



Legislation Text

File #: 27743, Version: 1

Fiscal Note

Sufficient funds are available for this project within the Affordable Housing Trust Fund. Per formulas stated in MGO 4.22, a total of \$1,548,393 in AHTF funds are available for distribution during 2012, with a maximum amount per project of \$774,196. The use of these funds will have no impact on the local levy.

Title

Authorizing \$180,000 from the Affordable Housing Trust Fund (AHTF) to the Community Development Authority. The loan will partially finance up to six (6) owner-occupied units at Mosaic Ridge subdivision, part of the Allied Drive Redevelopment Plan.

Body

The Community Development Authority of the City of Madison (CDA) intends to build 24 single family homes in the Allied Drive Neighborhood subdivision which has been named "Mosaic Ridge". One third of the homes are to be affordable to families at or below 50% of the area median income. One third are to be affordable to families with incomes between 50% and 80% of the area median income and one third will have no income restrictions. AHTF funds will be targeted to 4 homes affordable to families at or below 60% of the area median income and 2 homes affordable to families at or below 80% of the area median income.

The CDA will be identifying, screening, and contracting with buyers prior to construction of a home. There will be no building of speculative homes in the subdivision. In order to close a financing gap for the project, AHTF will be used to partially fund a construction loan fund for low-moderate income buyers at Mosaic Ridge. CDA will provide the remaining funds for the construction loan fund. CDA will originate construction financing for up to three properties at a time, in which funds will revolve once to provide up to six properties with construction financing within a three 3 year period.

WHEREAS, the CDBG staff and the CDBG Committee have reviewed the proposal and find that it furthers the goals expressed in the Affordable Housing Trust Fund ordinance (MGO 4.22) and the 2012 Community Action 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, the CDA is requesting an exemption of the AHTF requirement (MGO 4.22) to keep the assisted housing deed restricted for a period of at least 30 years. Exemption is requested due to resale restrictions in the housing market place an undue burden on the homeowner; and

WHEREAS, the successful completion of this project will add six units of affordable owner-occupied housing stock, which was an identified need in the Allied Drive Redevelopment Plan, to stabilize the community; and

NOW, THEREFORE BE IT RESOLVED that the Common Council authorize a loan from the Affordable Housing Trust Fund in the principal amount of \$180,000 to provide construction financing to up to six (6) eligible low-moderate income buyers at Mosaic Ridge subdivision (a part of the Allied Redevelopment plan), under the following terms and conditions:

1. The CDA shall provide the loan funds to 4 buyers at or below 60% area median income and 2 buyers at or below 80% area median income prequalified from a "preferred lender", and shall ensure that the loan funds are used solely for construction of said housing unit.
2. The CDA agrees to pay 2.75% simple interest during construction financing for all units provided to households at 60%-80% AMI. No interest will accrue during construction for households at or below

50% AMI.

3. The CDA shall repay the full amount of principal and interest accrued at time of project completion. Project completion is defined as the transfer/sale of six owner- occupied units to homeowners or the expiration date of contract whichever is earlier.
4. Housing sold to eligible low-moderate income buyers will be Wisconsin Green Built Certified and have a loan to value of no greater than 100%.

NOW THEREFORE BE IT FUTHER RESOLVED, that the Common Council hereby authorize the Mayor and City Clerk to execute a Loan Agreement with the CDA, and any other loan documentation as deemed necessary and appropriate by the City Attorney.