

RESOLUTION NO. 2023-13

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, AUTHORIZING THE CITY OF FLAGSTAFF TO PROVIDE ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) TO FOUNDATION FOR SENIOR LIVING AS STANDBY LOCAL GAP FINANCING FOR A LOW-INCOME HOUSING TAX CREDIT PROJECT UNDER THE ARIZONA DEPARTMENT OF HOUSING'S ("ADOH") 2023 QUALIFIED ALLOCATION PLAN (QAP)

RECITALS:

WHEREAS, the City of Flagstaff declared a Housing Emergency in 2020 and adopted a 10-Year Housing Plan in 2022; and

WHEREAS, the 10-Year Housing Plan has an overarching goal of reducing the current affordable housing need in Flagstaff by half over the next ten years, to be achieved by impacting at least 6,000 low-to-moderate income Flagstaff residents through a combination of unit creation or subsidy provision, and creating or preserving 7,976 housing units by 2031 with a minimum of 10% of them being affordable; and

WHEREAS, the City of Flagstaff is committed to the implementation of the 10-Year Housing Plan; and

WHEREAS, Section 42 of the Internal Revenue Code provides the private market with an incentive to invest in affordable rental housing under the Low-Income Housing Tax Credit Program (LIHTC) administered by ADOH; and

WHEREAS, Foundation for Senior Living is applying for a 2023 LIHTC allocation; and

WHEREAS, ADOH's 2022-2023 QAP awards points to any project in which a local government provides a minimum of \$100,000 in local gap financing; and

WHEREAS, Foundation for Senior Living is requesting this loan from the City as a standby to funding from the Federal Home Loan Bank, and if that funding is secured, there will be no need to issue the loan; and

WHEREAS, if Foundation for Senior Living is awarded a LIHTC allocation and does not secure funding from the Federal Home Loan Bank, it wishes to: 1) execute a deed of trust and promissory note for a cash-flow loan with the City in the amount of \$100,000, with interest at the rate of 3% annually for the 30-year term of the new loan.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. That the City will loan One Hundred Thousand (\$100,000) to the Developer or its qualified successor as local gap financing under ADOH's 2022-2023 Qualified Allocation Plan by

means of a promissory note and deed of trust which provide for repayment of the loan in 2053 and require the Developer or its qualified successor to provide low-income housing at the San Francisco Square Apartments for the term of the loan. The interest rate on the thirty-year cash-flow loan shall be 3% annually, with other terms to be negotiated by City of Flagstaff Staff. City of Flagstaff Staff has authority to determine whether any successor to the Developer is qualified to replace the Developer under the terms of this Resolution.

SECTION 2. The loan will be contingent upon the inability of the Developer to secure funding from the Federal Home Loan Bank, in addition to an award of tax credits by ADOH to the Developer.

SECTION 3. That the City Manager be and hereby is authorized to execute any documents necessary to implement the loan option in connection with the Developer or its qualified successor's application for tax credits under ADOH's 2023 Qualified Allocation Plan.

SECTION 4. This resolution shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 21st day of March, 2023.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY