



## Legislation Text

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### Fiscal Note

The proposed resolution authorizes a loan with Linden Cohousing LLC to construct 11 units of affordable housing as part of the CohoMadison project. The proposed loan amount is \$594,000 and will be funded through HOME program income from the 2016 grant award. The resolution amends the budget for the 2016 HOME grant to reflect increased program revenue that has been received. The proposed loan has no impact on the General Fund.

### Title

2ND SUBSTITUTE - Authorizing the Mayor and City Clerk to execute a loan agreement for up to \$594,000 of HOME funds to Linden Cohousing, LLC to support the development of eleven units of affordable owner occupied housing as part of the CohoMadison Cohousing project; and amending the 2017 Adopted Operating Budget to appropriate \$594,000 in program income from the 2016 HOME grant and commensurate expenditures.

### 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 24082048 -2100 Winnebago Ave. While CDD funds will be used to subsidize the development of affordable housing units the overall development project for the site is larger. The project will be 63,000-64,000 square feet and include; 45 residential condominiums, common areas, underground parking and artist studios. The first phase of the development project will also construct new space for the Madison Circus Space that currently occupies the area.

Linden Cohousing, LLC requested up to ~~\$648,000~~ \$594,000 of federal funds for the development of twelve units, which would be restricted at the time of re-sale to low-moderate income households. Staff's recommendation below is to fund ~~twelve~~ eleven HOME units for this project up to ~~\$648,000~~ \$594,000 .

### **ACTION**

WHEREAS, the Community Development Division staff and CDBG Committee have reviewed the proposal and find that it furthers the goals expressed in the 2015-2019 Five-Year Consolidated Plan which identifies affordable housing and homeownership 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 1.1 Housing Supply; and

WHEREAS, Linden Cohousing, LLC will create mixed-income cohousing community and provide long-term affordable homeownership opportunities by keeping the HOME assisted units affordable in perpetuity; and

WHEREAS, Linden Cohousing, LLC has requested a waiver from CDD's Goals and Objectives that limit the maximum subsidy to \$54,000 per unit; and

WHEREAS the intent of that request is to allow different units to be subsidized at differing levels in order to accommodate the higher cost of three to four bedroom units without exceeding the aggregate subsidy limit;

NOW, THEREFORE BE IT RESOLVED that the Common Council approves the proposed loan and authorizes the Mayor and City Clerk to execute a loan agreement to include up to ~~\$648,000~~ \$594,000 in HOME funds to support the CohoMadison Cohousing project on Winnebago Street as described below:

- o Form of Loan
  - The developer shall apply the proceeds of the Loan to the expense of acquiring the property; and
  - The HOME loan will be secured by a subordinate mortgage, note, and Land Use Restriction Agreement which will include all HOME regulations for the Period of Affordability for the eleven HOME assisted units; and
  - The assistance will be provided in the form of a 0% long-term deferred loan with shared appreciation; and
  - At the time of re-sale, to an eligible low-moderate income buyer for the eleven HOME assisted units, re-sale/recapture requirements will be transferred to the home owner.
- o 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.
- o 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; 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.

BE IT FURTHER RESOLVED, that the CDD 2017 Adopted Operating Budget is amended to appropriate \$594,000 in program income from the HOME program to fund a loan to Linden Cohousing LLC for the CohoMadison project; and,

BE IT FINALLY RESOLVED, that CDD is authorized to waive the maximum per unit subsidy limit of \$54,000 in the current CDD's Goals and Objectives to allow for larger gap financing for the higher cost three to four bedroom units. Gap financing will be based on household need, per CDD's Underwriting Guidelines. In aggregate the HOME subsidy of ~~\$648,000~~ \$594,000 will not exceed existing funding guidelines.