



Legislation Text

File #: 74733, Version: 1

Fiscal Note

The proposed resolution authorizes awarding up to \$950,600 in Affordable Housing Fund dollars to the Madison Revitalization and Community Development Corporation (MRCDC) to rehabilitate eight (8) vacant affordable units at separate scattered site properties to address capital investment needs and modernization. The proposed \$950,600 will be funded from the \$2 million of Affordable Housing Fund dollars reserved for City of Madison or CDA sponsored activities. No additional City appropriation is required with adoption of this resolution.

Title

Authorizing the allocation of up to \$950,600 of City Affordable Housing Funds to Madison Revitalization and Community Development Corporation (MRCDC) to help finance the rehabilitation and preservation of eight (8) vacant units at separate scattered site properties currently owned by MRCDC, and authorizing the Mayor and the City Clerk to enter into a Loan Agreement.

Body

Background

The Madison Revitalization and Community Development Corporation (MRCDC) was established on September 8, 1998 to invest in, receive, hold, use, and dispose of real or personal property and to engage in related activities to facilitate community redevelopment. The MRCDC is recognized under Wisconsin state law as a non-stock, 501(c)(3) Non-Profit Corporation. While there is overlap between the Madison Community Development Authority (CDA) Board and MRCDC Board, the latter is a legally separate entity from CDA. MRCDC does not have staff; it is managed by CDA staff. The MRCDC's primary mission is to serve and be accountable to low-income persons and communities through representation on its governing board. The MRCDC has corporate bylaws which govern its operating rules.

The MRCDC owns and manages a portfolio of scattered site housing properties in Madison. It is a valuable affordable housing resource in the City. These housing units were formerly Public Housing units, managed by the Madison CDA. However, due to a lack of sufficient financial resources through the Public Housing Program, the CDA found it difficult to adequately renovate and update the units. Historically, tenants remained in the units for two to four years. When units became vacant it took, on average, 123 days to re-fill them, likely due to their lack of amenities. Though the units were generally well maintained, long-term capital improvements were not addressed. Removing them from the Public Housing rolls and turning them over to the MRCDC allows the MRCDC to seek other funding to help finance needed improvements that will serve to extend the life, improve the quality and preserve the long-term affordability of the units.

On January 1, 2022, the MRCDC acquired 12 parcels (32 units) of former Public Housing from the CDA. The properties include eight (8) duplexes and four (4) 4-plex buildings built in 1981 and 1991. They contain two- and three-bedroom housing units.

The MRCDC maintains the scattered site properties as affordable housing for low-income families at or below 80 percent of AMI through a recorded, long-term land-use restriction (affordability covenant), as required by HUD. The MRCDC has entered into a Section 8 Project-Based Voucher contract with the CDA to provide rental subsidies at each unit.

On October 25, 2022, the Madison Common Council adopted Res-22-00748 (Legistar File #74137), which

provided up to \$690,000 of Affordable Housing Funds (AHF) to MR CDC to rehabilitate five (5) vacant units at separate scattered site properties. This resolution seeks to add eight (8) units to that commitment, provide an additional \$950,600 of AHF funds and amend the City's Loan Agreement with MR CDC to support the rehabilitation of those eight (8) units located at the following addresses:

Address
2920 Traceway Drive
6401 Hammersley Road
6405 Raymond Road
1810 S. Whitney Way, #4
2961 Turbot Drive
2967 Turbot Drive
5838 Russet Road, #1
5838 Russet Road, #2

Action Items

WHEREAS, the Madison Revitalization and Community Development Corporation (MR CDC) was established on September 8, 1998 to invest in, receive, hold, use, and dispose of real or personal property and to engage in related activities to facilitate community redevelopment; and,

WHEREAS, the MR CDC is managed by the Madison Community Development Authority (CDA), but is a separate legal entity; and,

WHEREAS, in January 2022, the MR CDC acquired a number of scattered-site housing properties from the CDA, which removed the units from the Public Housing Program restrictions; and,

WHEREAS, MR CDC has indicated its commitment to maintaining long term affordability for the units, consistent with City of Madison and CDD priorities to promote affordable rental housing; and,

WHEREAS, MR CDC's business model is to rehabilitate, modernize and upgrade its housing units as they become vacant; and,

WHEREAS, the Community Development Division reserves up to \$2 million of City Affordable Housing Fund dollars annually for use in supporting City of Madison- or CDA-sponsored activities such as those described in this resolution; and,

WHEREAS, there are sufficient funds available within the Affordable Housing Fund to provide the requested support.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby authorizes an allocation of up to \$950,600 in Affordable Housing Funds to Madison Revitalization and Community Development Corporation (MR CDC) for the purpose of rehabilitating five (5) currently vacant affordable rental units owned by MR CDC; and,

BE IT FURTHER RESOLVED, that the funds will be provided to MR CDC in the form of a long-term deferred loan, repayable upon sale, transfer or change in use of the property; and the loan will be secured by a

mortgage and a promissory note; and,

BE IT FINALLY RESOLVED, that the Mayor and the City Clerk are hereby authorized to amend an existing Loan Agreement between the City and MRCDC and related loan documents, which were authorized via Res-22-00748 (Legistar #74137), to accomplish the intent of this Resolution.