



Legislation Text

File #: 31263, Version: 2

Fiscal Note

Sufficient Federal Housing Development and City Affordable Housing Trust Fund (AHTF) funds are available for this project within the Community Development Division's Housing Development Reserve Fund and the Affordable Housing Trust Fund, which was authorized as part of the CD Division's 2013 Adopted Operating budget. The use of these funds will have no impact on the local levy.

Title

SUBSTITUTE: Authorizing the Mayor and City Clerk to execute a loan agreement with Movin' Out, Inc. (MOI) for up to \$660,000 in Housing Development Reserve and Affordable Housing Trust Funds for the development of 21 CDD-assisted affordable rental units at the Royster Clark site.

Body

Movin' Out, Inc. is a non-profit affordable housing developer that specializes in providing housing for people with disabilities to live in non-congregate housing settings with access to supportive services. Movin' Out, Inc. has proposed to develop a portion of the Royster Clark site located at Cottage Grove and Dempsey Roads to construct a 70-unit mixed-income rental development. The development will include a mix of 1, 2, and 3 bedroom units with 59 of the units targeted to households with income at or below 60% AMI plus 11 market rate units. 25% of the units will be affirmatively marketed for people with disabilities. Movin' Out will use its remaining 2012 HOME rental development funds (\$128,318) in combination with the current request of \$265,841 in Housing Development Reserve funds and \$265,841 in Affordable Housing Trust Fund (AHTF) to provide a \$660,000 loan to its affiliated entity, Royster Crossing Multi-family, LLC. Housing Development Reserve funds/2012 HOME funds and AHTF funds will be used to create 11 Reserve fund/HOME units and 10 AHTF units.

Movin' Out, Inc. will submit an application for WHEDA Low-Income Housing Tax Credits in January 2014 for approximately \$11.6M \$7.3M to fund this project in addition to the funds requested from the CD Division, and a first mortgage of \$2.6M. Commitment of local funds in advance of the tax credit application significantly enhances the applicant's ability to submit a competitive application. Movin' Out, Inc. will use funds approved by the Council to close the project's financing gap. Total development costs are estimated at \$11.6M including acquisition of land.

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, the 2013 Action Plan and the AHTF ordinance (MGO 4.22); and

WHEREAS, the proposed project is consistent with the redevelopment recommendations and concept described in the Royster Clark Special Area Plan (Approved 2009); and

WHEREAS, the successful completion of this project will add 21 units of CDD-assisted permanently affordable rental housing which is in high demand by low income households; and

WHEREAS, the terms of the WHEDA Tax Credit project require a waiver to the AHTF loan terms, and the CDBG Committee recommends that the City provide the AHTF funds as a 16-year term loan amortized over 30 years with interest at 2.75%, or below the variable Annual Federal Rate (currently 3.28%), whichever is lower, and, payable annually beginning one year after project completion contingent upon sufficient cash flow to support the project. In the event that the cash flow is insufficient to pay all or a portion of the annual payment, the balance of the payment due will be repaid at the end of the 16-year period; and

WHEREAS, the terms of the Housing Development Reserve Fund/2012 HOME funds are provided as a 0% long-term deferred loan with shared appreciation according to the terms of the 2013-2014 Program Funding Framework Goals and Objectives; and

WHEREAS, allocation and disbursement of the \$660,000 in AHTF and Housing Development Reserve Fund/2012 HOME funds is contingent upon Movin' Out's receipt of financing adequate to complete the project; and

WHEREAS, allocation and disbursement of funds would also be contingent upon CDD approval of plans and documents required to meet the regulations of the federal and City funding sources;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorize the use of \$128,318 in previously authorized HOME funds, \$265,841 in Housing Development Reserve Funds and \$265,841 in AHTF funds for the affordable housing development as described above and according to the loan terms described above, which will remain affordable per the Housing Development Reserve Fund, 2012 HOME fund and AHTF requirements and the written loan agreement and documents; and

BE IT FURTHER RESOLVED, that the provision of Housing Development Reserve/2012 HOME funds and AHTF funds be provided contingent upon receipt of 2014 Low-Income Housing Tax Credit Financing, obtaining a post-construction appraisal supporting a 115% secured loan-to-value ratio, the release of funds per the environmental assessment process, CDD approval of a tenant selection plan and any change in property manager, and incorporation of neighborhood feedback and alder support; and

BE IT FUTHER RESOLVED, that the Common Council hereby authorize the Mayor and City Clerk to execute a Loan Agreement and Documents with Movin' Out, Inc. and/or an affiliate legal entity, as deemed necessary and appropriate by the City Attorney; and

BE IT FURTHER RESOLVED that the Mayor and the City Clerk are hereby authorized to execute, deliver, publish, file and record such other documents, instruments, notices and records and take such other actions as shall be necessary or desirable to accomplish the purposes of this Resolution and to comply with and perform the obligations of the City hereunder; and

BE IT FINALLY RESOLVED, that the Common Council hereby authorize Movin' Out, Inc. to provide these funds as a loan to its affiliated entity, Royster Crossing Multi-family, LLC and to execute loan documents, as deemed necessary and appropriate by the City Attorney.