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MEMO: REQUEST FOR REASSIGNMENT OF CDBG GRANT FUNDS

The City of Longmont (City) and the Longmont Housing Authority (LHA) executed the Agreement for Delegation of Activities under the City's CDBG program for the Aspen Meadows Apartments Acquisition on May 19, 2020. This Agreement awarded \$475,000 of Community Development Block Grant (CDBG) funds to LHA for the acquisition of the building and land from the current tax credit owner to assist with the refinancing and resyndication of the Aspen Meadows Senior Apartments so the LHA could then complete rehabilitation work on the property using other funding sources.

Subsequently, LHA requested an additional \$150,000 of CDBG funds for relocation costs be added to the award via amendment. Temporary relocation of residents was necessary to complete the rehabilitation work. Due to COVID-19 restrictions and for the best possible protection of the residents, LHA projected that this additional funding would be needed to supplement the existing \$300,000 budget that was sourced from other funds.

As of this date, acquisition of the property is now complete. Resyndication of the tax credits will occur once the rehabilitation work is complete. Rehabilitation work is underway and projected to complete in August 2021, however the relocation activities are complete as of early May 2021. Final relocation costs were lower than projected, therefore the \$150,000 of CDBG funds is not needed for this purpose.

LHA requests that the \$150,000 of CDBG funds planned for relocation activities instead be awarded via amendment to the original Agreement for the purpose of applying a debt reduction payment to the loan principal. The revised award via amendment to the original Agreement would then total \$625,000. Application of CDBG funds to the loan principal is an eligible activity in accordance with 24 CFR 570.202. Reducing the principal of the loan for this project will result in a lower mortgage payment which helps this low income senior rental housing development with a better cash flow. This allows the development to be better able to cover reserve replacement requirements, operating expenses and reserves and allows for a little more room in the annual budget.