



## Legislation Text

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**File #:** 45468, **Version:** 1

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### Fiscal Note

Funds for these projects were previously authorized, in the Community Development Division's Affordable

### Title

Authorizing the Mayor and City Clerk to execute loan agreements associated with affordable housing development projects selected as part of the 2015 Affordable Housing Fund Request for Proposals process.

### Body

Resolution No. 15-00904, adopted by the Common Council on December 1, 2015, authorized the allocation of up to \$3 Million in Affordable Housing Funds to support the creation of approximately 160 units of affordable rental housing through the development of three projects: Mifflin Street Apartments, 8Twenty Park, Phase 1, and Madison on Broadway. However, that resolution did not articulate the specific terms or financial awards for each project. This resolution specifically articulates those terms and financial awards and also seeks to ensure that the Mayor and City Clerk are authorized to execute loan agreements with each of the three development entities as originally anticipated.

### ACTION

WHEREAS, the Common Council, at its meeting on December 1, 2015, adopted Resolution No. RES-15-00904 authorizing the allocation of up to \$3 million in Affordable Housing Funds to support the creation of approximately 160 units of affordable rental housing in Madison through financial assistance to the Mifflin Street Apartments, 8Twenty Park, Phase 1, and Madison on Broadway projects in advance of their respective applications for 2016 Low Income Housing Tax Credit financing; and

WHEREAS, the primary goal of the City's financial participation in these projects was to increase the likelihood of their success in the ensuing statewide competition for 2016 federal Low-Income Housing Tax Credits; and

WHEREAS, the City's financial participation in each project was contingent upon their receipt of federal Low- Income Housing Tax Credits; and

WHEREAS, the Mifflin Street Apartments, 8Twenty Park, Phase 1, and Madison on Broadway projects each received an award of 2016 federal Low-Income Housing Tax Credits; and

WHEREAS, the developers of these projects, via an affiliate LLC, are prepared to execute loan agreements and related loan documents as outlined in the RFP and Resolution No. RES -15-00904 as follows: \$1 million for Mifflin Street Apartments; 1.25 million for 8Twenty Park, Phase 1; and, \$530,000 for Madison on Broadway.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Clerk are authorized to execute loan

agreements, utilizing Affordable Housing Funds, for these three affordable housing projects as described below:

- Developers, Projects and Loan Amount
  - \$1 million - Stone House Development, Inc., or an affiliate LLC for Mifflin Street Apartments: a 65 unit rental housing development with 55 units affordable to households with incomes at a range of 30% to 60% of the County Median Income (CMI); and
  - \$1.25 million - JT Klein Company, Inc., or an affiliate LLC for 8Twenty Park, Phase 1: a 67 unit rental housing development with 58 units affordable to households with incomes at a range of 30% to 60% of CMI; and
  - \$530,000 - Movin' Out, Inc. and Mirus Partners, Inc., or an affiliate LLC for Madison on Broadway: a 48 unit rental housing development with 40 units affordable to households with incomes at a range of 30% to 60% of CMI with an additional 8 units affordable to households with incomes less than 80% CMI; and
- Form of Loans
  - The assistance will be provided in the form of low-cost loans, up to 50% of which will be amortized over 30 years and payable over 16 years, contingent upon available cash flow, and at least 50% of which will be 0% interest, long-term deferred loans payable upon sale or change in use of the property; and
  - The developer shall apply the proceeds of the Loan to the expense of acquiring the property and/or constructing the project, including at least the total number of units and units to be used as affordable housing, for rent to income-eligible households as specified above; and
  - The disbursement of City funds continues to remain contingent upon each developer demonstrating it has secured financing sufficient to complete the project, including LIHTC's; it has received, from the City, all necessary land use and permit approvals; and it has satisfied any other City requirements including provision of documentation and written commitment to a 30-year period of affordability; and
  - The loan will be secured by a subordinate mortgage, note, and Land Use Restriction Agreement; and
  - The loan agreement will be in full force and effect until the loan is repaid or a the expiration of the period of affordability, whichever is later.
- Assignment
  - The loan shall not be assigned without permission of the City except for an assignment to an affiliate entity of the developer prior to loan closing.
- Closing
  - Prior to closing, the developer must submit to the City a standard ALTA commitment for a loan policy of title insurance in the amount of the Loan for such Property, which will be subject only to municipal and zoning ordinances and agreements entered under them, recorded easements for the distribution of utility and municipal services, mortgages, security

agreements, assignments of leases and rents, regulatory and land use restriction agreements and an extended use commitment pursuant to Section 42 of the Internal Revenue Code, recorded building and use restrictions and covenants, taxes levied in the year of closing, and any other encumbrances acceptable to the City; and

- Prior to closing, the developer must provide evidence of property insurance as required by the Mortgage, containing a standard loss payee endorsement identifying the City as mortgagee. Developer agrees to provide evidence of property insurance annually by February 10th or before expiration of existing policy.

BE IT FINALLY RESOLVED, that the Mayor and City Clerk are hereby authorized to execute, deliver, accept, publish, file and record any and all other documents, instruments, notes and records and take such other actions as shall be necessary or desirable to accomplish the intent of this resolution in a form approved by the City Attorney, and to comply with and perform the obligations of the City hereunder.