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3 (ITEM) From the Director, Department of Health and Human Services, requesting
4 authorization for the Housing Division, in conjunction with Corporation Counsel, to revise
5 a promissory note with the West Allis Community Development Authority to waive
6 \$200,000 in interest for a senior housing project located at 11425 West Greenfield Avenue
7 in the City of West Allis, Wisconsin, by recommending adoption of the following:
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9 **A RESOLUTION**

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11 WHEREAS, in 1994, the Milwaukee County Board of Supervisors adopted
12 Resolution File No. 94-592 authorizing \$400,000 in HOME Program funds to the
13 Community Development Authority (CDA) of West Allis to fund 11 units of a 63-unit
14 senior housing project located at 11425 West Greenfield Avenue in the City of West Allis,
15 Wisconsin, which is owned and developed by MSP Real Estate; and
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17 WHEREAS, the CDA signed a promissory note reflecting a loan of \$400,000 plus
18 interest at 1.78 percent or \$200,000 in total interest over the life of the loan for a total debt
19 of \$600,000; and
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21 WHEREAS, the promissory note requires annual payments of \$40,000 starting in
22 March 2011 with the final payment of \$40,000 due in March 2025; and
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24 WHEREAS, MSP Real Estate is current on its loan payments and has made four
25 payments to the CDA, which in turn has issued checks totaling \$160,000 to the Housing
26 Division; and
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28 WHEREAS, the development is now nearly 20 years old, lacks the features of
29 competing senior developments in the area, and is experiencing an average vacancy rate of
30 13 percent which is creating a negative cash flow for MSP Real Estate; and
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32 WHEREAS, MSP Real Estate is seeking to refinance the debt on the project to
33 address its negative cash flow and would use the freed funds to make improvements to the
34 property to increase the development's marketability; and
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36 WHEREAS, HOME Program project loans made by the Housing Division generally
37 provide a zero percent interest loan and deferred payment; and
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39 WHEREAS, in 1994, however, loans issued by the HOME Program included interest
40 and of the projects that were approved at that time, this is the only development that
41 continues to operate; and
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43 WHEREAS, the 11 senior units are one-bedroom units and are leased for \$686 per
44 month or less and are in compliance with HOME Program regulations; and

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WHEREAS, the HOME Program has a 20-year affordability requirement for newly constructed housing, meaning units must meet income and rent limits or the initial HOME Program investment must be recaptured; and

WHEREAS, if the project fails or goes into foreclosure prior to 2016 causing the 20-year affordability requirement to be unmet, Milwaukee County may need to repay HOME Program funds to the United States Department of Housing and Urban Development; and

WHEREAS, the Committee on Economic and Community Development at its meeting of July 21, 2014, recommended adoption of the Director's request (vote 5-0); and

WHEREAS, the Committee on Finance, Personnel, and Audit at its meeting of July 24, 2014, also recommended adoption of the Director's request (vote 8-0); now, therefore,

BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby authorizes the Director of the Department of Health and Human Services, or his designee, is authorized and directed to work in conjunction with Corporation Counsel to revise a December 14, 1994, promissory note with the Community Development Authority of West Allis to reflect the waiver of \$200,000 in interest for a senior housing project located at 11425 West Greenfield Avenue in the City of West Allis, Wisconsin.

jmj
07/08/2014
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