



Legislation Text

File #: 27762, Version: 1

No impact on the local levy.

Approve the request of Movin' Out, Inc. to waive the CDBG Program Funding Framework loan-to-value ratio for the Harbor House Condominium project.

Movin' Out, Inc. has an accepted offer to purchase 11 units of affordable rental housing at Harbor House Condominiums using previously authorized HOME funds of up to \$200,000 (authorized through the 2009 and 2010 operating budgets). Recently, Movin' Out, Inc. was approved for a \$1.9 million Section 811 Supportive Housing for Persons with Disabilities 40 year forgivable loan to support project costs which includes substantial accessibility modifications. In addition, the Section 811 allocation provides project based rental assistance which will keep the project affordable long term. The project will exceed the 115% loan-to-value requirement outlined in the CDBG Program Funding Framework and therefore needs a waiver to this requirement.

WHEREAS, the CDBG staff and Committee have reviewed this project and find that it furthers the goals expressed in the Five-Year Community and Neighborhood Development Plan and the Action Plan; and

WHEREAS, the acquisition and rehab of these units will ensure permanent, affordable rental housing for low-income people with disabilities; and

WHEREAS, accessibility modifications significantly increase the cost of the project resulting in a higher than average loan-to-value ratio while not necessarily increasing the risk to the City; and

WHEREAS, the risk to the City is greatly minimized by the following factors: The loan amount includes funds for substantial accessibility modifications which generally decreases instead of increases the estimated value of a property; The condominium market has been volatile resulting in significantly reduced values; HUD Section 811 project based rental assistance will provide a secure project revenue base increasing the potential success of the project; For nearly 15 years, Movin' Out, Inc. has a strong record of performance of increasing the stock of affordable housing for people with disabilities responsibly using public funds, including a similar HUD Section 811 project completed in 2009; and The City's commitment of HOME funds were used as critical leverage for the HUD Section 811 application without which we would lose the opportunity to add 11 units of affordable and accessible rental housing with project-based subsidy; and

WHEREAS, the CDBG staff and the CDBG Committee have reviewed this request for a waiver and find that it merits an exception while still adequately ensuring a reasonable risk to the City;

NOW, THEREFORE, BE IT RESOLVED that the Common Council approve the request of Movin' Out, Inc. to waive the 115% loan-to-value limit for the Harbor House Condominium project to allow a loan-to-value ratio of up to 160%.