

**CITY OF CAMDEN REDEVELOPMENT AGENCY**  
**RESOLUTION SUMMARY**

Housing

Resolution No.: 09-07-11C

Resolution Title:

**Resolution Authorizing a Loan Commitment to Lutheran Social Ministries, Inc.  
for the New Construction of Two Affordable Rental Units at 318 and 320 York Street in  
North Camden in Connection with Neighborhood Stabilization Program 2 ("NSP 2") Funds**

Project Summary:

In January 2010, CRA was awarded \$11.9 Million grant under HUD's NSP 2 Program, funded through the American Recovery and Reinvestment Act. CRA is administering NSP 2 program activities in targeted neighborhoods within the City. Eligible NSP 2 activities include the redevelopment or rehabilitation of vacant, abandoned or foreclosed upon homes and residential properties. CRA's loan participation in the development of two affordable rental units in North Camden is a NSP 2 eligible activity.

- Lutheran Social Ministries, Inc. ("LSM") and/or its permitted assignees, proposes to undertake the new construction of two affordable rental units at 318 and 320 York Street in North Camden.
- Non-recourse Construction/Permanent Loan – CRA will provide a non-recourse construction/ permanent loan to LSM amount of \$334,000 from NSP 2 grant funds for the York Street project. This loan commitment is conditioned upon CRA's satisfactory completion and HUD's review of an environmental assessment, and HUD subsequent issuance of a release of NSP 2 funds as set forth in 24 CFR Part 50.
- Terms and conditions - The proceeds of the NSP 2 loan will be used, in part, to assist in the demolition of two vacant blighted structures, and construction of 2 townhouse style 3-story dwelling units. These affordable rental units will be leased to households earning up to 60% of the area's median income.
- The term of the loan is two years at 0 % interest from the date of the construction loan closing. During the term of construction loan no principal or interest will be required to be repaid. Payment of taxes during construction will be required, and is an eligible project-based expense. Upon completion of the units, the loan will be recast as a permanent loan to the Project, and subject to affordability restrictions established by HUD and applicable to the use of NSP 2 grant funds.
- LSM applied for and secured firm commitment from the City of Camden HOME program for \$256,445.00. Total Development Cost (TDC) amounts to \$556,000. Construction financing closing is to occur not later than the end of the 3rd quarter 2011.

Award Process:

N/A

Cost Not To Exceed:

N/A

Total Project Cost:

\$334,000 NSP 2 Loan / TDC \$556,000

Source of Funds:

Neighborhood Stabilization Program 2 Grant Funds

09-07-11C

**Resolution Authorizing a Loan Commitment to Lutheran Social Ministries, Inc. for the  
New Construction of Two Affordable Rental Units at 318 and 320 York Street in North Camden  
in Connection with Neighborhood Stabilization Program 2 (“NSP 2”) Funds**

**WHEREAS**, the City of Camden Redevelopment Agency (“CRA”) is charged with the duty of redevelopment throughout the City of Camden; and

**WHEREAS**, the CRA/City of Camden applied for and was awarded a \$11.9 Million grant under the Neighborhood Stabilization Program (“NSP 2”) by the U.S. Department of Housing and Urban Development (“HUD”), pursuant to the American Recovery and Reinvestment Act of 2009 and the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of vacant or abandoned, or foreclosed upon properties, leading to stabilization of negatively affected neighborhoods; and

**WHEREAS**, the CRA is administering the implementation of HUD’s NSP 2 Program within targeted City of Camden neighborhoods and to accomplish these goals CRA must be able to enter into agreements and make loans for the purpose of financing NSP 2 eligible activities, including the acquisition, construction, rehabilitation, and demolition of properties in connection with developing housing or related projects; and,

**WHEREAS**, Lutheran Social Ministries, Inc. (“LSM”), and/or its permitted assigns will undertake the new construction of two affordable rental units at 318 and 320 York Street in the City of Camden’s Cooper Poynt neighborhood in North Camden (“the Project”); and,

**WHEREAS**, LSM has acquired the Project site from the City of Camden and proposes to make substantial improvements to certain properties that make up the Project as set forth in Exhibit A attached hereto and incorporated herein; and

**WHEREAS**, LSM applied for and secured a firm commitment from the City of Camden HOME program for funds to further subsidize and write down the cost of developing the Project; and

**WHEREAS**, CRA approves the Project and desires to authorize a construction/permanent loan from NSP 2 grant funds for the Project’s development under certain terms and conditions.

09-07-11C (cont'd)

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of City of Camden Redevelopment Agency does hereby authorize the Executive Director, a duly authorized representative of the City of Camden Redevelopment Agency, to enter into a non-recourse construction/permanent loan commitment and agreement with Lutheran Social Ministries, Inc. and/or its permitted assigns under such terms and conditions as follow:

1. CRA is providing a non-recourse construction/permanent loan in the amount of \$334,000 to LSM from NSP 2 funds the proceeds of which will be used for development of two affordable rental units at 318 and 320 York Street in the City of Camden's Cooper Poynt neighborhood in North Camden ("the Project"). This loan commitment is conditioned upon CRA's satisfactory completion and HUD's review of an environmental assessment of the Project site, and HUD's subsequent issuance of a release of NSP 2 funds as set forth in 24 CFR Part 50.
2. The term of the loan is two years at 0 % interest from the date of the construction loan closing. During the term of construction loan no principal or interest will be required to be repaid. Payment of taxes during construction will be required, and is an eligible project-based expense. Upon completion of the units, the loan will be recast as a permanent loan to the Project, and subject to affordability restrictions established by HUD and applicable to the use of NSP 2 grant funds.
3. The construction/permanent loan will be secured by a mortgage on the property and may be in a subordinate lien position behind other financing.

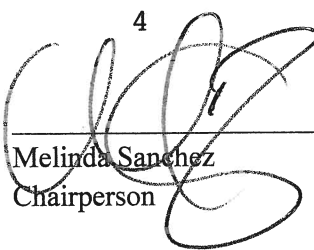
Further, Authorizing execution and delivery of any and all documents necessary to carry out the foregoing.

ON MOTION OF: Jose Vazquez

SECONDED BY: Louis Quinones

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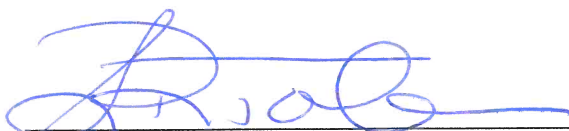
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Melinda Sanchez  
Chairperson

ATTEST:




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Sandra Ross Johnson  
Executive Director

**PROJECT SUMMARY****Lutheran Social Ministries NSP2 Project**

**Redevelopment / Neighborhood Plan:** Redevelopment Plan Process Scheduled for 2012; and North Camden Neighborhood Plan adopted by Planning Board 2008

**Developer:** Lutheran Social Ministries of New Jersey  
6 Terri Lane, Suite 300, Burlington, NJ 08016  
Office: (609) 699-4103 Fax: (609) 386-7191

**Type:** New Construction, Modular Units  
**Program:** Rental, Demolition & New Construction

**Development Budget****SOURCES:**

	<b>Project Budget</b>	<b>Per Unit</b>
NSP 2 Soft Loan	\$299,555	\$149,777
HOME	\$256,445	\$128,223
<b>Total Sources</b>	<b>\$556,000</b>	<b>\$278,000</b>

**USES:**

Residential Structures	\$429,255	\$214,627
Soft Contingency	\$101,745	\$50,873
Developer's Fee	\$25,000	\$12,500
<b>Total Project Costs</b>	<b>\$556,000</b>	<b>\$278,000</b>

**Affordability Levels**

60% AMI for Family of 3 \$43,440

**Number of Units** 2 new construction, 4 demolitions  
**Average Monthly Rent** \$550

**Other Considerations:**

- Proposed land use is consistent with the housing goals of the North Camden Neighborhood Plan
- Sites described on the Official Tax Map as Block 24, Lots 44 & 45; Block 787 Lot 67; Block 10, Lot 44