



Memo

To: CDBG Committee and Common Council
From: Julie Spears, Grants Administrator
Date: November 26, 2013
Re: Accepting additional \$27,500 in NSP funds for HI's 2013 Rental Acquisition & Rehab Projects; and Authorizing subordination to WHEDA

Housing Initiatives, Inc. (HI) is a non-profit affordable housing developer that provides permanent, affordable rental housing to people who are homeless and disabled through chronic mental illness. HI acquires and rehabilitates rental properties, manages the properties as affordable housing, and actively assists their tenants in maintaining case management services.

Accepting and Awarding Additional NSP Funds

The State of Wisconsin awarded Neighborhood Stabilization Program (NSP) funds to the City of Madison in 2009 and 2010 totaling \$1,497,077. The City provided these funds to non-profit community based organizations to acquire foreclosed properties and rehabilitate them for use as affordable housing for low income households. The State recently made a small amount of supplemental funds available to previous NSP recipients for immediate use on eligible projects. The State will grant the CDBG Office \$27,500 in supplemental NSP funds in early 2014. The City will retain \$2,500 for administrative expenses and accept \$25,000 on behalf of Housing Initiatives, Inc. to complete rehabilitation of a 3-unit vacant, foreclosed property at 3437 W. Karstens Drive which it was in the process of acquiring using the City's CDBG/HOME Housing Development Reserve Funds.

Authorizing Subordination to WHEDA

The Common Council also approved two long-term deferred loans totaling \$329,000 in HOME/CDBG funds to Housing Initiatives, Inc. in 2013 to acquire and rehabilitate foreclosed multifamily properties. With these funds Housing Initiatives has acquired one 4-unit property located at 425 Troy Drive and one 3-unit property located at 3734 W. Karstens Drive. Housing Initiatives expects to borrow \$173,550 from WHEDA to provide favorable first mortgage financing and necessary rehabilitation. WHEDA financing requires a first mortgage lien on the properties.

Recommended Action:

Staff recommends that the Common Council accept the supplemental award of \$27,500 in NSP funds on behalf of Housing Initiatives; amend the 2014 CDBG Adopted Operating Budget; authorize execution of agreements to accept the funds and implement project; and authorize subordination of the City's loans to WHEDA.

Child Care

Community
Resources

Community
Development
Block Grant

Madison Senior
Center

Green Madison