

RESOLUTION NO. _____

**MEMORANDUM OF AGREEMENT BETWEEN THE LOUISVILLE METRO HOUSING
AUTHORITY AND MOLO VILLAGE CDC CO. FOR UTILIZATION AND DRAWDOWN
OF CHOICE NEIGHBORHOOD CRITICAL COMMUNITY IMPROVEMENTS FUNDS
AMENDMENT #1**

Item No. 5d

WHEREAS, on December 3, 2019, the Louisville Metro Housing Authority (LMHA) entered into a Memorandum of Agreement with MOLO Village Community Development Corporation Co. for the utilization and drawdown of \$331,000 in CNI grant funds, \$70,000 in Louisville Metro Government (LMG) funds and \$230,000 in LMHA funds, for a total of \$631,000 being jointly contributed to The Village @ West Jefferson project, and

WHEREAS, an amendment to the MOA with MOLO Village CDC Co. is needed to account for an expanded scope of work consisting of demolition of the distressed rear annex of St. Peter's United Church of Christ to make way for needed tenant improvements to The Village @ West Jefferson including the addition of a playground area for Head Start students, and an Interactive Teller Machine (ITM) for a Credit Union at a total cost of \$213,356, and

WHEREAS, LMG has agreed to contribute an additional \$30,000 in cash leverage to MOLO's The Village @ West Jefferson project towards demolition costs, which would pass through LMHA in the same manner as LMG's other leverage contribution to the project.

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NOW, THEREFORE, BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS, that the Executive Director and Contracting Officer, Lisa Osanka, is hereby authorized to enter into an Amended Memorandum of Agreement between LMHA and the MOLO Village CDC Co. for the utilization and drawdown of CNI grant funds and LMHA and LMG leverage commitments to construct leasehold spaces at The Village @ West Jefferson, in an amount not to exceed \$661,000, to be funded using \$331,000 in CNI grant funds for Critical Community Improvements, \$230,000 from LMHA Program Income funds, and \$100,000 from Louisville Metro Government funds.

RESOLUTION BACKGROUND STATEMENT

MEMORANDUM OF AGREEMENT BETWEEN THE LOUISVILLE METRO HOUSING AUTHORITY AND MOLO VILLAGE CDC CO. FOR UTILIZATION AND DRAWDOWN OF CHOICE NEIGHBORHOOD CRITICAL COMMUNITY IMPROVEMENTS FUNDS AMENDMENT #1

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I. STATEMENT OF FACTS:

On December 12, 2016 the U.S. Department of Housing and Urban Development (HUD) awarded a \$29,575,000 Choice Neighborhoods Initiative (CNI) Implementation Grant to the Louisville Metro Housing Authority (LMHA) and the Louisville Metro Government (LMG). The grant will be leveraged with a variety of other funding sources to relocate and provide case management and other supportive services to Beecher Terrace households; to redevelop the site into a mixed-income community with a variety of housing options and updated amenities; and to create additional off-site replacement housing.

In addition to housing, relocation and other supports for Beecher Terrace households, approximately \$2,495,750 of our CNI Implementation grant funds are currently allocated towards Critical Community Improvements (CCI's) within the Russell neighborhood. Proposed CCI projects were originally outlined within our CNI Implementation grant application. LMHA also submitted an additional Critical Community Improvements (CCI) Plan to HUD within one year of the grant award as one of the required supplemental submissions outlined in our grant agreement. The CCI plan details each of our five proposed CCI projects, including the entity project managing the CCI activity, the partner(s) involved in the project, the proposed budget, other funding that will be leveraged towards the project, and how the project will further support economic development or directly enhance and accelerate the transformation of Russell and the newly redeveloped Beecher Terrace site.

The CCI plan includes the development of a new 30,000 square foot, 2-story mixed-use office and retail building located directly across from the new Beecher Terrace site at 1225 West Jefferson Street. MOLO Village Community Development Corporation (CDC) Co. will lead the implementation of this project, along with AIM Developers.

HUD approved The Village @ West Jefferson CCI project in concept on May 15, 2018. On May 31, 2019, HUD issued their approval for MOLO Village CDC Co.'s project to receive up to \$331,000 in CCI funds, subject to the following conditions:

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I. STATEMENT OF FACTS (cont'd):

- 1) Evidence of secured New Market Tax Credit commitment, which was secured on 10/31/2019 in the form of a term sheet from MBS Urban Initiatives, CDE.
- 2) Evidence of all other secured funding, and
- 3) Documentation that Choice Neighborhoods funds will only be used for the build-out of the leasehold spaces for neighborhood serving small businesses and non-profit service providers (not including MOLO).

In addition to the original \$631,000 commitment in CNI, LMHA and LMG funds, Molo Village CDC Co. had firm commitments from a variety of funders for the \$7,154,191 needed to complete construction of The Village @ West Jefferson.

Amendment #1 to the Memorandum of Agreement with MOLO Village CDC Co. will allow LMG to contribute an additional \$30,000 in cash leverage contributions to the MOLO Village CDC's Village @ West Jefferson project, for a total leverage contribution of \$100,000. The additional leverage will close the gap in funding needed to demolish the severely distressed rear annex of St. Peter's United Church of Christ (UCC). St. Peter's UCC is providing \$118,356 towards the cost from general funds, and \$65,000 is pending from philanthropic foundations to raise the total \$213,356 needed for demolition. The demolition will make way for needed community amenities to bring in two significant tenants – Head Start services, and a Credit Union. Once the rear annex is demolished, MOLO Village CDC can proceed with the construction of a playground for students, and a drive-up ITM for the Credit Union.

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II. ALTERNATIVES:

- A. Approve Amendment #1 to the Memorandum of Agreement between the Louisville Metro Housing Authority and the MOLO Village CDC Co. for utilization and drawdown of up to \$661,000 including \$331,000 in Choice Neighborhoods Critical Community Improvement funds, \$230,000 in program income from the Louisville Metro Housing Authority and \$100,000 from the Louisville Metro Government for The Village @ West Jefferson project and demolition at St. Peter's United Church of Christ.
- B. Do not approve Amendment #1 to the Memorandum of Agreement at this time.

III. RECOMMENDATION:

Staff recommends Alternative "A".

IV. JUSTIFICATION FOR RECOMMENDATION:

- The Village @ West Jefferson project aligns with the goals outlined in the *Vision Russell Transformation Plan*, specifically:
Goal C.2 – Existing Russell businesses are encouraged to stay and grow, and new commercial activities are drawn to the area to further stimulate growth.
- MOLO Village CDC Co.'s prospective and future tenants will be neighborhood serving retail, small businesses or non-profits that directly address the needs expressed by Beecher Terrace and Russell residents and stakeholders during the planning process.
- Beecher Terrace residents and guests will directly benefit from the businesses and services that will be available at The Village @ West Jefferson.
- MOLO Village CDC Co. has the experience and capacity to work with their developer, architect and contractors to purchase all needed materials, provide

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IV. JUSTIFICATION FOR RECOMMENDATION (cont'd):

project management and other services needed to complete The Village @ West Jefferson CCI project.

- The LMG has committed an additional \$30,000 in cash leverage as gap funding to complete demolition of the severely distressed annex of St. Peter's United Church of Christ to make way for essential tenant-specific amenities.
- The budget to conduct MOLO Village CDC Co.'s Critical Community Improvements activity has been reviewed by staff and found to be reasonable.

V. BUDGET APPROVAL:

Funding for MOLO Village CDC Co. to procure contractor services including all necessary materials for The Village @ West Jefferson build-out of leasehold spaces is provided from the Choice Neighborhood Initiative Implementation Grant, and other committed leverage funds.

Angela Larsson, Director of Finance

Date

VI. PROCUREMENT CERTIFICATION:

The process for entering into this Memorandum of Agreement with MOLO Village CDC Co. is in compliance with the Louisville Metro Housing Authority's procurement policies and procedures.

Steve Webb, Purchasing Agent

Date

Submitted by: Kathleen O'Neil, Executive Planner and Choice Neighborhood Coord.
Pam Bischoff, Assistant Choice Neighborhood Coordinator
September 15, 2020