



City of Racine, Wisconsin
AGENDA BRIEFING MEMORADUM

AGENDA DATE:	October 12, 2017
SUBJECT:	Mortgage Subordination Request: Lincoln School
PREPARED BY:	Laura Detert, Manager of Housing and Community Development
EXECUTIVE SUMMARY:	<p>WHP-Lincoln School, LLC requests subordination of an existing mortgage on Lincoln School held by the City of Racine.</p>
BACKGROUND & ANALYSIS:	<ul style="list-style-type: none">• In 1990, the City of Racine Loan Board of Review approved a \$175,000 non-federal loan to Lincoln School Apartments, a senior affordable housing development.• In 2007 Lincoln School was in financial distress; the Loan Board of Review amended the agreement with the project to preserve senior affordable housing within the city. (07-0617) Lincoln School Apartments (WHP-Lincoln School, LLC) paid the City \$29,296 and agreed to payments in lieu of property taxes.• The remainder of the original mortgage, \$145,704, was restructured so that principal and interest are forgiven over a 14 year period (1/14th per year) provided the apartments remain affordable.• The property is currently managed by Cardinal Capital and has both age and income residency restrictions.• WHP-Lincoln School is currently refinancing the building and requests subordination of the amended mortgage note.
BUDGETARY IMPACT:	<p>Principal and interest are forgiven on the amended mortgage note annually by the Finance Department. Lincoln school pays \$7,630.00 to the City annual for PILOT.</p>
RECOMMENDED ACTION:	<p>Staff recommends that the Loan Board of Review defer to City of Racine legal counsel.</p>