



# 1243 RIPLEY STREET – MODIFICATION OF LOAN NO. 9021-0274-93 AND INTEREST FORGIVENESS FOR THE YOUTH SHELTER LOCATED AT 1243 RIPLEY STREET

Housing Authority Meeting  
October 24, 2022

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# BACKGROUND

- July 27, 1992 – Housing Authority approved a loan to Social Advocates for Youth for acquisition of 1243 Ripley Street for use as a youth shelter
- Loan Terms:
  - \$47,000 Principal; 3% Simple Interest; 30-year term expiring Aug 4, 2023
- Site does not generate Program Income
  - Operational expenses funded through grants and donations

# BACKGROUND

- Borrower has requested a loan modification and forgiveness of accrued interest
  - Term Extension of the Note for 15 years to become due August 4, 2023;
  - Forgiveness of approximately \$41,229.95 accrued interest to date;
  - Modification of interest rate to 0%
  - Ability to prepay the loan

# ANALYSIS

- Borrower intends to continue operation of the site as a 6-bed youth shelter
- Loan term expires August 4, 2023
- Regulatory Agreement restricts the use of the property to operation of a 6-bed youth shelter through the end of the loan term
- As a youth shelter, participants do not pay rent and project does not produce Program Income

# ANALYSIS

- To ensure retention of this youth shelter, approval of the loan modification and interest forgiveness would coincide with an extension of the term of the Regulatory Agreement by 15 years.

# RECOMMENDATION

- It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve a modification to the \$47,000 loan with Individuals Now dba Social Advocates for Youth for acquisition of 1243 Ripley Street to: 1) extend the loan payment date fifteen (15) years to become due August 4, 2038; 2) forgive all interest accrued from August 4, 1993 through October 24, 2022 in the approximate amount of \$41,229.95 (final amount to be determined as of the date of loan modification); 3) modify the interest rate for future accruals to 0%; and 4) extend the term of the Regulatory Agreement by fifteen (15) years to be concurrent with the loan repayment date to ensure continued community access to the 6 bed youth shelter.

# QUESTIONS?