

**PROPOSAL REVIEW: Individual Staff Review for 2011-2012
For Community Resources Proposals to be Submitted to the
CDBG Committee**

1. **Program Name:** Home Ownership Program
2. **Agency Name:** Urban League of Greater Madison
3. **Requested Amounts:** **2011:** \$216,000
 2012: \$0.00 **Prior Year Level:** \$203,000
4. **Project Type:** New Continuing
5. **Framework Plan Objective Most Directly Addressed by Proposed by Activity:**

| | |
|---|---|
| <input type="checkbox"/> A. Housing – Owner – occupied housing | <input type="checkbox"/> J. Improvement of services to homeless and special populations |
| <input checked="" type="checkbox"/> B. Housing – Housing for homebuyers | <input type="checkbox"/> X. Access to Resources |
| <input type="checkbox"/> D. Housing – Rental housing | <input type="checkbox"/> K. Physical improvement of community service facilities |
| <input type="checkbox"/> E. Business development and job creation | |
| <input type="checkbox"/> F. Economic development of small businesses | |
| <input type="checkbox"/> L. Revitalization of strategic areas | |

6. **Anticipated Accomplishments (Proposed Service Goals)**
Purchase and rehab 4 single family homes over a two year period for lease and eventual purchase by LMI households through a tax credit based lease-purchase program.

7. **To what extent does the proposal meet the Objectives of the Community Development Program Goals and Priorities for 2011-2012?**

Staff Comments: Objective B-Housing for Buyers. These funds are targeted for the acquisition and renovation of housing to offer more affordable housing to eligible low-moderate income households. During the lease period Urban League will offer budget counseling to households.

8. **To what extent is the proposed program design and work plan sufficiently detailed to demonstrate the ability to result in a positive impact on the need or problem identified?**

Staff Comments: UGLM has mentioned that there are issues in the properties that are developed as short term lease to purchase programs. The homeowners have not had enough time to prepare themselves for purchase and first mortgage financing is difficult to find. Due to current economic conditions the homes on the short term lease-purchase program have not appreciated as anticipated. Current application design does not address these issues. For properties that receive the 15 year tax credit the program has been more successful in the past. The appreciation during the 15 year timeframe allows UGLM to pay back city funds in the property and allows the borrowers to build up satisfactory credit, savings and additional income to possibly obtain first mortgage financing. Due to changes in the market first mortgage financing has raised its credit standards. Homeowners in this program will need the annual budget and review with staff to prepare for homeownership. It is recommended that the potential homebuyers also attend Homeownership Workshops offered in Dane County.

9. **To what extent does the proposal include objectives that are realistic and measurable and are likely to be achieved within the proposed timeline?**

Staff Comments: Timeline is acceptable. UGLM will buy the homes in May, over a 4 month period of time work on finding potential homeowners and rehab of any minimum housing code and/or lead-based paint issues of the property.

10. **To what extent do the agency, staff and/or Board experience, qualifications, past performance and capacity indicate probable success of the proposal?**

Staff Comments: Urban League has a favorable success rate providing affordable housing to LMI buyers. The use of HOME funds in this program has not been successful due to the fact HOME funds must be turned over to the homeowner within 3 years. For all 15 year leases CDD office would be required to use CDBG funding. ULGM staff is dedicated to finding potential homeowners who otherwise would have financial issue to purchase.

11. **To what extent is the agency's proposed budget reasonable and realistic, able to leverage additional resources, and demonstrate sound fiscal planning and management?**

Staff Comments: Urban League will use all CDBG funds towards capital because of the structure of tax credits. According to the proposed budget 78% of the funds for this project will be from CDBG funds. The budget does not indicate any additional funding that will be used to make the purchase or rehab of the properties.

12. To what extent does the agency's proposal demonstrate efforts and success at securing a diverse array of support, including volunteers, in-kind support and securing partnerships with agencies and community groups?

Staff Comments: Do not use volunteers for this program but do partner with other area agencies that are committed to financing for first time homebuyers.

13. To what extent does the applicant propose services that are accessible and appropriate to the needs of low income individuals, culturally diverse populations and/or populations with specific language barriers and/or physical or mental disabilities?

Staff Comments: Participants are widely diverse. Application did not mention how any barriers to service would be handled during the process.

14. To what extent does the proposal meet the technical and regulatory requirements and unit cost limits as applicable? To what extent is there clear and precise proposal information to determine eligibility?

Staff Comments: UGLM staff does an annual review to determine the household's eligibility in the program. When the site is acquired by UGLM they do renovate to make sure all units meet minimum housing code and lead-based paint clearance. They will be requesting the max unit total for each unit at \$54,000.

15. To what extent is the site identified for the proposed project appropriate in terms of minimizing negative environmental issues, relocation and neighborhood or public concerns?

Staff Comments: No sites have been identified at this time. Any purchase must meet minimum housing standards and lead-based paint clearance prior to the beginning of the leasing period. During the lease period it is recommended that Urban League provide maintenance education courses to the potential homeowners.

16. Other comments: This program is dependent on the tax credits for each unit. No supplemental pages were submitted with application.

Questions:

17. Staff Recommendation

Not recommended for consideration

Recommend for consideration

Recommend with Qualifications

Suggested Qualifications:

1. Evidence of additional funding amount in the budget be secured to buy single family homes.
2. Design a plan on how to better develop the 3-5 year lease term housing projects to get the units turned over to homeowners more efficiently.
3. Complete maintenance education classes for the home occupants or set up aside future funds to make sure units stay within minimum housing codes during the lease period.
4. Clarification of amount requested, \$216,000 and 4 units over two years or \$216,000 for each year?
5. If CDBG funds involved in funding and there are no tax credits are you still required to sell within the 3-5 year term due to obligations to your first mortgage lender?
6. What is ULGM evaluation of the how the last 7 units were sold and the process of selling the first of the units that reached the 15 year end of lease period.