

RESOLUTION TO AUTHORIZE COMMITMENT OF UP TO \$1,026,000 TO STEP UP ON SECOND, INC., AND 20 YEAR STEP DOWN FORGIVENESS OF CURRENT CITY LIEN FOR PERMANENT SUPPORTIVE HOUSING PROJECT LOCATED AT 2701 N O'HENRY BLVD

WHEREAS, the City has engaged with Step Up on Second, Inc., (Step Up) a California-based non-profit and nationally recognized leader of the development and operation of permanent supportive housing projects across the nation;

WHEREAS, the Housing First approach targets the highest acuity individual homeless population and is a national best practice for housing the chronically homeless;

WHEREAS, Step Up utilizes hotel/motel conversions for efficiency, speed of project development, and cost of operations for Housing First projects;

WHEREAS, Step Up has committed to developing 150 units of permanent supportive housing within Greensboro within three years with no further City contribution to acquisition or development beyond the step down forgiveness of the existing City lien;

WHEREAS, Step Up has a purchase agreement with Partnership Homes for the former Regency Inn site at 2701 N O'Henry Blvd and will bring private equity to the development of the property for an anticipated 57 units of permanent supportive housing;

WHEREAS, the City will commit to funding for case management services at \$500 per client per month for a three year period;

WHEREAS, the City is currently the beneficiary of a deed of trust securing the City's investment of \$3,030,700 paid to assist Partnership Homes in purchasing the former Regency Inn;

WHEREAS, this debt secured by this deed of trust shall be assumed by Step Up pursuant to the terms set out herein, though the deed of trust may be subordinated with the approval of the City Manager pursuant to the City's policies regarding subordination;

WHEREAS, during the first ten years of operation, should the funding of case management expenses not be provided or should housing vouchers, or their equivalent, not be available, the City's ability to recover its investment will be limited to recovering 5% for each year that the case management expenses are fully funded and that the housing vouchers are provided;

WHEREAS, after 10 years of operation, should the funding of case management expenses not be provided or should housing vouchers, or their equivalent, not be available, the City may recover only 50% of its investment, and for each year thereafter, the investment will be reduced by an additional 5% until completely forgiven after twenty years of continued operation;

WHEREAS, should operations discontinue for any other reason whatsoever, the City's investment will be reduced by 5% for each year of operation, until the investment is completely forgiven after twenty years of continued operation;

WHEREAS, Step Up and the City have the intent and hope to continue the provision of housing and services beyond the twenty year period of the loan term; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GREENSBORO:

That it approves the resolution authorizing the acquisition of 2701 N. O'Henry Blvd by Step Up on Second, Inc., a negotiated twenty year step down of the existing City lien in accordance with the terms outlined above, and a three year commitment of funds for case management totaling up to \$1,026,000, and authorizes the City Manager to execute documents and contracts related to these actions.