

78878

RESOLUTION No. 37237

Authorize the City Attorney to take action, including but not limited to initiating legal proceedings against Charles Iheanacho and Cheryl Iheanacho for breach of affordable housing property development contracts, recovering unpaid Cash Flow loan payments, and compelling contractual reporting requirements (Resolution)

WHEREAS, from 2002 to 2006, the City of Portland, through the Portland Development Commission, extended loans to the Iheanachos to finance construction of two multi-family affordable-housing properties, and these loans were memorialized through a series of loan and development contracts; and

WHEREAS, the Iheanachos received taxpayer-funded monies, developed the properties, and continue to own and collect rental income from these properties; and

WHEREAS, the contracts require repayment of the loans, in part, through Cash Flow Payments, which require creation of reports to calculate amounts due; and

WHEREAS, the contracts include terms, including basic tenant information reporting requirements, designed to ensure that the Iheanachos are using the properties for their intended affordable housing purposes; and

WHEREAS, despite repeated attempts by the City to have the Iheanachos provide reports and information, submit Cash Flow loan payments and otherwise comply with the contract terms, the Iheanachos have refused, breaching their contractual obligations; and

WHEREAS, such breaches cause significant actual and potential harm to the City, including jeopardizing its federally funded Housing and Urban Development programs that require the City's enforcement of its HUD-funded affordable housing contracts such as the Iheanachos'; and

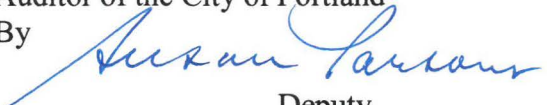
WHEREAS, the City Attorney's Office has prepared a draft complaint to file in Multnomah County Circuit Court (Exhibit A);

NOW, THEREFORE, BE IT RESOLVED, that the City Attorney or her designee is authorized to take action, including but not limited to initiating legal proceedings against Charles Iheanacho and Cheryl Iheanacho for breach of affordable-housing property development contracts, recovering unpaid Cash Flow loan payments, and compelling contractual reporting requirements.

Adopted by the Council: **SEP 28 2016**

Commissioner: Dan Saltzman
Prepared by: Simon Whang
Date Prepared: 9/14/2016

Mary Hull Caballero
Auditor of the City of Portland
By


Deputy

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| <p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Commissioner Dan Saltzman</p> | <p>CLERK USE: DATE FILED <u>SEP 20 2016</u></p> |
| <p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman <i>Dan Saltzman</i></p> <p>Position 4/Safety - Novick</p> | <p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>Mary Hull Caballero</i></u> Deputy</p> |
| <p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: City Attorney's Office Bureau Head: Tracy Reeve</p> <p>Prepared by: Simon Whang Date Prepared: 9/14/2016</p> <p>Financial Impact Statement & Public Involvement Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p> | <p>ACTION TAKEN:</p> |
| <p>Council Meeting Date: 09/28/16</p> | |

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| AGENDA |
| <p>TIME CERTAIN <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p> |
| <p>CONSENT <input checked="" type="checkbox"/></p> |
| <p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p> |

| FOUR-FIFTHS AGENDA | COMMISSIONERS VOTED AS FOLLOWS: | |
|--------------------|---------------------------------|------|
| | YEAS | NAYS |
| 1. Fritz | ✓ | |
| 2. Fish | ✓ | |
| 3. Saltzman | ✓ | |
| 4. Novick | ✓ | |
| Hales | ✓ | |