Legislation Details (With Text)

File #:	51416	**Version:**	1	**Name:**	Authorizing the Mayor and City Clerk to execute a Purchase of Services contract to provide up to $400,000 of City funding to Linden Cohousing, LLC to be used to support down payment assistance for at least eleven units of affordable owner occupied housing
Type:	Resolution			**Status:**	Passed
File created:	4/25/2018			**In control:**	FINANCE COMMITTEE
On agenda:	5/15/2018			**Final action:**	5/15/2018
Enactment date:	5/21/2018			**Enactment #:**	RES-18-00395

Title: Authorizing the Mayor and City Clerk to execute a Purchase of Services contract to provide up to $400,000 of City funding to Linden Cohousing, LLC to be used to support down payment assistance for at least eleven units of affordable owner occupied housing as part of the CohoMadison Cohousing project.

Sponsors: Maurice S. Cheeks, Matthew J. Phair, Marsha A. Rummel

Indexes:

Code sections:

Attachments: 1. CohoMadison-Application.pdf

Date	Ver.	Action By	Action	Result
5/15/2018	1	COMMON COUNCIL	Adopt	Pass
5/7/2018	1	FINANCE COMMITTEE	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
5/3/2018	1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	Return to Lead with the Recommendation for Approval	Pass
5/1/2018	1	FINANCE COMMITTEE	Refer	
5/1/2018	1	COMMON COUNCIL	Refer	Pass
4/25/2018	1	Community Development Division	Referred for Introduction	

Fiscal Note

The proposed resolution approves awarding $400,000 to Linden CoHousing, LLC., for the sole purpose of providing mortgage reduction/down payment financing to at least 11 households seeking to purchase condominium units. The assistance will be in the form of 0% long-term deferred loans and will be offered to eligible buyers of CoHoMadison Co-Housing units as gap financing based on individual household need, per Community Development Division's existing Underwriting Guidelines for mortgage reduction loan offerings. The proposed award replaces the $594,000 of HOME Program funds awarded by RES-17-00528 (File ID 47537), which was ultimately declined by the award recipient. The proposed award of $400,000 will be funded by CDD's Homebuyer's Assistance Program, which has sufficient program income and interest revenue to fund the loan in its entirety. The proposed award has no effect on the General Fund.

Title

Authorizing the Mayor and City Clerk to execute a Purchase of Services contract to provide up to $400,000 of City funding to Linden Cohousing, LLC to be used to support down payment assistance for at least eleven units of affordable owner occupied housing as part of the CohoMadison Cohousing project.

Body

Linden Cohousing, LLC, a development entity of Accipiter Properties, is working with CohoMadison, Inc., a non-

stock corporation made up of 44 residents, to develop 45 new residential condominiums at 2048-2100 Winnebago Ave. On June 20, 2017, the Common Council adopted a resolution (RES-17-00528) to award the project $594,000 of federal HOME Program funds. That action offered financial support to ensure that at least eleven of the housing units would be affordable to prospective buyers. On December 4, 2017, Accipiter Properties notified CDD that its compliance with accompanying federal requirements, in particular those imposed under 24 CFR Part 42- Relocation and Displacement, would add substantially costs to the project's costs.

Accipiter had planned and budgeted for some relocation activities and has secured space (at similar rents) for current tenants that will be temporarily displace. In addition, the new development includes 4,000 square feet of space for which displaced tenants will be given priority to rent once completed. However, costs associated with meeting additional requirements imposed as a condition of receipt of federal funds far exceeded budgeted amounts. In the end, Accipiter concluded that this added expense more than offset the value of the HOME award, and declined the offer.

This resolution seeks to preserve the Council's, and the City's, intent to ensure the long-term affordability of units within this development proposal. It draws on an alternative funding source to accomplish that goal - namely City funds currently authorized and available under the HomeBuyer Assistance (HBA) Program (fund 12306212). HBA is a City financed program that offers financing to qualified homebuyers needing assistance to simultaneously purchase and renovate a property. In recent years, however, participants have found it increasingly difficult to obtain first mortgages for such projects from private lenders because HBA loans are incompatible with the secondary market. Consequently, CDD financed only one HBA loan in 2016, and none in 2017.

This proposal, like the commitment of funds embodied in RES-17-00528, will provide the means to offer subsidies, via mortgage reduction/down payment financing, to at least 11 households meeting the low- to moderate-income threshold (at or below 80% of the county median income).

ACTION

WHEREAS, Linden Cohousing, LLC is seeking financial support for a proposed mixed-income cohousing development in order to provide long-term affordable homeownership opportunities for Madison residents; and

WHEREAS, the Community Development Division staff and CDBG Committee had previously reviewed the proposal and found that it furthers the goals expressed in the 2015-2019 Five-Year Consolidated Plan which identifies affordable housing as a critical issue within the community and outlines strategies and priorities to address those problems using community-based groups; and

WHEREAS, this project is eligible based on the 2015-2016 Community Development Program Goals and Objectives under Objective 1.2 Housing Assistance; and

WHEREAS, the Common Council, on June 20, 2017, approved the award of $594,000 in City-administered federal HOME Program funds to Linden Cohousing, LLC (RES-17-00528) in order to ensure the long-term affordability of at least 11 of the 45 units proposed to be developed and sold: and

WHEREAS, Linden Cohousing, LLC subsequently determined that additional costs to the project associated with the use of those funds, largely around compliance with federal relocation requirements, would effectively negate the intended benefit of the HOME funds; and

WHEREAS, sufficient unused funds exist within the CDD's 2018 Budget, in fund 12306212 (HomeBuyer Assistance Program), to support this project; and

WHEREAS, the primary goal of the HBA Program is to support home-ownership for low- and moderate-income households in Madison.

NOW, THEREFORE BE IT RESOLVED that the Common Council approve the award of $400,000, from funds available in the Community Development Division's HomeBuyer Assistance Program, to Linden CoHousing, LLC., for the sole purpose of providing mortgage reduction/down payment financing to at least 11 households seeking to purchase condominium units within the CoHoMadison Co-Housing project proposed to be developed at 2048-2100 Winnebago Avenue in Madison; and

BE IT FURTHER RESOLVED, that the assistance authorized in this resolution will be offered to eligible buyers of CoHoMadison Co-Housing units as gap financing based on individual household need, per CDD's existing Underwriting Guidelines for mortgage reduction loan offerings; and that assistance will take the form of 0% long-term deferred loans with shared appreciation; and

BE IT FINALLY RESOLVED, that the Council authorize the Mayor and City Clerk to execute any contracts or loan agreements necessary to accomplish the intent of this resolution.

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