

MEMORANDUM



TO: Business & Economic Development Committee
FROM: Jason Bird, Community and Economic Development Officer
DATE: January 28, 2015

Ernst Manor CDBG Grant Request

Broadway Housing, Inc, a subsidiary of Penquis, is requesting \$25,000 in gap funding from the City's CDBG funding to round out renovation costs at Ernst Manor, a 27 unit housing development reserved for low-income handicapped and elderly persons.

The City has previously entered into a Development Agreement, Tax Revenue and Credit Enhancement Agreement, and Payment in Lieu of Taxes Agreement with the developer for the \$800,000 rehabilitation of the facility.

If approved by the City, this agreement would be in the form of a forgivable loan, whereby 25% percent of the funding would be waived for every year that the facility was operating and providing affordable housing to its stated clientele, satisfying a CDBG objective.

Due to Penquis' solid reputation and the requested funding verses the overall project costs, Staff supports the funding request and recommends authorizing the City Manager to execute an agreement in a final form approved by the City Solicitor.

There are sufficient funds in our CDBG budget, along with Program Income, to fund this expenditure.