

Memo

To: CDBG Committee
 From: Julie Spears, Grants Administrator
 Date: 8/19/2011
 Re: Amend Common Wealth Development Affordable Rental Housing 2011

As part of the 2011-12 funding process adopted in December 2010 (Resolution #20654), the CDBG Committee and the City Council approved \$197,050 in 2011 HOME funds to assist Common Wealth Development (CWD) for their Affordable Rental Housing program.

Earlier in 2010, the CDBG Committee and the City Council had approved \$432,000 in Housing Reserve Funds for the CWD Jenifer Street Rental Housing Acquisition/Rehab to assist CWD to acquire and rehabilitate two of three 4-unit buildings at 1526 Jenifer St. and 434 S. Thornton Ave. Located across the street from Marquette Elementary and O'Keeffe Middle Schools, this CWD is a rescue of a failed condo conversion project; the buildings are a safety hazard and public nuisance; and the buildings are in foreclosure.

The original Jenifer St. Agreement, which planned to create 8 units of affordable rental housing, was amended (March 2011) to allow CWD to acquire 433 Cantwell Ct. instead of 434 S. Thornton Ave. It had been anticipated that Madison Community Cooperative would acquire the 434 S. Thornton Ave, however, that has not transpired.

CWD now proposes to use \$173,050 of these 2011 funds to acquire and rehabilitate 434 S. Thornton Ave. which is adjacent to the previously approved acquisition and rehabilitation of 433 Cantwell Ct. and 1526 Jenifer St.

CWD's request, further detailed in CWD's attached letter, is to amend its Affordable Rental Housing 2011-12 agreement to:

- Reduce the minimum required number of HOM- assisted units in 2011 from four to three units. Two units would be fully accessible and therefore funded at \$60,000 each. The third would be funded at \$53,050; and
- Allow CWD to use the remaining \$24,000 towards fully funding accessibility features on four of the other units in the aggregate project.

Using \$197,050 in HOME funds from the CWD Affordable Rental Housing 2011 agreement in conjunction with the CWD Jenifer Street Rental Housing Acquisition/Rehab will provide a total of \$629,050 to create 11 units of affordable rental housing in the Williamson-Marquette Neighborhood. This amendment increases the per-unit amount as requested in the attached letter while maintaining levels at or below the CDBG \$60,000 maximum and fully funding six accessible units.

Staff Recommendation:

Approve the request to amend the Affordable Rental Housing 2011 Loan Agreement to allow Common Wealth Development to use HOME funds to acquire and rehabilitate three units of affordable rental housing in 2011 instead of four and make accessibility improvements on four other units in the aggregate project for a total of 11 rehabilitated units of affordable rental housing, six of which will be fully accessible.