



Legislation Text

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Fiscal Note

Sufficient Federal HOME/HOME Match funds of \$150,000 and City Affordable Housing Trust Fund funds of \$400,000 are available for this project within the Community Development Division's Housing Development Reserve Fund and the Affordable Housing Trust Fund, which were authorized as part of the City 2013 Adopted Operating budget. The \$400,000 in funding from the Affordable Housing Trust fund will be offered in the form a loan, to be repaid with interest over a sixteen year period.

Title

SUBSTITUTE - Authorizing the provision of \$550,000 from the Affordable Housing Trust Fund and the Housing Development Reserve Fund to Care Net Pregnancy Center of Dane County, Inc. (Care Net). The loans will partially finance the development of 36 units of multi-family rental housing.

Body

Care Net is a local community-based medical clinic that provides free pregnancy-related medical services. Care Net will create a stand-alone legal entity for the purpose of providing affordable rental housing for low and moderate income households regardless of religious or political beliefs.

Care Net plans to construct Eagle Harbor Apartments which will consist of 36 units of affordable rental housing on a currently owned parcel of land located at 1360 MacArthur Rd. The proposed redevelopment is a mix of 1, 2, and 3 bedroom units of affordable housing with 30 units for low to moderate income households with income at or below 60% AMI plus six market rate units. This project will create 11 HOME-Assisted and 10 AHTF-Assisted permanently affordable rental housing units. The units will be marketed to income eligible single men, women and families.

Care Net will submit an application for WHEDA Low-Income Housing Tax Credits in February 2013 to partially fund this project in addition to the funds requested from the CDD Division. Commitment of local funds in advance of the tax credit application significantly enhances the applicant's ability to submit a competitive application. Care Net will use any HOME/HOME Match and AHTF approved by the Council to close the project's development financing gap.

WHEREAS the CDBG staff and the CDBG Committee have reviewed this proposal and find that it furthers the goals expressed in the Affordable Housing Trust Fund ordinance (MGO 4.22), 2010-2014 Five-Year Community and Neighborhood Development Plan and the 2013 Action Plan; and

WHEREAS, the successful completion of this project will add 21 units of CDD-assisted permanently affordable rental housing which is in high demand by low income households regardless of religious or political beliefs; and

WHEREAS, the terms of the WHEDA Tax Credit project require a waiver to the standard loan terms as published in the AHTF RFP, the CDBG Committee recommends that the City provide the AHTF loan with a 16-year term with interest below the variable Annual Federal Rate (currently 2.31%) and payable annually beginning one year after project completion contingent upon sufficient cash flow to support the project. In the event that the cash flow is insufficient to pay all or a portion of the annual payment, the balance of the payment due will be repaid at the end of the 16-year period; and

WHEREAS, the terms of the Housing Reserve Fund funds are provided as a 0% long term deferred loan with shared appreciation according to the terms of the 2013-2014 Program Funding Framework; and

WHEREAS, allocation and disbursement of the \$550,000 in AHTF and Housing Development Reserve Fund funds is contingent upon Care Net's receipt of financing adequate to complete the project; and

WHEREAS, allocation and disbursement of funds would also be contingent upon CDD approval of a tenant selection plan that provides assurance that tenants will be selected in a manner that provides equal access to all low income households (such as establishing an application deadline with a tenant selection lottery in the event more applications are received than units available);

NOW THEREFORE BE IT RESOLVED that the Common Council authorize the use of \$150,000 in HOME/HOME Match funds and \$400,000 in AHTF funds for the affordable housing development as described above which will remain affordable per the HOME/HOME Match and AHTF requirements and the written loan agreement; and

NOW THEREFORE BE IT FURTHER RESOLVED that the HOME/HOME Match funds be provided as a 0% long term deferred loan with shared appreciation according to the terms of the 2013-2014 Program Funding Framework; and

NOW THEREFORE BE IT FURTHER RESOLVED that the AHTF funds be provided as a 16-year loan with interest below the variable Annual Federal Rate and payable annually beginning one year after project completion contingent upon sufficient cash flow to support the project; and

NOW THEREFORE BE IT FURTHER RESOLVED that the provision of HOME/HOME Match and AHTF funds be provided contingent upon receipt of 2013 Low Income Housing Tax Credit Financing, obtaining a post-construction appraisal supporting a 115% secured loan-to-value ratio, an environmental assessment, CDD approval of a tenant selection plan and any change in property manager, and incorporation of neighborhood feedback and alder support; and

NOW THEREFORE BE IT FUTHER RESOLVED, that the Common Council hereby authorize the Mayor and City Clerk to execute a Loan Agreement with the Care Net and/or an affiliate stand-alone housing organization, which will be secured by a mortgage, promissory note and Land Use Restriction Agreement and any other loan documentation as deemed necessary and appropriate by the City Attorney.