



Item: Exception request to the Housing Loan Policies for the maximum loan to the owner of the property 718-726 1st Ave No., L4,5,6,&7, B318 GFO

From: Community Development Department

Initiated By: Bruce Haman, CDBG Housing Rehab Specialist

Presented By: Kevin Hager, Great Falls Housing Authority

Action Requested: Approve exception to the policy

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission approve a loan to Joseph Beaudry for \$65,000.00 @ 0% interest for 192 months to completely rehab 2 apartments, replace the roof on a 22 unit building and refurbish the tenant storage facilities at the Leland Annex Apartments, 718-726 1st Ave No.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: The Loan Review Board and staff recommend that the City Commission approve an exception to the ‘Housing Loan Policies’ limit of \$30,000 for a loan to Joseph Beaudry for \$65,000.

Background: The Rental Improvement Loan program allows property owners to improve the quality of their properties by bringing them up to current codes. HUD fair market rent guidelines are used to establish rents that are affordable for low to moderate income tenants. The owner must agree not to raise rents for a two year period. The loan is required to be paid back monthly at 0% interest. The term of the loan is established on a case basis depending on each projects feasibility or ability to pay back. Traditionally, the term of the loans range from 5-15 years.

Traditionally the RIL program has been funded annually with Community Development Block Grant funds. The repaid funds revolve back into the program for future projects. For the last seven years no funds have been requested from the Community Development Block Grant program. With this positive net flow, the RIL program is able to fund larger projects as well as keeping up with the smaller rehab requests.

Project Work Scope: This is the second request by the owner for rehab funding. There are currently 44 units in the three buildings. The owner used the first phase funds of \$150,000.00 to replace boilers, plumbing upgrades, electrical upgrades and completely rehab 10 units. The second phase of \$65,000.00 will be used to replace the entire roof, bring 2 units from 'un-rentable' to 'rentable', rehab the tenant storage facilities and replace the exit doors.

Concurrences: The Housing Loan Review Board has reviewed the project and made approval recommendations for 'exception to the loan limits' to the City Commission on April 16th, 2008.

Fiscal Impact: The additional funding of \$65,000.00 to the current loan will net a larger payback to the Revolving Loan Fund.

Alternatives: City Commission has the option to approve or deny

Attachments/Exhibits: