

**CITY OF CLEVELAND**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**  
**VESTA CORP. SETTLEMENT EXECUTIVE SUMMARY**  
**ORDINANCE NO. XXXX**

**Purpose:** To sell and assign the Multifamily Housing Mortgage Revenue Bond Series 2001B (Rainbow Terrace Apartments Project) to Vesta Corporation.

**Background:** Rainbow Terrace (Rainbow), located at 7310 Carson Avenue in the Garden Valley neighborhood of Ward 5, contains 484 rental units for low to moderate income individuals and families. Vesta-Cleveland, LLC took over the property management in 1999 and in 2001 the City secured an Up-Front grant from the U.S. Department of Housing and Urban Development (HUD). CD referred back to ordinances 1226-01 and 1865-01, which provided some insight on the project. Rainbow, a HUD owned property, conveyed the title to the City and made the Up-Front grant available in an effort the carry out the out the City's public purpose of providing decent, safe and sanitary affordable housing. Cuyahoga County then issued \$11,701,500 in bonds which the City purchased using the Up-Front grant. By issuing bonds it allowed Vesta to be eligible for tax credits as well as an FHA loan – it basically acted as a conduit bond for other HUD funding. Vesta took on a loan with the City for the \$11,701,500. The loan matures in 2047.

**Proposed Terms:** To accept a settlement payoff of the property for \$4,000,000 and close the loan.

**Ward:** 5.

**Amount:** No new funding, bond sale and assignment.

**Funding Source:** N/A

**RL Number:** N/A