

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
SEPTEMBER 20, 2022 AGENDA**

Subject:	Action Required:	Approved By:
A resolution to authorize the City to release the lien it has on Mahlon Martin Apartments.	Ordinance √ Resolution	Bruce T. Moore City Manager
Submitted By: Housing & Neighborhood Programs Department		

SYNOPSIS

A resolution to authorize the City Manager to take any actions necessary to release the lien the City has on the Mahlon Martin Apartments.

FISCAL IMPACT

The City has a lien on the Mahlon Martin Apartments in the amount of \$655,000.00. The monies loaned to the Apartments came from CDBG Section 108 Loan Funds which the City had to borrow and payback with interest to HUD.

RECOMMENDATION

Approval of the resolution.

BACKGROUND

On December 1, 1994, the City authorized a loan of \$655,000.00 of Section 108 CDBG Funds to the Downtown Little Rock Community Development Corporation for the development of low income housing as a result of Resolution No. 9,211 (August 2, 1994). To conform to the IRS Regulations, the Downtown Little Rock Community Development Corporation formed a wholly-owned subsidiary, the Downtown Little Rock Redevelopment Corporation, to be the general partner in the South Main Street Redevelopment Limited Partnership, thereby retaining control of the project while accommodating majority ownership by investors. On November 15, 1994, via Resolution No. 9,277, the Board of Directors authorized the loan to be made to the Partnership instead of the Downtown Little Rock Community Development Corporation.

**BACKGROUND
CONTINUED**

The City and the South Main Street Redevelopment Limited Partnership entered into an Agreement whereby the City loaned them \$655,000.00 to enable the rehabilitation of the Mahlon Martin Apartments, *i.e.*, forty-five (45) units of low-income housing. The principal and interest on the loan were to be deferred until June 30, 2011, when the terms of the loan were to be renegotiated for repayment of the loan or for continued waiver of the interest and deferral of the loan until June 30, 2025. For reasons unknown to the City and the Partnership, the terms of the Agreement were never renegotiated.

Pursuant to the Agreement, the City of Little Rock waiver of interest shall cease and regular payments of principal and interest of rate negotiated no later than June 30, 2025. The City of Little Rock would loan the CDBG Section 108 Funds to the South Main Street Redevelopment Limited Partnership after it has depleted a substantial amount of its equity and it has verified that it has maintained low income housing. The South Main Street Redevelopment Limited Partnership has provided evidence that it has met its contractual obligations. In addition, the City and the South Main Street Redevelopment Limited Partnership signed an installment note and a mortgage. The Agreement, the note, and the mortgage constitute the lien the City has on the Mahlon Martin Apartments.

The South Main Street Redevelopment Limited Partnership has indicated that all of the conditions of the lien have been met and that the City should release the lien pursuant to the Agreement.