restrictive covenants and conditions. These include substantially completing the improvements within 24 months of recording the sale of the property, completing the improvements so that tenants can move in within 36 months of recording the sale of the property, and renting at least 5% of the residential units to households whose incomes are 50-80% of area median income and at least 5% of residential units to households whose incomes are 80-120% of area median income. The sale of the property was recorded on November 26, 2019. On March 22, 2021, the Mayor and City Council approved extending the deadlines to 36 months for substantial completion (November 26, 2022) and 48 months for completion (November 26, 2023).

Committee Action:

Committee	Finance 9/13/2021	Action	Approval
For	Unanimous	Against	

Remarks:

The proposed development will be one three-story building with six retail units on the first floor and 30 residential units on the second and third floors. The residential units will consist of ten one-bedroom units of 650 sq. ft. and 20 two-bedroom units of 850 sq. ft. MTB3 will set aside six residential units – two one-bedrooms and four two-bedrooms – that are affordable to households who are below 80% of area median income. This is 20% of the total units and exceeds the requirements set in the restrictive covenants to the sale of the property. Monthly rents for the affordable units will be \$810 for one-bedroom units and \$965 for two-bedroom units. Monthly rents for the market-rate units will be \$1,000 for one-bedroom units and \$1,350 for two-bedroom units.

Proposed financing for the development consists of a conventional bank first mortgage loan, City funds as a subordinate mortgage, and owner equity. The preliminary sources are summarized as follows:

\$5,400,000	First Mortgage Bank Loan
400,000	Requested City Mortgage Loan
<u>400,000</u>	Owner Equity
\$6,200,000	TOTAL

As City funds are provided as “gap” financing, the final rate and terms will be backed into upon completion of the financing package, and as determined by the requirements of the first mortgage loan.

A resolution to provide a \$400,000 subordinate mortgage loan for Ram’s Pointe is presented for consideration. The proposed fund source is 2018 General Obligation Bond funds for housing in the East Ward.

