

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE
CITY OF MADISON, WISCONSIN**

September 16, 2010

Amended Resolution No. 2974

**ACCEPTING AN AFFORDABLE HOUSING TRUST FUND LOAN FROM
THE CITY OF MADISON IN THE AMOUNT OF \$1,025,000 FOR
THE TRUAX PARK APARTMENTS PROJECT AND AUTHORIZING
THE CHAIR AND EXECUTIVE DIRECTOR TO EXECUTE LOAN
DOCUMENTATION AS REQUIRED BY THE CITY**

Preamble

The Community Development Authority of the City of Madison (“CDA”) intends to renovate and rehabilitate seventy-one existing low rent public housing family units located in six buildings at the CDA’s Truax property using Section 42 tax credits and other funding sources. In order to close a financing gap for the project, the CDA has applied to the City for a loan from the Affordable Housing Trust Fund in the amount of \$1,025,000 to partially finance capital expenses of the project. Throughout the term of the tax credit period, the CDA shall retain ownership of the land underlying the project, and Truax Park Redevelopment, Phase 1, LLC will own the rehabilitated buildings and manage the project construction. All seventy-one units shall be affordable as defined by the Affordable Housing Trust Fund ordinance.

NOW THEREFORE, BE IT RESOLVED, that the Community Development Authority accepts a loan from the City’s Affordable Housing Trust Fund in the principal amount of \$1,025,000 under the following terms and conditions:

1. The CDA shall provide the loan funds to Truax Park Redevelopment, Phase 1, LLC, and shall ensure that the loan funds are used solely for capital improvements to the project.
2. The CDA shall repay the loan by making 15 equal payments of principal annually to the City, along with variable interest on the outstanding balance at the rate of the City’s investment portfolio yield plus 25 basis points, as calculated using the average yield for the previous twelve months.
3. The CDA shall execute a first mortgage of the land underlying the project in favor of the City in the amount of the loan. The City will provide a subordination of mortgage to the project’s construction lender, in a form to be approved by the City Attorney.
4. The CDA shall ensure the project remains affordable for all seventy-one units for thirty (30) years. The CDA shall ensure that a thirty-year land use restriction agreement is recorded with the Dane County Register of Deeds to memorialize the affordability requirement.
5. The CDA shall use its best efforts to seek funding to allow it to retire the Affordable Housing Trust Fund loan earlier than 2027, and it shall attempt to negotiate with the investor member to use excess cash flow from the project, if any, to make prepayments

on the Affordable Housing Trust Fund debt. The CDA agrees to make annual reports to the City on these efforts throughout the term of the loan.

NOW THEREFORE BE IT FURTHER RESOLVED, that the Community Development Authority hereby authorizes the Chair and Executive Director to execute a Loan Agreement with the City, and any other loan documentation as deemed necessary and appropriate by the City Attorney.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the Authority hereto on this ____ day of _____, 2010.

Natalie L. Erdman, Executive Director