

CITY OF CAMDEN REDEVELOPMENT AGENCY
RESOLUTION SUMMARY

Housing

Resolution No.: 09-07-11B

Resolution Title:

**Resolution Authorizing a Loan Commitment to Camden Lutheran
Housing, Inc. for the Tres Equinas Housing Project in Connection with
Neighborhood Stabilization Program 2 ("NSP 2") Funds**

Project Summary:

In January 2010, CRA was awarded \$11.9 Million grant under HUD's NSP 2 Program, funded through the American Recovery and Reinvestment Act. CRA is administering NSP 2 program activities in targeted neighborhoods within the City. Eligible NSP 2 activities include the redevelopment or rehabilitation of vacant, abandoned or foreclosed upon homes and residential properties. CRA's loan participation in the development of the Tres Equinas project is a NSP 2 eligible activity.

- Camden Lutheran Housing, Inc. ("CLH") or its permitted assignees, is the designated developer of the Tres Equinas Housing Project. The Tres Esquinas ("the Project") is a 10- unit scattered site new construction residential project, which after redevelopment, these residential units will be offered for resale to qualified NSP 2 homebuyers.
- Non-recourse Construction/Permanent Loan – CRA will provide a non-recourse construction/ permanent loan to CLH in the amount of \$400,000 from NSP 2 grant funds for the Tres Esquinas housing project. This loan commitment is conditioned upon CRA's satisfactory completion and HUD's review of an environmental assessment, and HUD subsequent issuance of a release of NSP 2 funds as set forth in 24 CFR Part 50.
- Terms and conditions - The proceeds of the NSP 2 loan will be used, in part, to assist in the reconstruction of 10 single family dwelling units that will be offered for resale to qualified NSP 2 homebuyers.
- The term of the loan is two years at 0 % interest from the date of the construction loan closing. During the term of construction loan no principal or interest will be required to be repaid. Payment of taxes during construction will be required, and is an eligible project-based expense. Upon completion of the unit and at resale to a qualified NSP 2 purchaser, the loan will be recast as a permanent loan to the purchaser. The principal amount of the permanent loan will be subject to a declining rate of 20% per annum for each year that home is owner-occupied. The resale of units prior to the end of the initial 5-year term will be subject to recapture provisions established by HUD and applicable to the use of NSP 2 grant funds.

- CLH applied for and secured firm commitments from: City and State HOME programs; State Revitalization Tax Credit proceeds, and Camden Empowerment Zone funds. Total Development Cost amounts (TDC) to \$2.5MM. Construction financing closing is to occur not later than the end of the 3rd quarter 2011.

Award Process:

N/A

Cost Not To Exceed:

N/A

Total Project Cost:

\$400,000 NSP 2 Loan / TDC \$2.5MM

Source of Funds:

Neighborhood Stabilization Program 2 Grant Funds

09-07-11B

**Resolution Authorizing a Loan Commitment to Camden Lutheran
Housing, Inc. for the Tres Equinas Housing Project in Connection with
Neighborhood Stabilization Program 2 (“NSP 2”) Funds**

WHEREAS, the City of Camden Redevelopment Agency (“CRA”) is charged with the duty of redevelopment throughout the City of Camden; and

WHEREAS, the CRA/City of Camden applied for and was awarded an \$11.9 Million grant under the Neighborhood Stabilization Program (“NSP 2”) by the U.S. Department of Housing and Urban Development (“HUD”), pursuant to the American Recovery and Reinvestment Act of 2009 and the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of vacant or abandoned, or foreclosed upon properties, leading to stabilization of negatively affected neighborhoods; and

WHEREAS, the CRA is administering the implementation of HUD’s NSP 2 Program within targeted City of Camden neighborhoods and to accomplish these goals CRA must be able to enter into agreements and make loans for the purpose of financing NSP 2 eligible activities, including the acquisition, construction, rehabilitation, and demolition of properties in connection with developing housing or related projects; and,

WHEREAS, Camden Lutheran Housing, Inc. (“CLH”), and its permitted assigns is the designated developer of the Tres Esquinas Housing project (“the Project”); and,

WHEREAS, CLH proposes to acquire and make substantial improvements to certain vacant properties that make up the Project as set forth in Exhibit A attached hereto and incorporated herein, and

WHEREAS, CLH applied for and secured firm commitments from the City of Camden and State HOME programs; State Neighborhood Revitalization Tax Credit proceeds, and Camden Empowerment Zone funds for construction financing and capital funds to further subsidize and write down the cost of developing the Project, and

WHEREAS, CRA approves the Project and desires to authorize the funding of a construction/permanent loan from NSP 2 grant funds for the Project’s development under certain terms and conditions,

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City Camden Redevelopment Agency does hereby authorize the Executive Director, a duly authorized representative of the City of Camden Redevelopment Agency, to enter into a non-recourse construction/permanent loan

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commitment and agreement with Camden Lutheran Housing, Inc., and/or its permitted assigns under terms and conditions as follows:

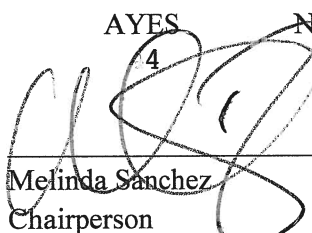
1. CRA is providing a non-recourse construction/permanent loan in the amount of \$435,000 from NSP 2 funds to finance a portion of the Tres Equinas housing project. This loan commitment is conditioned upon CRA's satisfactory completion and HUD's review of an environmental assessment, and HUD's subsequent issuance of a release of NSP 2 funds as set forth in 24 CFR Part 50.
2. The proceeds of the NSP 2 loan will be used, in part, to assist in the reconstruction of 10 single family dwelling units that will be offered for resale to qualified NSP 2 homebuyers.
3. The term of the loan is two years at 0 % interest from the date of the construction loan closing. During the term of construction loan no principal or interest will be required to be repaid. Payment of taxes during construction will be required, and is an eligible project-based expense.
4. Upon completion of the unit and at resale to a qualified NSP 2 purchaser up to 120% of the areas' median income, the loan will be recast as a permanent loan to the purchaser. The principal amount of the permanent loan will be subject to a declining rate of 20% per annum for each year that home is owner-occupied. The resale of units prior to the end of the required term will be subject to recapture provisions and affordability restrictions established by HUD and applicable to the use of NSP 2 grant funds.
5. The construction/permanent loan will be secured by a mortgage on the property and shall be in a subordinate lien position behind other financing.

Further, Authorizing execution and delivery of any and all documents necessary to carry out the foregoing.

ON MOTION OF: Louis Quinones

SECONDED BY: Jose Vazquez

AYES	NAYS	ABSTENTIONS
4	0	0



Melinda Sanchez
Chairperson

ATTEST:



Sandra Ross Johnson
Executive Director

PROJECT SUMMARY

Tres Esquinas ("The Three Corners Project")

Redevelopment/Neighborhood Plan: Redevelopment Plan Process scheduled for 2012/ North Camden Neighborhood Plan adopted by Planning Board 2008.

Developer: Camden Lutheran Housing Corp
800 Galindez Ct.
Camden, NJ 08102

Type: New construction for sale
Program: Fee Simple, Twin Units
10 New Construction Units

Development Budget

	Project Budget	Per Unit
SOURCES:		
State HOME	\$930,480	\$93,048
NSP2	\$400,000	\$40,000
NRTC	\$487,730	\$48,773
City HOME	\$108,765	\$10,876
CEZC	\$22,735	\$2,273
Sales Proceeds	\$600,000	\$60,000
Total Sources of Funds	\$2,549,710	\$254,971
USES:		
Acquisition	\$35,000	\$3,500
Construction Costs	\$1,974,293	\$197,429
Contingency	\$80,000	\$8,000
Professional Services	\$212,000	\$21,200
Carrying & Financing	\$88,507	\$8,850
Developer Fee	\$157,328	\$15,732
Organizational Costs	\$1,560	\$156
Total Project Costs	\$2,548,688	\$254,868

Affordability Levels

50%-80% of AMI

Number of Units 10**Sales Prices:** \$ 60,000.00**Other Considerations:**

- Proposed land use is consistent with the housing goals of the North Camden Neighborhood Plan adopted by Planning Board 2008
- The sites are vacant, unimproved, and no taxes have been paid for several years.