



Department of Planning and Community & Economic Development

Community Development Division

215 Martin Luther King, Jr. Boulevard, Suite 300

Mailing Address:

P.O. Box 2627

Madison, Wisconsin 53701-2627

Phone: (608) 266-6520

Fax: (608) 261-9626

www.cityofmadison.com/cdd

Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

To: CDBG Committee

From: Linette Rhodes, Community Development Grant Supervisor
Ethan Tabakin, Community Development Specialist

Date: October 30, 2019

RE: Awarding up to \$500,000 from the Affordable Housing Fund to support The Salvation Army's Mifflin Street Apartments

Background

The Affordable Housing Fund (AHF) was first included in the City's 2015 Capital Budget as the result of a new housing initiative that would expand, improve or preserve the supply of affordable housing for Madison's lower-income households. It is expected that the City's 2020 Capital Budget, scheduled for adoption in November 2019, will include \$5 million for the Affordable Housing Fund. These funds will be used primarily to support developments seeking to leverage Low-Income Housing Tax Credits (LIHTCs) administered by the Wisconsin Housing and Economic Development Authority (WHEDA).

Over the past five years, the City has been successful in utilizing these funds to leverage approximately \$130 million in LIHTC financing from WHEDA to support the development of a total of 1,246 units of rental housing, 1,091 of which are or will be available to households with incomes at or below 60% of the County Median Income (CMI).

In anticipation of the 2020 budget, CDD staff issued a Request for Proposals (RFP) in May 2019 soliciting applications for affordable rental housing developments that would utilize these funds to leverage 2020 LIHTCs. The following four applications were received in response to the 2019 RFP:

1. Elderberry Place Apartments, submitted by Age Better, Inc. and Gorman & Company
2. 1212 Huxley Street Apartments, submitted by MSP Real Estate, Inc.
3. Red Caboose Apartments, submitted by Movin' Out, Inc.
4. TSA Mifflin Street Apartments, submitted by The Salvation Army

A staff team reviewed the four development proposals against benchmarks outlined in the RFP. Utilizing both AHF and HOME funds anticipated to be available in the Community Development Division's 2020 budget, staff recommended funding for three of the four proposals totaling \$4.125M (all funds), and this recommendation was approved at the October 3rd CDBG Committee meeting. Due to the complex nature of The Salvation Army's proposed campus redevelopment, of which Mifflin Street Apartments is but one component, the CDD staff team determined it beneficial to consider funding for it under a separate resolution.

If it proceeds, Mifflin Street Apartments would add 44 units of rental housing, of which 37 would be available to households with incomes at or below 60% of the CMI. Including the three proposals awarded funds in October, these four projects would add 280 units of rental housing, of which 236 would be available to households with incomes at or below 60% of the CMI. Final

authorization of City funding will be contingent upon an allocation of LIHTCs from WHEDA and other contingencies as outlined in the authorizing resolution.

Staff Recommendation

Upon completion of the financial underwriting for the viability of the development, staff recommends awarding up to \$500,000 in City Affordable Housing Funds to The Salvation Army's Mifflin Street Apartments. The resolution seeks approval from the Common Council to award these funds, as well as authorization for the Mayor and City Clerk to execute a loan agreement associated with this affordable housing development.