



Legislation Text

File #: 00318, **Version:** 1

Fiscal Note

The Council approved \$280,000 in Federal CDBG and HOME dollars in November 2003 to help Goodwill acquire the property. To date, approximately \$262,000 has been expended for acquisition and closing costs; the remainder of City funds will be expended for demolition costs. The City funds are currently secured by a 1st mortgage on the property. HUD has committed an estimated \$635,400 for development of the project. Upon the establishment of a single-purpose organization, the City loan will be subordinate to the HUD financing. Based on CDBG staff analysis, the subordinate mortgage will meet the CDBG threshold criterion of 115% loan to value ratio.

Title

Permitting the CDBG/HOME funds previously approved to assist Goodwill Industries acquire a property on Old Middleton Road be transferred to a single purpose non-profit corporation called Old Middleton Road Apartments, Inc., in order to receive HUD Section 811 funds and continue to address City Community and Neighborhood Development Objectives.

Body

WHEREAS the Common Council approved the provision of CDBG/HOME funds to Goodwill Inc. in November 2003 to help acquire a property on Old Middleton Road;

WHEREAS the plan was to have Goodwill apply for additional construction funds to HUD under the Section 811 program;

WHEREAS HUD has awarded Goodwill the Section 811 funds, but normally requires the establishment of a separate single-purpose corporation in order to contract for and operate the housing;

WHEREAS the CDBG Commission and staff have reviewed the proposal and recommend its adoption in order to promote the provision of scattered site affordable housing throughout the community;

WHEREAS Goodwill has utilized a portion of the CDBG/HOME funds to secure the site so that it would be eligible to obtain the HUD grant, and now is in the process of forming a single-purpose organization called Old Middleton Road Apartments, Inc., to receive the HUD grant and develop the housing;

NOW THEREFORE BE IT RESOLVED that the Common Council authorize the Mayor and the City Clerk to enter into an agreement that permits the transfer of the CDBG/HOME mortgage to Old Middleton Road Apartments Inc., with the express provision that the previous obligations of Goodwill under the loan documents are assumed by Old Middleton Road Apartments, Inc.