

**2018 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:** Parkside Apartments Boiler Replacement
2. **Agency Name:** Community Development Authority of the City of Madison (CDA)
3. **Requested Amount:** \$400,000
4. **Project Type:** New Continuing
5. **Framework Plan Objective Most Directly Addressed by Proposed Activity:**
 - Objective 1.1 Housing Supply: Preserve, improve, and expand the supply of affordable housing for homeowners and renters.
 - CDBG National Objective: Benefit to Low and Moderate Income (LMI) Persons – Limited Clientele

6. **Product/Service Description:**

The Community Development Authority of the City of Madison (CDA) proposes to use CDBG funds to replace the existing boiler system on its 83-unit rental property at 245 South Park Street. The replacement will involve the purchase and installation of the building's major mechanical systems, which are currently deteriorating or already disabled, that provide the main source of heating, hot water generation, and fresh air supply to all units and common areas in Parkside.

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

Parkside Apartments has 83 rental apartment units that are leased to low-income, elderly, and disabled individuals. This project will ensure that housing units will be preserved for occupancy by low- to moderate-income households, without displacement. All units in this building receive project-based rental assistance provided by the CDA.

All of Parkside's tenant households earn less than 50% of the Area Median Income, as required by the CDA, and the project currently has 80 of its 83 units occupied. The CDA expects to serve 83 unduplicated low- and moderate-income households each year as a result of this investment.

8. **Staff Review:**

Parkside Apartments currently serves several low-income families in Madison. The units are subsidized with the aid of a Housing Assistance payment contract with the US Department of Housing and Urban Development (HUD), which has helped to ensure that all project units are leased to persons earning less than 50% of the Area Median Income. The project has not undergone a major rehabilitation in approximately 30 years, when it was first constructed, and much of the building's infrastructure is in need of critical repair, including the boiler system. While it is possible that other aspects of the property may require attention in the future, the CDA has identified this item as the most important to ensuring the comfort and safety of tenants, as well as to extending the building's useful life.

The City of Madison Community Development Division has not previously provided funding to the CDA for its Parkside Apartments property, and the CDA does not have any outstanding debt on the property, as its permanent loan from WHEDA was recently paid off. The \$400,000 in CDBG funds would make the estimated loan-to-value ratio for the property approximately 9%, using the property's depreciated replacement value of \$4,455,473 calculated in its most recent audit. The CDA has already contracted with an engineering firm to design the specifications necessary to complete the project, and will bid out the project upon commitment of CDBG funds. The CDA anticipates that the acquisition and installation of the mechanical systems will be completed by the end of the current year.

CDA staff is actively engaged in the neighborhood plan currently under development for the Triangle Monona Bay Neighborhood. The Neighborhood Plan will focus on land use and physical improvements for the area.

Currently focusing on the needs in the community, CDA is looking at long term improvements for the building. Replacement of the failing boiler system is an urgent need requiring immediate replacement.

The demand for quality affordable rental housing in the City of Madison is a high priority. Supporting this project will ensure that this property can remain available to serve primarily low- and moderate-income residents without interruption caused by further deterioration of this critical system.

9. **Total Cost/Total Beneficiaries Equals:** $\$400,000/83 = \$4,819$ per unit
CD Office Funds as Percentage of Total Budget: $\$400,000/\$400,000 = 100\%$

10. **Staff Recommendation:**

The staff recommendation is to provide up to \$400,000 in CDBG Reserve Funds to the CDA for the boiler replacement project at its Parkside Apartments property under the terms of the existing CDD Goals and Objectives.

Davis Bacon/Prevailing Wage requirements will be required for the installation of the boiler system due to federal funding.