



Legislation Text

File #: 14518, **Version:** 1

Fiscal Note

Porchlight is selling property with 8 Sleeping Room Only (SRO) units at 315 S. Henry Street in order to purchase two properties for a total of 16 SRO and efficiency units. The CDBG Office provided funding for the acquisition and rehabilitation for the Henry Street property in 1992-93. The mortgage and promissory note for the Henry Street property require that 83% of the proceeds be returned to the City at sale. Porchlight is requesting that the City's proceeds (\$206,255) be re-loaned to them to acquire property at 519 E. Johnson Street and Porchlight requests an additional \$28,000. Pending the CDBG Commission approval, Porchlight will receive \$234,255 in new HOME Match funds for this project. Additionally, funding of \$214,590 that had been previously loaned to ARISE Family Services to purchase 519 E. Johnson Street will remain on the property in the form of a forgivable loan that will be considered satisfied at the end of the 15 year affordability period. Therefore, total CDBG investment in the property will be \$448,845

Title

Approve Porchlight's request for \$234,255 in Home Match funds for 6 units in the form of a deferred loan secured by a mortgage, promissory note and Land Use Restriction Agreement (LURA) with a 15-year affordability requirement; authorize the Mayor and City Clerk to sign any agreements to effect such a change; agree to waive the CDBG Office 2009-2010 Program Funding Framework per unit limit and the loan-to-value ratio; and approve a 15-year forgivable loan with Porchlight for the outstanding CDBG Office investment \$214,590. The total CDBG Office investment in this property will be \$448,845.

Body

Porchlight intends to acquire and rehabilitate 6 efficiency units at 519 E. Johnson Street as permanent housing for persons with incomes less than 50% of the Area Median Income with one resident manager. ARISE Family Services has defaulted on a 2005 agreement with the City to provide affordable housing at this address. The Porchlight project will ensure that these units remain affordable, addressing housing goals for this low-income population.

WHEREAS, CDBG staff and the CDBG Commission have reviewed this proposal and find that it furthers the goals expressed in the 2005-2009 Five-Year Community and Neighborhood Development Plan and the 2009 Community Action Plan;

WHEREAS, the acquisition and rehabilitation of this property will ensure that these units are maintained as affordable housing for at least 15 years;

WHEREAS, the funds previously loaned to ARISE Family Services to purchase 519 E. Johnson Street will remain on the property in the form of a forgivable loan that will be considered satisfied at the end of the 15 year affordability period;

WHEREAS, the funds for this project are primarily as a result of the payback of funds resulting from Porchlight's sale of property on S. Henry Street in which the CDBG Office invested federal funds in 1992-3;

WHEREAS, the cost of this project combines both the new funds for Porchlight as well as the ARISE Family Services debt, the total amount of CDBG Office funds in this property per unit is \$73,141 which exceeds the maximum per unit cost of \$54,000 specified in the 2009-2010 Program Funding Framework but is well within the HUD per unit limit of \$126,869;

WHEREAS, the cost of this project combines both the new Porchlight funds and the ARISE Family Services

debt, the 136% loan to value ratio on this project exceeds the 115% specified in the 2009-2010 Program Funding Framework;

NOW, THEREFORE, BE IT RESOLVED that the Common Council approve Porchlight's request for \$234,255 in Home Match funds for 6 efficiency units in the form of a deferred loan secured by a mortgage, promissory note and LURA with a 15 year affordability requirement and waive the CDBG Office 2009-2010 Program funding Framework regarding the per unit funding limit and the loan to value ratio and authorize the Mayor and City Clerk to sign any agreements as required;

BE IT FURTHER RESOLVED that the Common Council approve a forgivable loan with Porchlight that will be considered satisfied at the end of the 15 year affordability period for the outstanding CDBG Office investment of \$214,590 since Porchlight is willing to assume the outstanding ARISE Family Services debt on the property.