

No.: 95-25
Date: September 12, 1995

FEDERAL HOUSING FINANCE BOARD

Walton House Use During the 1996 Olympic Games

WHEREAS subsection 10(j) of the Federal Home Loan Bank Act ("Bank Act") (12 U.S.C. § 1430(j)) requires that each Federal Home Loan Bank ("Bank") establish an Affordable Housing Program ("AHP") and subsection 10 (j)(2)(B) of the Bank Act requires that AHP funds be used, among other uses, to finance the purchase, construction, or rehabilitation of rental housing, at least 20 percent of the units of which will be occupied by and affordable for very-low-income households for the remaining useful life of such housing or the mortgage term;

WHEREAS the Federal Housing Finance Board ("Housing Finance Board") has adopted a regulation for the operation of the AHP by each Bank, codified at 12 C.F.R Part 960, and section 960.3(b) of the regulation requires that AHP funds be used, among other uses, to finance the purchase, construction, and/or rehabilitation of rental housing, at least twenty percent (20%) of the units of which will be occupied by and affordable for very low-income households for the remaining useful life of such housing or the mortgage term;

WHEREAS, on March 25, 1992, the Housing Finance Board approved an AHP application from Fidelity National Bank ("Fidelity") for a \$500,000 direct-subsidy grant to help reduce the cost of acquiring and rehabilitating Walton House, a single room occupancy rental project for homeless individuals, sponsored by the Antioch Urban Ministries, a nonprofit organization created by the Antioch Baptist Church ("Antioch"), and Progressive Redevelopment, Inc. ("PRI");

WHEREAS, according to the approved application, Walton House would provide 128 affordable SRO rental housing units to very-low-income households for 15 years;

WHEREAS, on June 21, 1995, the Federal Home Loan Bank of Atlanta ("Atlanta Bank") recommended Housing Finance Board approval of a request by Walton House Management, Inc. ("WMI"), the project owner that was created by Antioch and PRI, to rent 120 units in the project to visitors to the 1996 Olympic Games and to use some of the proceeds from the rental to: rehabilitate Walton House; relocate Walton House tenants who agreed voluntarily to move to other rental accommodations for a temporary 2- to 3-month period; pay for the tenants' rent during the 2- to 3-month relocation period; return the tenants to Walton House at the end of the temporary period; and to establish a replacement reserve for, or to reduce the debt on, Walton House;

WHEREAS, the Housing Finance Board has reviewed the information presented by the Atlanta Bank in support of this request; and

WHEREAS, the proposal to rent Walton House to visitors to the Olympic Games will: result in the rehabilitation of the rental units; enable Walton House to establish a replacement reserve account or to reduce its debt; provide for a short-term and voluntary relocation of the Walton House tenants at no cost to the tenants; and provide the tenants with rent-free accommodations for 2 to 3 months;

NOW, THEREFORE, BE IT RESOLVED, that the Housing Finance Board approves the request of the sponsors of Walton House to relocate tenants for a period that is no greater than 2 months and to rent Walton House units to visitors to the 1996 Olympic Games as follows:

1. WMI develops a detailed budget and analysis addressing all the conditions in this resolution which are reviewed by the Atlanta Bank. The budget should include projections on costs, rental revenue, temporary occupancy numbers, and tenant relocation and rent expenses that will provide reasonable assurance, in the determination of the Atlanta Bank, that the funds will be available for the project improvements;
2. The Atlanta Bank reviews the renovated Walton House project after the Olympic Games rental period ends to determine that \$275,000 in project improvements have been made and any excess funds remaining at the end of the Olympic Games rental period have been allocated to a project replacement reserve account or to reduce the debt on the project;
3. Only tenants who agree to move voluntarily, and who have a written agreement with WMI that is approved by the Atlanta Bank and that enables them to return to Walton House once the Olympic Game rental period expires, will have to vacate the project for a period that does not exceed 3 months;
4. WMI shall arrange for up to 3 months' alternative rental accommodations and shall pay rent for those accommodations and all expenses of moving out of and returning to Walton House for those tenants who agree voluntarily to move;
5. The project will not proceed unless the Atlanta Bank determines that there are reasonable assurances that the net rental income will be sufficient to accomplish the renovations and pay for all tenant rental and relocation costs; and
6. These terms shall be approved by the Walton House Tenant Association and shall be included in a legally enforceable agreement between WMI and the Atlanta Bank.

By the Federal Housing Finance Board


Bruce A. Morrison, Chairman