



EMERGENCY

City of Cincinnati

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An Ordinance No. 122 - 2021

AUTHORIZING the submission of a Substantial Amendment to the City of Cincinnati's 2020-2024 Consolidated Plan/Annual Action Plan to the United States Department of Housing and Urban Development for Section 108 Loan funded activities; and further **AUTHORIZING** the City Manager to apply for Section 108 Loan funding from the United States Department of Housing and Urban Development as provided for under the provisions of Section 108 of the Housing and Community Development Act of 1974, as amended, in an amount up to \$34,000,000 for the purpose of funding a loan pool for financing the acquisition, rehabilitation, and construction costs related to affordable housing; and further **AUTHORIZING** the City Manager to (i) execute a *Funding Agreement* and any related agreements with Cincinnati Development Fund, Inc. and its affiliates to oversee the loan pool for financing the acquisition, rehabilitation, and construction costs related to affordable housing, and (ii) reinstate the Build Cincinnati Development Fund loan program and execute any related agreements with Build Cincinnati Development Fund LLC and Cincinnati Housing Development Fund LLC.

WHEREAS, City Council finds that there is an existing shortage of affordable housing units in the City of Cincinnati and that additional financial resources are necessary in order to create additional affordable housing units for the residents of the City of Cincinnati; and

WHEREAS, lowering rents or sale prices in order to increase housing affordability reduces the amount of revenue that an affordable housing development project produces and to make such projects financially feasible, the reduced revenue must be accounted for with additional equity or debt financing to subsidize the development costs; and

WHEREAS, City Council desires to increase available financing tools to encourage the production of new housing units and the preservation of existing affordable housing units and to increase capacity within the development industry for production of housing units; and

WHEREAS, pursuant to Ordinance No. 364-2018, passed December 12, 2018, the City established an Affordable Housing Trust Fund for the purpose of receiving and disbursing funds to preserve and develop affordable housing and prevent homelessness in the City of Cincinnati, and to fund any of the City of Cincinnati's administrative costs associated therewith; and

WHEREAS, subsequent to creation of the City's Affordable Housing Trust Fund, additional capital improvement program project accounts were established for the purpose of providing resources for the preservation and development of affordable housing in the City of Cincinnati (collectively with the Affordable Housing Trust Fund, the "Affordable Housing Appropriations"); and

WHEREAS, the City participates in a substantial number of federal programs and receives funding for such programs from the United States Department of Housing and Urban Development (“HUD”); and

WHEREAS, participation in these programs and the receipt of federal funding is guided by a 5-year Consolidated Plan prepared by the City and approved by HUD; and

WHEREAS, the City is preparing a Substantial Amendment to its 2020-2024 Consolidated Plan/Annual Action Plan for submission and approval by HUD that may result in the City borrowing up to \$34,000,000 to fund a loan pool for the financing of acquisition, rehabilitation, and construction costs related to affordable housing within the City of Cincinnati (the “Affordable Housing Loan Pool”); and

WHEREAS, City Council also desires to fund the Affordable Housing Loan Pool with the Affordable Housing Appropriations; and

WHEREAS, the Affordable Housing Loan Pool will be structured to provide loans with favorable interest rates to encourage the private market, non-profit or for-profit organizations; and

WHEREAS, City Council desires to designate Cincinnati Development Fund, Inc. (“CDF”) and its affiliates to oversee the Affordable Housing Loan Pool due to their experience serving underserved markets in the Greater Cincinnati area and their expertise in overseeing the successful BCDF Program (as defined below); and

WHEREAS, in 2003 and as restructured in 2009, the City contributed approximately \$10.9 million to the program formerly known as the Cincinnati Housing Development Fund (now known as the Build Cincinnati Development Fund, also known as the “BCDF Program”) which funds served as cash collateral for loans originated by Cincinnati Housing Development Fund LLC (later through Build Cincinnati Development Fund LLC), in partnership with several member banks with a significant presence in the City of Cincinnati, which public dollars were used to leverage considerable private investment in the City of Cincinnati; and

WHEREAS, under the terms of the *BCDF Operations Agreement* establishing the BCDF Program, no new loans could be originated under the BCDF Program after March 15, 2020; and

WHEREAS, City Council desires to reinstate the BCDF Program in order to promote housing affordability and job creation by cultivating a dynamic, affordable lending environment for residential and commercial development projects that are typically difficult to finance; and

WHEREAS, financing the acquisition, rehabilitation, and construction costs related to affordable housing is in accordance with the “Live” goal to “Provide a full spectrum of housing options, and improve housing quality and affordability,” as well as the strategy to “Provide quality healthy housing for all income levels,” as described on pages 164-168 of Plan Cincinnati (2012); now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That the City Manager is hereby authorized to submit a Substantial Amendment to the City of Cincinnati's 2021-2024 Consolidated Plan/Annual Action Plan to the United States Department of Housing and Urban Development ("HUD") for Section 108 Loan funded activities.

Section 2. That the City Manager is hereby authorized to apply for Section 108 Loan funding from HUD as provided for under the provisions of Section 108 of the Housing and Community Development Act of 1974, as amended, in an amount up to \$34,000,000, to fund a loan pool for the financing of acquisition, rehabilitation, and construction costs related to affordable housing within the City of Cincinnati (the "Affordable Housing Loan Pool").

Section 3. That the City Manager is hereby authorized to execute a *Funding Agreement* and any and all related agreements necessary to establish the Affordable Housing Loan Pool and to (i) designate Cincinnati Development Fund, Inc. and its affiliates to oversee the Affordable Housing Loan Pool and (ii) manage the funding available within the City's Affordable Housing Trust Fund and related capital improvement program project accounts, on such terms and conditions as deemed acceptable by the City Manager.

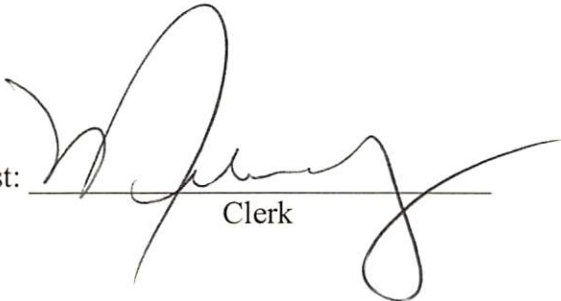
Section 4. That the City Manager is hereby authorized to execute any and all agreements necessary to reinstate the Build Cincinnati Development Fund program, on such terms and conditions as deemed acceptable by the City Manager.

Section 5. That the proper City officials are hereby authorized to do all things necessary and proper to carry out the provisions of Sections 1 through 4 hereof, including entering into any agreements, amendments, and other documents necessary to carry out those provisions.

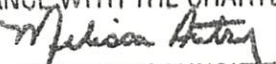
Section 6. That this ordinance shall be an emergency measure necessary for the preservation of the public peace, health, safety and general welfare and shall, subject to the terms of Article II, Section 6 of the Charter, be effective immediately. The reason for the emergency is the immediate

necessity to provide funding for the acquisition, construction, and rehabilitation of affordable housing in the City at the earliest possible time.

Passed: April 14, 2021

Attest: 
Clerk


Mayor

I HEREBY CERTIFY THAT ORDINANCE NO. 127-2021
WAS PUBLISHED IN THE CITY BULLETIN
IN ACCORDANCE WITH THE CHARTER ON 4-27-2021

CLERK OF COUNCIL