



Legislation Text

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Fiscal Note

In 1998, the Common Council approved \$250,204 in HOME funds to help Madison Development Corporation acquire these two properties. The terms of assistance required a ten-year period of affordability and repayment of the greater of the original amount or a pro-rated appreciation of the market value upon change of use, sale or transfer. The current value of the property will require a repayment of \$414,790 from MDC. This resolution authorizes the City to reinvest this \$414,790 in the purchase of these same properties by ARISE. This reinvestment will be secured by a new mortgage of this greater amount and will continue the same conditions for eligible use of the property for an additional 10 year period.

Title

SUBSTITUTE - Approving the transfer of HOME funded mortgages on two buildings on Johnson and Gorham Streets from Madison Development Corporation to ARISE Family Services to continue their use as SRO housing for lower income individuals and authorizing the Mayor and the City Clerk to sign agreements to implement the transfers.

Body

WHEREAS in 1998 the City Council approved the provision of HOME funds to Madison Development Corporation to help MDC acquire two properties in the Johnson/Gorman area to serve as single-room occupancy housing for very low income individuals, and

WHEREAS Madison Development Corporation has master leased the two properties to another non-profit organization called ARISE Family Services since August 2004 to provide property management, and tenant support services as part of a program to help re-integrate returning ex-offenders into the community,

WHEREAS ARISE has offered to purchase the property from MDC contingent upon the transfer City Reinvestment of an amount due to the City based upon the original City mortgages and the assumption of the original terms,

WHEREAS MDC has adopted a strategic plan to focus on larger housing projects that offer affordable housing with less need for supportive services, and ARISE is an organization with a specific mission to offer such services within the context of affordable housing ~~purposes~~ goals,

WHEREAS the CDBG staff and the CDBG Commission have reviewed the proposal and recommend Council adoption as a way to continue the provision of affordable housing for a population in need, yet better align organizational missions and activities,

NOW THEREFORE BE IT RESOLVED that the Common Council authorize the Mayor and the City Clerk to ~~permit the transfer of the original mortgages from Madison Development Corporation to enter into an agreement with ARISE Family Services, contingent upon the recalculation of the current value of~~ for \$414,790 in HOME and match funds (which is the amount due from Madison Development Corporation based upon the original mortgages). The funds would be used to help ARISE purchase the building from MDC and continue its use as affordable housing.

Note: The City provided the first loan as a standard HOME contingent grant with repayment due on sale or transfer, with the amount owed to be the greater of the pro-rated appreciated value or the original amount. The terms of the transfer will continue these same terms, with the calculation of a new basis for the ~~transferred~~ repaid funds and the new mortgages. Copies of the application for the transfer are available within the Council Office and the CDBG Office.