



Legislation Text

File #: 41181, Version: 2

Fiscal Note

Funds for these projects were previously authorized in the CDD's Affordable Housing Fund as part of the City's 2015 Adopted Capital Budget. Approval of this resolution will have no impact on the City levy.

Title

AMENDED - Authorizing the Mayor and City Clerk to execute loan agreements related to the affordable housing development projects selected as part of the 2014 Affordable Housing Funding Request for Proposals.

Body

BACKGROUND

The 2014 resolution authorized the allocation of \$3 Million in Affordable Housing Funds to support the creation of approximately 200 units of affordable rental housing through the development of three projects: Maple Grove Commons, Tennyson Ridge and Union Corners Residential Phase I. However, the specific terms and award amounts for each project were not articulated as final. This resolution seeks to ensure that the Mayor and City Clerk are sufficiently authorized to execute loan agreements with each of the development entities in specific terms and award amounts for the three projects as originally anticipated.

ACTION

WHEREAS, the Common Council at its meeting on December 2, 2014 passed Resolution No. RES-14-00871 authorizing the allocation of \$3 million in Affordable Housing Funds to support the creation of approximately 200 units of affordable rental housing in Madison through financial assistance to the Maple Grove Commons, Tennyson Ridge and Union Corners Residential Phase I projects in advance of their respective applications for 2015 Low Income Housing Tax Credit financing; and

WHEREAS, the City's financial participation assisted each of these projects in successfully securing 2015 Low Income Housing Tax Credit financing, which was a contingency of City's financial commitment; and

WHEREAS, the developer for each of these projects, via an affiliate LLC, is prepared to execute a loan agreement for up to \$1,000,000 and related loan documents as outlined in the RFP and Resolution No. RES-14-00871; and

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Clerk are authorized to execute loan agreements in the amount of up to \$1,000,000 each in Affordable Housing Funds under the terms described below with the following developers, or an affiliate LLC, for the projects described herein:

- Developers and Projects
 - Oakbrook Corporation -- Maple Grove Commons: an 80 unit rental housing development with 68 units affordable to households at less than 60% **at a range of 30% to 60%** of County Median Income (CMI);
 - Lutheran Social Services of Wisconsin and Upper Michigan, Inc. -- Tennyson Ridge: a 72 unit rental housing development with 61 units affordable to households at less than 60% of CMI; and
 - Gorman and Company, Inc. -- Union Corners Residential Phase I: a 90 unit rental housing development with 76 units affordable to households at less than 60% of CMI; and
- Form of Loan
 - The assistance be provided in the form of low-cost loans, 50% of which will be amortized over

- 30 years and payable over 16 years, contingent upon available cash flow, and 50% of which will be a 0% interest, long-term deferred loan payable upon sale or change in the use of the property; and
- The developer shall apply the proceeds of the Loan to the expense of acquiring, constructing and/or rehabilitating the property which includes at least the number of total units and units to be used as affordable housing for rent to income eligible households as specified above.
- The disbursement of City funds continues to remain contingent upon each project developer demonstrating that it has secured financing sufficient to complete the project, including LIHTC's; that it has received from the City all necessary land use and permit approvals; and that it has satisfied any other City requirements or documentation, including commitment to a 30-year period of affordability; and
- The Loan will be secured by a subordinate mortgage, note and Land Use Restriction Agreement; and
- The loan agreement will be in full force and effect until the loan is repaid or at the expiration of the period of affordability, whichever is longer.
- Assignment - the loan shall not be assigned without permission of the City except for an assignment to an affiliate entity of the developer prior to loan closing.
- Closing
 - Prior to closing, the developer must submit to the City a standard ALTA commitment for a loan policy of title insurance in the amount of the Loan for such Property, which will be subject only to municipal and zoning ordinances and agreements entered under them, recorded easements for the distribution of utility and municipal services, mortgages, security agreements, assignments of leases and rents, regulatory and land use restriction agreements and an extended use commitment pursuant to Section 42 of the Internal Revenue Code, recorded building and use restrictions and covenants, taxes levied in the year of closing, and any other encumbrances acceptable to the City; and
 - Provide evidence of property insurance as required by the Mortgage containing a standard loss payee endorsement identifying the City as mortgagee. Developer agrees to provide evidence of property insurance annually by February 10th or before expiration of current policy.

BE IT FINALLY RESOLVED, that the Mayor and City Clerk are hereby authorized to execute, deliver, accept, publish, file and record any and all other documents, instruments, notes and records and take such other actions as shall be necessary or desirable to accomplish the intent of this resolution in a form approved by the City Attorney, and to comply with and perform the obligations of the City hereunder.