



Legislation Text

File #: 27797, **Version:** 1

Fiscal Note

Sufficient Federal HOME/HOME Match funds are available for this project from previously authorized 2012 Movin' Out, Inc. HOME agreement which was approved as part of the CD Division's 2012 Adopted Operating Budget.

Title

Approve up to \$51,682 in previously authorized 2012 Movin' Out, Inc. HOME funds to assist Movin' Out, Inc. to acquire the land at 805 Troy Drive for use as affordable rental housing.

Body

The CDBG Office assisted the Madison Area Community Land Trust (MACLT) with HOME funds in 2004 to purchase land located at 803-805 Troy Drive. MACLT developed a new construction duplex as owner-occupied housing, and the improvements were sold to two eligible homebuyers. The CDBG Office currently holds a mortgage of \$51,681.91 with MACLT for the land only which has remained in permanent land trust status.

Earlier in 2012, the homeowner at 805 Troy Drive, had significant disabilities and accessibility modifications to his half of the duplex, passed away. He deeded the improvements at 805 Troy Drive to Movin' Out, Inc. (MOI), a local community-based agency that provides permanent, affordable rental housing and homeownership opportunities for people who with disabilities. However, the land continues to be owned by MACLT. The deceased homeowner also had a roommate with significant disabilities. In order to help maintain the rental housing arrangement for this person, MOI which now holds title to 805 Troy Dr. placed an additional rental tenant with disabilities in this property.

At its meeting on September 25, 2012, the MACLT Board of Directors declined its option to purchase the property back from MOI for resale to another owner-occupant. MACLT's Board felt it could not afford the holding costs of reselling an extensively modified property via the resale model. Furthermore, the MACLT Board wanted to honor the wishes of the deceased homeowner while also not displacing the current tenants.

As a result, MOI is prepared to acquire the land in order to own and operate at 805 Troy Drive as an affordable rental unit by assuming the first mortgage of deceased homeowner and utilizing the approximately \$51,682 in HOME funds which will be repaid by MACLT upon transfer.

ACTION:

WHEREAS, the CDBG staff and the CDBG Committee have reviewed this proposal and find that it furthers the goals expressed in the 2010-2014 Five-Year Community and Neighborhood Development Plan and the 2012 Community Action Plan; and

WHEREAS, this project is eligible based on the 2011-2012 Community Development Program Goals and Priorities; and

WHEREAS, the successful completion of this project will add to the permanent, affordable rental housing stock which is in high demand for low-income people with disabilities; and

WHEREAS, Movin' Out, Inc. will obtain financing for the fixtures, buildings, structures or improvements that will clear all liens held on the property located at 805 Troy Drive; and

WHEREAS, Movin' Out, Inc. has previously authorized 2012 funds available for this project; and

WHEREAS, authorization of the \$51,682 in 2012 Movin' Out, Inc. HOME funds is contingent upon Movin' Out, Inc. obtaining sufficient financing to complete the project while maintaining 115% secured loan to value ratio.

NOW, THEREFORE, BE IT RESOLVED that the Common Council approve up to \$51,682 in previously authorized 2012 Movin' Out, Inc. HOME funds, and authorizes the Mayor and the City Clerk to enter into an agreement with Movin' Out, Inc. to provide funds to create one (1) unit of affordable rental housing at 805 Troy Drive.

BE IT FURTHER RESOLVED that the assistance be provided as a long-term deferred loan under the terms adopted in the 2011-2012 Community Development Program Goals and Priorities contingent upon Movin' Out, Inc. obtaining an appraisal that supports a maximum of 115% secured loan to value ratio and sufficient financing to complete the project.

BE IT FURTHER RESOLVED that the Common Council authorizes the Mayor and the City Clerk to sign a subordination of the CDBG office Mortgage to the new first mortgage obtained by Movin' Out, Inc.