



DeKalb County Government

Manuel J. Maloof Center
1300 Commerce Drive
Decatur, Georgia 30030

Legislation Text

File #: 2021-2304, Version: 1

Public Hearing: YES NO **Department:** Community Development

SUBJECT:

Commission District(s): District 4

District 4 and 7 Community and Senior Center - HUD Section 108 Loan Guarantee - Pledging of Additional Collateral to Cover the HUD 125% Collateral Requirement - Lou Walker Senior Center

Information Contact: Allen Mitchell, Director

Phone Number: (404) 969-9921

PURPOSE:

To consider approving and authorizing the Chief Executive Officer to pledge additional collateral to fulfill the HUD requirement to cover 125% of the approved HUD Section 108 Loan to Construct the District 4 and 7 Community and Senior Center. The Lou Walker Senior Center is the recommended County asset.

NEED/IMPACT:

On November 13, 2018, the Board of Commissioners approved the acceptance of a \$7,840,000 HUD Section 108 Loan for the Design, Engineering, and Construction of a Community and Senior Center with Pool in Districts 4 and 7. To date, the Design and Engineering has been completed and a General Contractor has been approved by the Board of Commissioners, Headley Construction, to construct said facility.

A HUD requirement in the Loan Contract is that before construction is initiated, the land and permitted Construction Drawings, for the yet to be built Community and Senior Center, must appraise at least 125% of the \$7,840,000 HUD Section 108 Loan. In the event the appraisal does not yield the required amount, additional County assets will have to be pledged to HUD to cover the shortfall in the coverage ratio.

The appraised Construction Drawings and County land, conducted by Valbridge Property Advisors, yielded a Fair Market Value upon completion of \$9,260,000. This Market Value appraisal is approximately \$540,000 less than the HUD Collateral requirement. The County asset recommended to pledge to cover the appraisal shortfall is the Lou Walker Senior Center, a facility that was built and paid for using CDBG funds

FISCAL IMPACT:

The Lou Walker Senior Center was designed and constructed in 2006 using CDBG funds. The current appraisal, conducted by Valbridge Property Advisors, yielded a Fair market value of \$11,630,000. A title policy will be provided to HUD demonstrating no liens or encumbrances. After the loan is paid down approximately \$540,000 the HUD Lien will be released on this County asset.

RECOMMENDATION:

To approve and authorize the Chief Executive Officer to pledge additional collateral to fulfill the HUD requirement to cover 125% of the approved HUD Section 108 Loan to Construct the District 4 and 7 Community and Senior Center. The Lou Walker Senior Center is the recommended County asset; and authorize the Chief Executive Officer to execute all other necessary documents.