

**2009 STAFF REVIEW OF PROPOSALS FOR
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS
(Housing Development Funds, Affordable Housing Trust Funds, Facility Acquisition/Rehab Funds, Futures
Funds)**

1. **Project Name/Title:** Northpointe I 09 Renovation
 2. **Agency Name:** Future Madison Northpointe, Inc.
 3. **Requested Amount:** \$225,000 (not to exceed)
 4. **Project Type:** **XX** New or Continuing
 5. **Framework Plan Objective Most Directly Addressed by Proposed Activity:**

Outcome Objective D Rental Housing. Expand the number of affordable housing rental units and/or improve the quality and/or diversity of units available to lower income individuals throughout the community.

6. Product/Service Description:

Future Madison Northpointe used CDBG Office funds in part to acquire and renovate a total of 124 rental units in three phases named Northpointe I, II and III. These units are located on and adjacent to Vera Court. There are approximately 11 HOME designated units in each of the three phases. Future Madison Northpointe is selling two of three buildings in Northpointe III (714 & 802 Vera Ct) to The Road Home Dane County. The CDBG Committee approved \$308,000 in 2007 for The Road Home to find and purchase property to be used as supportive permanent housing for families working with The Road Home. The Road Home has decided to purchase two of the three buildings known as Northpointe III for their family housing program.

Future Madison Northpointe, Inc. is requesting that the funds that are due back to the City as part of the City's original investment in Northpointe III (approximately \$225,000) be rolled back to Future Madison Northpointe to make need improvements to 11 units in Northpointe I (specifically 601 Vera Ct. & 3806 Peterle Pl.). Proposed renovations include: new kitchen cabinets, bathroom improvements, furnace replacement and building exterior and site improvements.

It is anticipated that the sale of the property to The Road Home will occur in October 2009 with the renovations at NP I beginning shortly after that date and lasting approximately 6 months.

7. Anticipated Accomplishments (Numbers/Type/Outcome):

11 new HOME affordable units will be added to the 11 HOME affordable units already a part of the Northpointe I development from the 1993 investment. Existing affordable units still have approximately 15 years of affordability remaining while the new units will be HOME affordable for 10 years from the time the work is complete.

8. Staff Review:

The exact amount of money due back to the City from Future Madison's sale of two of the three buildings in Northpointe III will be determined using the terms of their promissory note that states the City is due the original dollar amount invested or 34% of the fair market value whichever is higher. Meridian Group is in the process of securing an appraisal on the two buildings in Northpointe III that are being sold to The Road Home. This appraisal will help determine the amount to be repaid and rolled-over for the new improvements.

Total Cost/Total Beneficiaries Equals: \$225,000 / 11 = \$20,455

CD Office Funds/CD-Eligible Beneficiaries Equals: \$225,000 / 11 = \$20,455

CD Office Funds as Percentage of Total Budget: 100%

Staff recommendation:

- Recommend that the CDBG Committee approve the rollover of funds paid back to the City by Future Madison, Northpointe, using HOME funds to re-loan to Future Madison Northpointe an amount not to exceed \$225,000 in the form of a deferred loan with no shared appreciation; the amount of funds repaid and re-loaned will be determined by a property appraisal and terms of the Northpointe III promissory note. The re-investment will be secured by a promissory note, mortgage and land use restriction.
- 9.

Technical and Regulatory Issues	Project information
Within unit, capital, mortgage limits	Yes
Within Subsidy layering limits/ analysis	Yes
Environmental Review issues	None anticipated
Eligible project	Yes
Conflict of interest	No
Church/State issues	No
Accessibility of program	NA
Accessibility of structure	Yes Accessible units include: I – 3 units, II – 2 units, III – 1 unit
Lead-based paint issues	An inspection will be made prior to renovation
Relocation/displacement	No
Zoning restrictions	No
Fair Labor Standards	No
Vulnerable populations	No
Matching Requirement	No
Period of Affordability for HOME funds	10 years (if \$15,000 - \$40,000 per unit invested)
Site and neighborhood Standards	No
IZ Enhancement Benefits or issues	NA
Supplanting issues	NA
Living wage issues	NA
B.A.D. building process	NA
MBE goal	NA
Aldermanic/neighborhood communication	Alder Schumacher approval in file
Management issues:	None