

29716

DATE: October 9, 2012

TO: Board of Acquisition and Contract

FROM: Edward Buroughs
Commissioner of Planning

SUBJECT: Resolution authorizing the County of Westchester to release any rights in real property located at 1-28 Louis Court in the Village of Rye Brook necessary to subordinate a HOME mortgage held by the County on the real property comprising the Grant Street Affordable Senior Housing Development and modify the terms of the promissory note secured by said mortgage

On October 8, 1998, your Honorable Board approved a resolution authorizing the County of Westchester to enter into an agreement with LAZZ Development Co., LLC to provide \$1,100,000.00 from the HOME Program funds for the development of twenty-six affordable senior rental units at the Grant Street affordable senior housing development located in the Village of Rye Brook (now known as 1-28 Louis Court).

On January 28, 1999, your Honorable Board approved an amendment to the agreement to reflect a name change from LAZZ Development Co., LLC, to Grant Street Senior Housing, LP, and to change the terms of the agreement. The amendment authorized a change from a grant amount of \$300,000.00 and an interest only loan amount of \$800,000.00 to an interest only loan in the amount of \$1,100,000.00. The interest rate will be 1% which will yield 30 equal payments of \$11,000.00 for the term of the loan from the project's available cash flow.

On August 5, 1999, your Honorable Board approved a resolution to authorize the County to enter a Subordination Agreement with the New York State Housing Finance Agency, and amend the agreement to recapture the loan principal, to be repaid upon maturity of the loan, related to the Grant Street affordable senior housing development.

On September 6, 2001, your Honorable Board approved authorization to enter into an Intercreditor Agreement with the Housing Trust Fund Corporation and Grant Street Senior Housing, LP, in connection with the Grant Street affordable senior housing development to allow the Housing Trust Fund Corporation loan, necessary for the construction of the development, to be in co-equal second lien position with the HOME mortgage.

The attached resolution authorizes an amendment to the above agreement in order to permit the County to release any rights in the property located at 1-28 Louis Court, Village of Rye Brook, deemed necessary to subordinate the HOME Mortgage on the real property comprising the Development, and to modify the promissory note that secures the HOME Mortgage by conditioning the Developer's obligation to make

interest only payments on it having available cash flow; with such interest to be calculated at 1% per annum and due at the end of the thirtieth year together with the entire mortgage principal. Such action will allow for favorable refinancing terms for the Development.

The refinancing of the existing Housing Finance Agency (HFA) First Mortgage is advantageous to the Development as it will allow the Developer to borrow money additional to the existing HFA First Mortgage loan balance to construct necessary improvements to the Development with its monthly payment for same remaining approximately equal to its current monthly HFA First Mortgage monthly payment obligation given the First Bank of Greenwich (FBG) New First Mortgage Loan's lower interest rate. The refinancing shall not affect the County's rights regarding its HOME Mortgage as the HTF Mortgage will also be subordinated to the FBG New First Mortgage Loan with the County / HTF Intercreditor Agreement remaining in place to allow both the County and the HTF to continue sharing their status as mortgagees in co-equal second position, noting that the existing HFA First Mortgage will be paid pursuant to the refinance. Department of Planning staff will monitor compliance with the affordability requirements.

It is recognized and understood that an Act of the Westchester County Board of Legislators is required to authorize Westchester County to release any right in real property located at 1-28 Louis Court, Village of Rye Brook, necessary to subordinate a HOME mortgage held by the County on the real property comprising the Grant Street Affordable Senior Housing Development and modify the terms of the promissory note secured by said mortgage. Legislation for this purpose was pending before the Board of Legislators at the time this resolution was submitted and is expected to be acted upon at the Board's regular meeting on October 29, 2012.

I recommend approval of this amendment.

EB/cp
Attachment

R E S O L U T I O N

UPON A COMMUNICATION FROM THE COMMISSIONER OF PLANNING, BE IT HEREBY

RESOLVED: that the County of Westchester is authorized to amend the agreement with the Housing Trust Fund Corporation (Corporation) and Grant Street Senior Housing, LP, to release any rights in the real property located at 1-28 Louis Court, Village of Rye Brook, deemed necessary to subordinate the HOME mortgage held by the County on the real property comprising the Grant Street Affordable Senior Housing Development which secures a HOME loan made by the County to Grant Street Senior Housing, L.P. pursuant to the HOME Investment Partnerships program, to a new first mortgage proposed to be placed on the Development property and to modify the terms of the promissory note secured by said mortgage by conditioning the Developer's obligation to make monthly interest only payments throughout the loan repayment term depending on it having available cash flow after its payment of all monthly expenses with such interest to be calculated at 1% per annum and due at the end of the thirtieth year together with the entire mortgage principal, and it is further

RESOLVED: that the County Executive or his duly authorized designee is authorized to execute any documents and take any actions necessary to effectuate purposes hereof.

Original Agreement \$1,100,000.00
 This Amendment \$0.00
 TOTAL \$1,100,000.00
 AGREEMENT NUMBER C-HOME-98-01

Accounts to be Charged/Credited	Fund	Agency	Capital Project or Org	Object/ Sub Object	Trust Account	Activity	Dollars
	263	19	9007	8000	T173	6097	\$0.00
	263	19	9007	8000	T173	6098	\$0.00

Budget Funding Year(s) FY 1997, FY 1998 Start Date October 9, 1998 End Date February 28, 2000
 (Must Match Resolution)

Funding Source Tax Dollars _____
\$0.00 State Aid _____
 (must match resolution) Federal Aid \$0.00 – U.S. Department of Housing and Urban Development
 Other _____