



Department of Planning and Community & Economic Development

Community Development Division

215 Martin Luther King, Jr. Boulevard, Suite 300

Mailing Address:

P.O. Box 2627

Madison, Wisconsin 53701-2627

Phone: (608) 266-6520

Fax: (608) 261-9626

www.cityofmadison.com/cdd

Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

To: CDBG Committee

From: Julie Spears, Community Development Specialist

Date: October 2, 2020

RE: Awarding up to \$5.77 million from the Affordable Housing Fund to support five affordable housing development projects, selected through a City Request for Proposals (RFP) process that will support construction of approximately 320 units of new rental housing in Madison, about 240 of which will be affordable, and authorizing the execution of related loan agreements

Background

The Affordable Housing Fund (AHF) was first included in the City's 2015 Capital Budget as a new housing initiative that would expand, improve or preserve the supply of affordable housing primarily for Madison's lower-income rental households. Over the past six years, the City has been successful in implementing our primary strategy of utilizing these funds to leverage approximately \$187 million in Low-Income Housing Tax Credits (LIHTCs) administered by the Wisconsin Housing and Economic Development Authority (WHEDA). To date, this Community Development Division (CDD) program has supported the development of a total of 1,706 units of rental housing, 1,330 of which are or will be available households with incomes at or below 60% of the County Median Income (CMI) and with rents restricted at levels affordable to households at those respective income levels.

The City's 2021 Capital Budget, scheduled for adoption in November 2020, will include \$5.77 million for the Affordable Housing Fund and the authority to utilize \$3,600,500 from the 2020 Adopted Capital Budget not yet committed to specific housing projects. In anticipation of that budget, CDD staff issued a Request for Proposals (RFP) in June 2020 soliciting applications for affordable rental housing developments that would utilize these funds to leverage 2021 LIHTCs while also committing to a 40-year period of affordability, ten years longer than required in previous years.

Current Development Proposals

CDD received seven applications, a record number, in response to the 2020 RFP as follows:

1. AgeBetter Community Living, submitted by Age Better, Inc. and Gorman & Company, LLC
2. Westgate Commons submitted by JT Klein Company, Inc.
3. The Madisonian Apartments submitted by Madisonian Development, LLC
4. Uno's Madison Apartments, Northpointe Development, Inc.
5. Avenue Square Apartments, submitted by Odessa Senior Housing, LLC
6. The Shield Apartments, submitted by The Salvation Army, Inc.
7. Zor Shrine Apartments, submitted by Saturday Properties, LLC

A staff team reviewed the seven development proposals against benchmarks outlined in the RFP. Saturday Properties withdrew their application for Zor Shrine Apartments in September. Recommendations for five of the remaining six proposals for a total award of \$5.77M in AHF funds are summarized below and attached in greater detail:

1. Up to \$1,040,000 to AgeBetter, Inc. and Gorman & Company, LLC for AgeBetter Community Living
2. Up to \$1,680,000 to JT Klein Company, Inc. for Westgate Commons
3. Up to \$1,200,000 to Madisonian Development, LLC for The Madisonian Apartments
4. Up to \$1,350,000 to Northpointe Development, Inc. for Uno's Madison Apartments
5. Up to \$500,000 to The Salvation Army, Inc. for The Shield Apartments

In total, these five projects propose to add 321 units of rental housing, of which 242 would be available to households with incomes at or below 60% of the CMI. Final authorization of City funding will be contingent upon an allocation of LIHTCs from WHEDA and other contingencies as outlined in the authorizing resolution. It should be noted that the Madisonian Apartments development already received an allocation of 2020 LIHTC's.

Staff Recommendation

Award up to \$5,770,000 in City Affordable Housing Funds to five projects identified above and as further outlined in the attached resolution, and authorize the Mayor and City Clerk to execute loan agreements associated with these affordable housing development projects.