



Legislation Text

File #: 48240, **Version:** 1

Fiscal Note

Resolution 16-00897 authorized Affordable Housing funds for Heartland Housing to develop affordable housing units at 1202 S Park Street. Heartland Housing was later notified they were unsuccessful in receiving tax credits for the project. Heartland plans to resubmit the project for tax credits as part of the 2018 award cycle. Holding costs associated with maintaining the property prior to development negatively impacts the viability of the project for Heartland. Under the proposed resolution the City will purchase the property from Heartland for \$640,000 utilizing existing funds from the Affordable Housing Fund. The balance of the funding will be reauthorized to the 2018 Capital Budget. If successful in receiving tax credits next year, Heartland will purchase the property back from the City for development.

Title

Authorizing the City's acquisition of 1202 S. Park Street in order to pursue development with Heartland Housing, Inc. in accordance with RES-16-00897

Body

WHEREAS, on June 7, 2016 (RES-16-00435, Legistar # 42709), the Common Council directed the CDA to draft and issue a request for qualifications (RFQ) for development services associated with the development, operation and financing of housing for homeless adults (Phase III of the City's permanent supportive housing initiative); and

WHEREAS, on July 19, 2016 (RES-16-00548, Legistar #43550), the Common Council approved the selection of a team comprised of Heartland Housing, Inc., (the "Developer") to develop and provide property management services for the housing project; and Heartland Health Outreach to provide support services to the residents of that housing; and

WHEREAS, on December 6, 2016 (RES-16-00897), the Common Council approved an award of \$1,570,000 to Heartland Housing, Inc. for the development of permanent supportive housing at 1202 S. Park Street (the "Property"), with \$1,415,000 contingent of the award of federal Section 42 tax credits; and

WHEREAS, the City executed a Letter of Intent (the "LOI") with Edward J. Mayland Revocable Trust (the "Seller") for the purchase of the Property; and

WHEREAS, the City assigned the LOI to Developer in order to negotiate a Purchase and Sale Agreement (the "PSA") with the Seller and pursue development of the Property; and

WHEREAS, in May of 2017, Heartland notified the City that they were not awarded tax credits for 2017 and planned to pursue a December 2017 application for 2018 tax credits; and

WHEREAS, Seller does not intend to hold the Property for the time necessary to wait for tax credits; and

WHEREAS, in order to continue pursuing the development, the City intends to purchase the Property by taking an assignment of the PSA from the Developer, and purchasing the Property from Seller for \$640,000, which funds will be allocated from the AHF loan amount of \$1,415,000; and

WHEREAS, the City will then execute a new purchase and Sale Agreement with the Developer and closing on the Property with Developer or Dane County upon receipt of 2018 tax credits for \$640,000.

NOW THEREFORE BE IT RESOLVED that the Mayor and City Clerk are authorized to accept the assignment of the PSA for the Property from the Developer and close on the Property pursuant to the terms and conditions stated in Attachment A.

BE IT FURTHER RESOLVED that the remaining \$775,000 of the award of 2017 Affordable Housing Funds to Developer for development costs pursuant to RES-16-00897 is reauthorized for 2018.

BE IT FURTHER RESOLVED that the Mayor and City Clerk are authorized to execute a Purchase and Sales Agreement with Heartland Housing, Inc. and or its assigns for sale of the Property on substantially the same terms and conditions of the PSA.

BE IT FINALLY RESOLVED that Mayor and City Clerk are authorized to execute, deliver, accept, and record any and all documents and take such other actions as shall be necessary or desirable to accomplish the purpose of this resolution in a form approved by the City Attorney.