



Department of Planning & Community & Economic Development
 Community Development Division
Community Development Block Grant Office



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Memo

To: CDBG Committee
 From: Julie Spears, Grants Administrator
 Date: April 24, 2013
 Re: Authorize Assignment and Assumption Agreement and Subordination of loan from WISH Trust to Ponwood Circle, LLC

The CDBG Office assisted the Wisconsin Initiatives in Sustainable Housing, Inc. d/b/a WISH Trust ("WISH Trust") with \$50,000 in HOME funds in 2006 to purchase a condominium unit located at 132 Ponwood Circle, Unit A to be operated as affordable rental housing. WISH Trust is a non-profit organization that was established to provide affordable housing for people with disabilities. The CDBG Office provided a long-term deferred loan with shared appreciation payable upon sale, change in use, or transfer of the unit. The City holds a mortgage with WISH Trust in the amount of \$42,500 to secure its loan.

WISH Trust initially intended to grow as an affordable housing organization and acquire enough properties to maintain a viable portfolio. However, has become uneconomical to administer and effectively manage. In 2007, WISH, Inc. merged with Movin' Out, Inc. (MOI), a local community-based agency that provides permanent, affordable rental housing and homeownership opportunities for people with disabilities. The merger resulted in MOI absorbing all of WISH's properties and providing property management services for this unit. MOI has established Ponwood Circle LLC, a single-member LLC whose sole member is Movin' Out, Inc., which is prepared to acquire and manage the unit at 132 Ponwood Circle, Unit A as an affordable HOME rental unit. WISH Trust will deed the unit to Ponwood Circle, LLC and replace WISH Trust's existing first mortgage (\$24,000) with private financing. Ponwood Circle, LLC will assume the existing \$42,500 in HOME loan funds in the property by executing an Assignment and Assumption Agreement. The City's HOME loan will be subordinate to the new first mortgage in the same position as previously.

Recommendation:

Staff recommends approval of the resolution authorizing the Mayor and City Clerk to execute an Assignment and Assumption Agreement and Subordination of Mortgage allowing Ponwood Circle LLC to assume all obligations as Borrower on a loan originally made to the Wisconsin Initiatives in Sustainable Housing, Inc. d/b/a WISH Trust for the property located at 132 Ponwood Circle, Unit A.

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