



MEMORANDUM

TO: Trustees & Other Interested Persons

FROM: Brian Phillips, Housing Committee Chair **BOARD ACTION NEEDED**

DATE: April 10, 2026

SUBJECT: Approve Lien Release and Cancel Deed of Trust Prior to Sale of Permanent Supportive Housing Property in Exchange for Repayment of Remaining Principal plus Interest

The attached resolution, if approved, will release the lien on 4400-4408 West Florissant, St. Louis, MO 63115 an apartment building in the Penrose Neighborhood owned by Horizon Housing Development Company (HHDC). The release of lien will occur in exchange for payment of the remaining two year principal balance of \$33,400 plus 12% interest on the remaining balance, for a total repayment of \$37,408. This property consists of eight two-bedroom permanent supportive housing (PSH) apartments for individuals with diagnosed mental health and/or substance use disorders and their families.

BACKGROUND

The property was acquired by HHDC in 2018 when Queen of Peace Center (QOP) wanted to transfer ownership of the property which was in use as permanent supportive housing for women with diagnosed substance use conditions and their families. At that time, MHB Trustees approved the transfer of ownership to HHDC and agreed to cancel QOP's Deed of Trust with an unpaid principal in excess of \$100,000. As part of the effort to retain supportive housing units in the city, and not cause major financial hardship to QOP, MHB consented to the transfer, canceled the deed of trust, and made available \$100,000 from the permanent supportive housing fund to help HHDC make various repairs to the property to return it to safe and habitable condition. A resolution to that effect was approved by MHB Trustees at their January 18, 2018 meeting.

However, as part of their due diligence, HHDC performed an inspection of the property. MHB received a copy of the report which documented more deficiencies in the property than were originally thought—a number of which were related to deferred maintenance that was previously the responsibility of QOP. Altogether, the estimated cost to remedy those deficiencies rose to \$167,000, requiring an additional \$67,000 that HHDC did not have available to invest fostering concern that the transfer might not go through and those PSH units would be eliminated in the city. Another possibility which Trustees wanted to avoid was that ownership would pass to MHB.

The MHB Board instructed General Counsel Bill Kuehling to reach out to QOP to describe the situation. Mr. Kuehling contacted their attorney who was able to extract a commitment from them for \$20,000 to be paid to MHB at the time of the closing of the property transfer to help defray the additional costs. At its April 19, 2018 meeting, Trustees approved a resolution to amend the amount of the 10-year forgivable loan to HHDC increasing it from \$100,000 to \$167,000 with the provision that QOP would repay \$20,000 of the additional amount to MHB at the closing of the property transfer. The \$167,000 was used for repairs and closing costs related to the transfer of the eight-unit building for which HHDC paid \$1.00 to QOP in January 2018.

In 2025, the West Florissant property sustained significant damage as a result of the E-3 tornado on May 16 rendering it uninhabitable. HHDC applied for and received \$25,000 from MHB's Tornado Emergency Response Fund to temporarily relocate and house the families residing in the West Florissant property at the time of the disaster.

In February 2025, HHDC began evaluating the West Florissant property for cost effectiveness. As of July 1, 2026, HHDC will no longer be able to insure the building due to loss versus value. In 2025, the insurance premium increased from \$38,000 per year to \$103,000. HHDC began the MHB renewal process for 2026 unable to secure a reasonable rate or carrier to insure the property and their board decided to sell the West Florissant property based on the revenue deficit and loss of insurance coverage.

Wanting to remain compliant with the terms of the Deed of Trust, HHDC contacted MHB in late March to notify the Board of its intention to sell the building and to reinvest the proceeds by purchasing two new properties to continue providing permanent supportive housing in the city. Following consultation with MHB's General Counsel Matt McBride and Scott Pummell from Lashly & Baer, it was determined that since HHDC would qualify for their 2026 forgiveness in the amount of \$16,700 in May with two years remaining, that the 2026 repayment of \$16,700 should be forgiven and that the balance to be repaid should be the remaining balance of the 10-year forgivable loan totaling \$33,400 plus 12% interest on the remaining balance for a combined total of \$37,408 to be repaid by HHDC prior to the release of the lien and cancellation of the Deed of Trust prior to the sale. Currently, HHDC has an offer to purchase the eight-unit apartment building for \$675,000 and the buyer has agreed to continue to allow all of the current tenants to remain in the building. HHDC will continue to provide case management services for the clients residing at West Florissant after the property changes ownership.

Since 2018, Horizon Housing Development Company has purchased three permanent supportive housing properties with MHB funding. Two of the three properties it assumed after other organizations chose to divest themselves from owning and providing PSH housing to clients. Together all three properties provided 14 units, ten of which were two and three-bedroom units for families. With the sale of the West Florissant property, HHDC will own only one one-bedroom four family flat in the Carondelet Neighborhood. The Strodman property in College Hill, a two-bedroom two family flat was sold after HHDC fulfilled its obligation to MHB due to the high cost of required ongoing maintenance issues.

PROPOSED RECOMMENDATION

Horizon Housing Development Company has been an exemplary permanent supportive housing partner providing high-quality, safe apartments with all necessary maintenance and repairs performed to keep these units in service. Due to the May 16 tornado, it is no longer possible for HHDC to afford to insure the property due to the damage the building sustained. It is recommended that since HHDC already began the recertification process for May 2026 forgiveness, that in exchange for releasing the lien and cancelling the Deed of Trust on the West Florissant property, MHB will receive payment of the remaining principal balance of \$33,400 plus 12% interest of \$4,008 for a total repayment of \$37,408. The Settlement Agreement will compel HHDC to use the proceeds from the property's sale to purchase other properties that will replace the West Florissant units thus maintaining the eight PSH units in the city.

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES (MHB)

**APPROVE LIEN RELEASE AND CANCEL DEED OF TRUST
FOR 4400-4408 WEST FLORISSANT, ST. LOUIS, MO 63115
FOLLOWING REPAYMENT OF REMAINING LOAN PRINCIPAL PLUS INTEREST**

RESOLUTION

WHEREAS, the City of St. Louis, Missouri has levied taxes pursuant to the laws of the State of Missouri Sections 205.975 – 205.990 RSMo. to fund the Community Mental Health Fund (CMHF) and the Board is entrusted with administering these funds; and

WHEREAS, MHB has determined that there is a shortage of safe quality housing for people with serious behavioral health disorders; and

WHEREAS, the Board of Directors of Horizon Housing Development Company has received an offer and approved the sale of the property located 4400-4408 West Florissant, St. Louis, MO 63115, an eight-unit apartment building in the Penrose Neighborhood in St. Louis City; and

WHEREAS, Horizon Housing Development Company has agreed to repay the remaining two years of the outstanding principal balance of \$33,400.00, plus 12% interest on the remaining balance for a total repayment of \$37,408.00; and

WHEREAS, in exchange for Horizon Housing Development Company's repayment of \$37,408.00 on the West Florissant property MHB will release the lien allowing for the sale of the property; and

WHEREAS, Horizon Housing Development Company has agreed to use the remaining proceeds from the sale of the West Florissant property to purchase two new properties to continue serving unhoused individuals and families with serious mental health and/or substance use conditions; and

NOW THEREFORE BE IT RESOLVED:

The board directs the Executive Director to accept repayment of \$37,800 from Horizon Housing Development Company in exchange for a lien release and cancellation of the Deed of Trust for the eight-unit apartment building located at 4400-4408 West Florissant, St. Louis, MO 63115 to allow for the sale of the property. Horizon Housing Development Company will agree to use the proceeds of the sale to purchase additional properties that will replace the eight permanent supportive housing units.

APPROVED THIS 16th DAY OF APRIL 2026:

Board Chair/Officer Name (printed):	Signature:
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ATTEST:

Board Chair/Officer Name (printed):	Signature:
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