

Resolution No. 19-0112
Resolution Book 1, Volume 1

RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ACCEPT LESS THAN FULL REPAYMENT OF CONSTRUCTION LOANS, NOT TO EXCEED \$30,000 PER HOME CONSTRUCTED FOR THE REMAINING PROPERTIES ELIGIBLE FOR HOME FUNDS IN THE RIDGEWOOD PLACE SUBDIVISION AND THE EAST END REVITALIZATION AREA.

WHEREAS, the Community Development Department Staff and the S. G. Atkins CDC, developer for both Ridgewood Place Subdivision and the East End Revitalization Area, have found that the cost to construct a house is sometimes greater than the purchase price, which is based on appraised value; and

WHEREAS, the cost to construct a 1,200 square foot house, excluding land cost, has been between \$115,000-\$120,000 and rising in some instances to \$120,000-\$130,000; and

WHEREAS, the houses in Ridgewood Place are selling for \$120,000, while houses in the CDC's East End Revitalization Area (Hardesty Lane) are listed at \$109,000-\$115,000; and

WHEREAS, the shortfall in proceeds to repay the City's loan can range from \$10,000 to \$25,000 per house and does not include subsidizing the 5% brokerage or developer's fees.

NOW THEREFORE, BE IT RESOLVED, staff is requesting authority for the City Manager (or his designee) to facilitate the sale of these homes to a qualified buyer under current market conditions, by allowing the City to accept less than the full loan balance in repayment of these construction loans; and

BE IT FURTHER RESOLVED the City Manager is authorized to grant to the project a maximum brokerage fee of 5% and a maximum developer fee of 5%, based on construction costs, should a home sell for less than the full amount of the construction loan, applicable to construction loans under the current project development agreements for Ridgewood Place Subdivision and the East End Revitalization Area.