



City of West Allis

Legislation Text

File #: R-2011-0030, **Version:** 1

Resolution authorizing a professional services contract with Cardinal Capital Management, Inc. to co-develop with the Community Development Authority of the City of West Allis for a Section 42 tax credit application and renovation of the Beloit Senior Housing Complex.

WHEREAS since the 1940's, the City of West Allis (the "City") has owned and operated the Beloit Road Senior Housing Complex (the "Property"), located at 7205-7333 W. Beloit Rd., 2521-2529 S. 72 St., 7216-7312 W. Dreyer Place and 7211-7341 W. Dreyer Place and has offered units as an affordable housing option for senior members of the community by collecting rent payments at 30% of an individual's income; and,

WHEREAS the Property's mission of affordable senior housing qualifies for the Section 42 Tax Credit program administered by the Wisconsin Housing and Economic Development Authority; and,

WHEREAS the Section 42 Tax Credit Program, a competitive process to obtain tax credits to create affordable housing choices, would attract equity and investment to the Property that would enhance and preserve the units and structures for current and future residents while maintaining the affordability of each living unit; and,

WHEREAS the Section 42 Tax Credit Program requires the City to enter into a co-development partnership with an experienced tax credit developer in order to score successfully in the competitive process as well as to effectively administer an allocation of tax credits; and,

WHEREAS the City partnered with Cardinal Capital Management, Inc. ("Cardinal Capital") in 2010 to complete the application and co-develop with the City for the renovation of the Property, but was unsuccessful in being awarded Section 42 tax credits; and,

WHEREAS the Director of Development recommends, the Community Development Authority of the City of West Allis ("Authority"), through Resolution No. 831, and the Common Council, through Resolution No. R-2010-0091, authorized the submittal of a new Section 42 Tax Credit application based on review of the financial performance of the property and the equity advantage provided to the City from the tax credit program towards the overall improvements of the property; and,

WHEREAS on January 25, 2011, through a 5:1 vote, the Authority authorized Cardinal Capital to co-develop with the Authority for the Section 42 Tax Credit application and to take part in the role of construction manager for the renovation project of the Property; and,

WHEREAS the Common Council of the City of West Allis directs the Authority to establish a Project Based Voucher ("PBV") Program and allocate twenty percent of the Housing Choice Voucher Program Budget Authority to a PBV Program at the Property that equates to approximately \$42,000 per month; and,

WHEREAS the Common Council of the City of West Allis is authorizing the Authority the right to review and/or withdraw from the application process; and,

WHEREAS the City of West Allis owns the Property and in order to apply for Section 42 Tax Credits, the City will enter into a Purchase and Sale Agreement to sell the Property with Beloit Road Senior Apartments, LLC, of which the general partner will be a partnership between the Authority and Cardinal Capital; and,

WHEREAS the Director of Development is hereby authorized to negotiate and execute the sale of Beloit Road Senior Housing Complex on behalf of the City to Beloit Road Senior Apartments, LLC, subject to approval by the Mayor and City Attorney; and,

WHEREAS the Property is eligible for HOME funds and the project will require up to \$1,247,758 in HOME funds to create affordable units.

NOW, THEREFORE BE IT RESOLVED, that the Common Council hereby authorizes the Director of Development and Community Development Authority of the City of West Allis to submit a Section 42 Tax Credit application to the Wisconsin Housing and Economic Development Authority for the Beloit Road Senior Housing Complex.

BE IT FURTHER RESOLVED that the Common Council hereby selects Cardinal Capital Management, Inc. to complete the application, co-develop with the Community Development Authority of the City of West Allis, and take on the construction management role for renovation of the Property.

BE IT FURTHER RESOLVED that the Common Council authorizes the Community Development Authority of the City of West Allis to create a PBV program for Beloit Road Senior Housing Complex and that up to 20 percent of the City's Housing Choice Voucher Program budget authority will be allocated to the Property.

BE IT FURTHER RESOLVED that the Director of Development and Community Development Authority of the City of West Allis are authorized to apply for Section 42 Tax Credits, negotiate developer fees with Cardinal Capital Management, Inc., negotiate the sale of the Property, to enter into a Purchase and Sale Agreement for the sale of the Property, and to execute, sign all necessary documents and take necessary action to undertake, direct, complete and submit all necessary forms.

BE IT FURTHER RESOLVED that the Common Council recommends that \$1,247,758 in HOME funds be allocated to the Property to create affordable housing units.

BE IT FURTHER RESOLVED that the City Attorney be and is hereby authorized to make such substantive changes, modifications, additions and deletions to and from the various provisions of the Application and Agreement, including any and all attachments, exhibits, addendums and amendments, as may be necessary and proper to correct inconsistencies, eliminate ambiguity and otherwise clarify and supplement said provisions to preserve and maintain the general intent thereof, and to prepare and deliver such other and further documents as may be reasonably necessary to complete the transactions contemplated therein.

Cc: Department of Development
Chris Phinney, Grants Accounting Specialist

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