



Department of Planning and Community & Economic Development

## Community Development Division

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Child Care  
Community Resources  
Community Development Block Grant  
Madison Senior Center

To: CDBG Committee

From: Linette Rhodes, Community Development Grants Supervisor  
Matt Frater, Community Development Specialist

Date: June 29, 2022

RE: 2022-2023 Housing Forward RFP

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### **Background**

The City's Community Development Division posted the 2022-2023 Housing Forward Request for Proposals (RFP) – Rental Housing Development in February 2022 for the purpose of supporting affordable rental housing developments not seeking an allocation of Low Income Housing Tax Credits from the Wisconsin Housing and Economic Development Authority.

This RFP marks the second Housing Forward – Rental Development funding cycle in which Affordable Housing Funds (AHF) were made available to support non-tax credit housing proposals. In the previous RFP (2021), funds were reserved solely for not-for-profit agencies. This time, the RFP also made available AHF funds to for-profit entities, while still maintaining a preference for non-profit agencies.

In addition to considering for-profit applicants, this funding cycle re-opened an application avenue for “Targeted Geography” as opposed to Site-Specific applications. Targeted Geography (or “license to hunt”) applications were allowed under this RFP in order to support not-for-profit agencies that do not yet have site control of a property for a proposed development. Under the Targeted Geography guidelines, funds may be set aside or conditionally awarded to agencies pending a full application and CDD approval once a site suitable for the proposed development has been identified.

Applications received through this RFP responded to various preferences and goals identified by the City as necessary for gaining financial assistance, with all meeting the baseline goal to expand the supply of affordable housing for renters.

### **Rental Housing Development Proposals**

CDD received four proposals for rental housing development in response to the 2022 RFP:

- Johnson-Butler Junction - a site-specific new construction proposal submitted by Kaba Bah
- MDC: The Lillian - a site-specific new construction proposal submitted by Madison Development Corporation
- Velma Apartments - a site-specific new construction proposal submitted by Wisconsin Housing Preservation Corp.
- Zapata Housing Cooperative - a targeted geography proposal by Madison Area Cooperative Housing Alliance and Sunny Side Development

A CDD staff team reviewed the proposals, including project/proposer financial information, and the degree to which the proposals meet City preferences as described in the RFP. A concurrent aspect of the review process involved CDD coordination with Planning Division and Building Inspection & Zoning staff, as applicants are required to undergo a pre- and post-application process pertaining to required land use approvals.

Typically, staff funding allocation recommendations within an RFP process are advanced all together. However, the timelines of processes to secure can vary considerably from one project to the next. Staff recognize that, in the current environment of rising construction costs and interest rates, delays in the City's funding decisions could have adverse impacts on development proposals. Accordingly, rather than wait until all project proposals are ready to proceed, staff will ask the Committee to consider funding recommendations for each proposal submitted through this RFP, as they move through the entitlements process.

Recommendations for funding awards are detailed below for two of the four submittals – the remaining two proposals will come before the Committee as Planning and Zoning Division staff work through project details with the developers.

#### **For Consideration at a Future Date**

Recommendations for two proposals will be presented to the Committee at a future date, pending continued project conversations with Planning and Zoning Division staff:

- Johnson-Butler Junction
- The Velma

#### **July Consideration**

Funding recommendations for two proposals, totaling \$2,051,000 in HOME and AHF are summarized below. These recommendations will be brought to the Committee for its consideration at the meeting of July 7, 2022.

1. Allocate up to \$1,500,000 in HOME funds to Madison Development Corporation for The Lillian, a 24-unit, site-specific new development as described in the MDC The Lillian Housing Forward – Rental Development proposal
2. Allocate up to \$551,000 in AHF funds to Madison Area Cooperative Housing Alliance and Sunny Side Development for Zapata Housing Cooperative, an anticipated 10-20 member housing cooperative acquisition and rehab development in a targeted geography as described in the Zapata Cooperative Housing Forward – Rental Housing Development proposal

Together, these two projects propose to create long-term affordable housing opportunities for at least 21 low- to moderate-income households. As always, final authorization of City funds will be contingent upon the applicants' submission of all due diligence documentation, final underwriting, subsidy layering review, and other requirements dictated by funding source.

#### **Staff Recommendation**

Award up to \$1,500,000 in HOME funds and \$551,000 in City Affordable Housing Funds to the projects identified above, and authorize the Mayor and City Clerk to enter into agreements associated with these affordable housing development proposals.