



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 47537

File ID: 47537

File Type: Resolution

Status: Council New Business

Version: 1

Reference:

Controlling Body: Community Development Division

File Created Date : 05/31/2017

File Name: Authorizing the Mayor and City Clerk to execute a loan agreement for up to \$648,000 of HOME funds to Linden Cohousing, LLC to support the development of twelve units of affordable owner occupied housing as part of the CohoMadison Cohousing project.

Final Action:

Title: Authorizing the Mayor and City Clerk to execute a loan agreement for up to \$648,000 of HOME funds to Linden Cohousing, LLC to support the development of twelve units of affordable owner occupied housing as part of the CohoMadison Cohousing project.

Notes: Finance Committee, the CDBG Committee will see this item on June 1, 2017

Sponsors: Samba Baldeh, Maurice S. Cheeks, Matthew J. Phair and Marsha A. Rummel

Effective Date:

Attachments: Linden Cohousing LLC HOME Funds Memo.pdf, CohoMadison-Application.pdf, CohoMadison-Attachments.pdf

Enactment Number:

Author: Susan Morrison and Jim O'Keefe, CDD

Hearing Date:

Entered by: pstonestreet@cityofmadison.com

Published Date:

Approval History

Version	Date	Approver	Action
1	05/31/2017	Laura Larsen	Approve

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Community Development Division	05/31/2017	Referred for Introduction				
	Notes: Finance Committee						
1	COMMON COUNCIL	06/06/2017					

Text of Legislative File 47537

Fiscal Note

FISCAL NOTE PENDING

Sufficient Federal HOME and/or HOME Match are available for allocation to this project within the CDD's Housing Development Reserve Fund, which was authorized as part of the City's 2017 Adopted Operating Budget. Approval of this resolution will have no impact on the City budget.

Title

Authorizing the Mayor and City Clerk to execute a loan agreement for up to \$648,000 of HOME funds to Linden Cohousing, LLC to support the development of twelve units of affordable owner occupied housing as part of the CohoMadison Cohousing project.

Body

Linden Cohousing, LLC, a development entity of Accipiter Properties, is working with CohoMadison, Inc, a non-stock corporation made up of 44 residents, to develop 45 new residential condominiums at 2408-2100 Winnebago Ave. While CDD funds will be used to subsidize the development of affordable housing units the overall development project for the site is larger. The project will be 63,000-64,000 square feet and include; 45 residential condominiums, common areas, underground parking and artist studios. The first phase of the development project will also construct new space for the Madison Circus Space that currently occupies the area.

Linden Cohousing, LLC requested up to \$648,000 of federal funds for the development of twelve units, which would be restricted at the time of re-sale to low-moderate income households. Staff's recommendation below is to fund twelve HOME units for this project up to \$648,000.

ACTION

WHEREAS, the Community Development Division staff and CDBG Committee have reviewed the proposal and find that it furthers the goals expressed in the 2015-2019 Five-Year Consolidated Plan which identifies affordable housing and homeownership as a critical issue within the community and outlines strategies and priorities to address those problems using community-based groups; and

WHEREAS, this project is eligible based on the 2015-2016 Community Development Program Goals and Objectives under Objective 1.1 Housing Supply; and

WHEREAS, Linden Cohousing, LLC will create mixed-income cohousing community and provide long-term affordable homeownership opportunities by keeping the HOME assisted units affordable in perpetuity; and

WHEREAS, Linden Cohousing, LLC has requested a waiver from CDD's Goals and Objectives that limit the maximum subsidy to \$54,000 per unit; and

WHEREAS the intent of that request is to allow different units to be subsidized at differing levels in order to accommodate the higher cost of three to four bedroom units without exceeding the aggregate subsidy limit;

NOW, THEREFORE BE IT RESOLVED that the Common Council approves the proposed loan and authorizes the Mayor and City Clerk to execute a loan agreement to include up to \$648,000

in HOME funds to support the CohoMadison Cohousing project on Winnebago Street as described below:

- Form of Loan
 - The developer shall apply the proceeds of the Loan to the expense of acquiring the property; and
 - The HOME loan will be secured by a subordinate mortgage, note, and Land Use Restriction Agreement which will include all HOME regulations for the Period of Affordability for the eleven HOME assisted units; and
 - The assistance will be provided in the form of a 0% long-term deferred loan with shared appreciation; and
 - At the time of re-sale, to an eligible low-moderate income buyer for the eleven HOME assisted units, re-sale/recapture requirements will be transferred to the home owner.
- Assignment
 - The loan shall not be assigned without permission of the City except for an assignment to an affiliate entity of the developer prior to loan closing.
- Closing
 - Prior to closing, the developer must submit to the City a standard ALTA commitment for a loan policy of title insurance in the amount of the Loan for such Property; and
 - Prior to closing, the developer must provide evidence of property insurance as required by the Mortgage, containing a standard loss payee endorsement identifying the City as mortgagee.

BE IT FINALLY RESOLVED, that CDD is authorized to waive the maximum per unit subsidy limit of \$54,000 in the current CDD's Goals and Objectives to allow for larger gap financing for the higher cost three to four bedroom units. Gap financing will be based on household need, per CDD's Underwriting Guidelines. In aggregate the HOME subsidy of \$648,000 will not exceed existing funding guidelines.