



Legislation Text

File #: 28843, **Version:** 1

Fiscal Note

No impact on the local levy.

Title

Authorizing an amendment to the loan agreement of previously allocated HOME funds to Movin' Out Inc. for the provision of affordable rental housing.

Body

Movin' Out, Inc. has an accepted offer to purchase 11 units of affordable rental housing at Harbor House Condominiums using Council authorized HOME funds of up to \$200,000 (previously authorized through the 2009 and 2010 operating budgets). In December 2012, Movin' Out, Inc. received a Firm Commitment from HUD for a \$1.9 million Section 811 Supportive Housing for Persons with Disabilities. This financing provides a 40 year forgivable loan to support project costs which includes substantial accessibility modifications and project based rental assistance.

In order to close on the Section 811 financing, the City's original loan agreement with Movin' Out needs to be amended to clarify the ownership and loan holding entities and related title insurance and property insurance requirements, budget (reducing original allocation from up to \$360,000 to \$200,000), and technical corrections related to HOME regulations. Most significantly, the City's HOME loan funds will be loaned to Movin' Out, Inc. who will in turn loan the proceeds to Harbor House Movin' Out, Inc., a single purpose entity (as opposed to a single member LLC) created by Movin' Out, Inc. for the purpose of acquiring, owning, developing and financing the project. (Note: HUD requires that each Section 811 assisted project operate as a standalone legal entity.)

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

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

WHEREAS, the proposed amendments to the loan agreement and technical in nature do not substantially alter the project scope as previously presented to the CDBG Committee and Common Council; and

WHEREAS, the CDBG staff have reviewed the proposed amendments and find them necessary and reasonable to provide funds for this project while still adequately ensuring a reasonable risk to the City; and

WHEREAS, the CDBG Staff notified the CDBG Committee of this resolution authorizing an amendment to Movin' Out, Inc.'s loan agreement;

NOW, THEREFORE, BE IT RESOLVED that the Common Council authorize the Mayor and the City Clerk to execute an amendment to the loan agreement with Movin' Out, Inc. in order to accommodate the requirements of HUD's Section 811 financing.