



Louisville Metro Government

Legislation Text

File #: O-364-19, Version: 2

ORDINANCE NO. _____, SERIES 2019

AN ORDINANCE APPROVING A FORGIVABLE LOAN PURSUANT TO LOUISVILLE METRO CODE OF ORDINANCES § 39.131, TO HC RUSSELL NEIGHBORHOOD LIMITED PARTNERSHIP AND APPROVING A MODIFICATION OF LOAN PURSUANT TO LOUISVILLE METRO CODE OF ORDINANCES § 39.131, TO RUSSELL NEIGHBORHOOD LIMITED PARTNERSHIP FKA RUSSELL NEIGHBORHOOD LIMITED PARTNERSHIP-WALNUT, FOR THE RENOVATION AND IMPROVEMENT OF THE MULTI-PHASE MULTI-FAMILY PROJECT ENTITLED CITY VIEW PARK - ACORN AND WALNUT (AS AMENDED).

**SPONSORED BY: COUNCIL MEMBERS SEXTON SMITH
AND HOLLANDER**

WHEREAS, Louisville/Jefferson County Metro Government, successor in interest to the City of Louisville ("Metro"), through Develop Louisville's Office of Housing and Community Development, has received from the United States Department of Housing and Urban Development a HOME Investment Partnership Program Grant ("HOME Program");

WHEREAS, Metro desires to make a forgivable HOME Program loan to HC Russell Neighborhood Limited Partnership ("HC Russell LP") in the amount of \$800,000.00 to renovate, improve, and maintain an affordable housing option at the City View Park - Acorn project in accordance with the HOME Program regulations;

WHEREAS, the aforementioned HOME Program funds exceed the \$100,000.00 and the \$150,000.00 amounts contained in the Louisville Metro Code of Ordinances ("LMCO") § 39.131, which prohibits such action without Council approval;

WHEREAS, Russell Neighborhood Limited Partnership-Walnut nka HC Russell LP, executed a promissory note dated May 30, 1996, in the principal amount of \$1,800,000, in favor of Metro, for the renovation, improvement and maintenance of an affordable housing option known as City View Park-

Walnut ("Walnut Loan") as evidenced by the HOME Mortgage dated May 30, 1996, of record in Mortgage Book 4106, Page 326, in the Office of the County Court Clerk of Jefferson County, Kentucky.

WHEREAS, Metro desires to refinance the Walnut Loan in order to reduce the interest rate on the outstanding principal balance which is due on December 1, 2037, and said modification will result in an amount which exceeds the \$100,000.00 and the \$150,000.00 amounts contained in the Louisville Metro Code of Ordinances ("LMCO") § 39.131, which prohibits such action without Council approval.

WHEREAS, the Council has determined that refinancing the Walnut Loan and making the forgivable loan to HC Russell LP is in furtherance of the HOME Program and the public purposes of Metro.

NOW, THEREFORE, BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT ("COUNCIL") AS FOLLOWS:

SECTION I: The HOME Program funds requested to be made available to HC Russell LP in the manner of a forgivable loan in the amount of \$800,000.00 are hereby approved by Council in accordance with LMCO § 39.131 for the purposes described in the Conditional Commitment Agreement attached hereto.

SECTION II: In accordance with LMCO § 39.131, Council hereby approves the reduction of the interest rate from 7.04% to 2.21% the Applicable Federal Rate (AFR) in effect on the date of City View Park - Acorn loan's closing on the outstanding ~~principal~~ balance of the Walnut Loan in the amount of \$1,800,000.00 which is currently owed by HC Russell LP.

SECTION III: The Mayor and other officials and employees of Metro who are delegated the authority to act for the Mayor are authorized and directed to execute any and all necessary agreements, certifications, affidavits, releases, cancellations, satisfactions, modifications, and other

documents and to do and perform all necessary or convenient actions to carry out the purposes authorized by this Ordinance.

SECTION IV. This Ordinance shall take effect upon its passage and approval.

H. Stephen Ott
Metro Council Clerk

David James
President of the Council

Greg Fischer
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

By: _____

O-XXX-19 Loan Forgiveness to HC Russell LP for City View Park - Acorn Project ver 2. sd 110119.docx