

# **ORDINANCE NO. 1185-18**

## **Executive Summary**

### **Legislative Request:**

Amending Ordinance No. 658-18 to replace language in Section 2b from 'per developer' to 'per unit', and to now read That the Director of Community Development is authorized to provide such loans or grant in an amount up to \$40,000 per unit.

### **Purpose:**

To provide up to \$40,000 per unit as construction gap subsidy for newly constructed or rehabilitated vacant single-family homes. Homebuyers will receive a "soft" second mortgage equal to the gap between appraisal and purchase price. The soft second mortgage will be forgiven over a five-year period at a rate of 20% annually. (Note: No restriction on homebuyer income.)

This Amendment will also allow Developers/Homebuilders to receive forgivable construction loans up to \$40,000 per unit. Forgiveness will be limited to gap between construction costs and sales value (maximum \$40,000 in forgiveness) upon sale to eligible homebuyer.

Funds will be available on a first-come, first-serve basis. Construction and Rehab specifications must meet Cleveland's Green Building Standard, and Developer/Homebuilder must obtain Certificate of Occupancy.