

MEMO

To: CDBG Committee

From: Pam Rood



Date: November 2, 2010

Subject: Movin' Out subordination request

Movin' Out has been presented with an opportunity to refinance their portfolio with a loan and grant through WHEDA. Due to the type of funding that WHEDA is offering, Movin' Out has been required to develop a separate 501(c)(3) entity, Movin' Out Homes, to purchase the properties. As part of the refinancing, 8 properties that have City HOME funding will be sold to Movin' Out Homes. This action will require the City to subordinate the current loans with Movin' Out and draft new loan documents with Movin' Out Homes. Within this transaction the City of Madison will remain in second lien position. Staff recommends the refinancing of the 8 properties to Movin' Out Homes.



Movin' Out, Inc.
600 Williamson St
Madison, WI 53703
608/251-4446
info@movin-out.org
www.movin-out.org

October 8, 2010

Audrey Short
Community Development Block Grant
PO Box 2985
Madison WI 53701-2985

Re: Subordination request

Dear Audrey:

Movin' Out requests the city to subordinate a series of HOME mortgages used to subsidize the purchase nine scattered site properties reserved for low-income tenants with disabilities. This request is linked to Movin' Out's refinancing of a portfolio of scattered site housing. Movin' will succeed in significantly lowering our debt service, will lower rents for current tenants, carry out capital needs improvements and accessibility accommodations, re-fund reserves, and will achieve lasting operational stability for these properties. The new financing is offered by WHEDA and is a combination of a mortgage loan offered at a lower rate than any of our current conventional mortgages and a grant that serves to lower the principal amount borrowed. The refinancing as planned is consistent with the goals of the city's affordable housing framework and strengthens Movin' Out's capacity to meet its mission of assuring safe, affordable, community-integrated housing to tenants doubly vulnerable due their poverty and disabilities.

The list of properties is attached and includes information on acquisition date, cost, and amount of HOME funds invested.

Please let me know what additional information you need to approve Movin' Out's subordination request.

Sincerely,

Howard Mandeville

Enclosure: List of HOME-funded Movin' Out properties



Movin Out, Inc.

Address	City	Date of Acquisition	Acquisition Cost	HOME Funds
2016 Cameron Dr	Madison	03/30/07	\$ 160,400	\$ 48,552
441 Hilton Dr	Madison	12/15/06	\$ 202,000	\$ 42,500
4618 Eldorado Ln	Madison	12/15/06	\$ 130,900	\$ 42,500
1217-1221 McArthur Rd	Madison	11/07/08	\$ 156,000	\$ 144,400
3004-3006 Maple Valley	Madison	12/16/05	\$ 300,000	\$ 75,480
717 N. Midvale Blvd	Madison	09/29/04	\$ 268,000	\$ -
402 North Lawn Ave	Madison	12/16/05	\$ 138,600	\$ 148,700
7043 Watts Rd	Madison	06/23/05	\$ 75,000	\$ 33,573
2428 Independence #106	Madison	11/11/09	\$ 95,000	\$ 65,000
			\$ 1,525,900	\$ 600,705