



Department of Planning & Community & Economic Development

## Community Development Division

Madison Municipal Building, Suite 225  
215 Martin Luther King, Jr. Boulevard  
P.O. Box 2627  
Madison, Wisconsin 53701-2627  
Phone: (608) 266-6520  
Fax: (608) 261-9626  
[www.cityofmadison.com](http://www.cityofmadison.com)

Child Care  
Community Resources  
Community Development Block Grant  
Madison Senior Center

# Memo

**To:** CDBG Committee  
**From:** Julie Spears, Grants Administrator  
**Date:** 10/26/2016  
**Re:** Waiver for Common Wealth Development's 2102 Leland Drive

---

Common Wealth Development, Inc. (CWD) is seeking waivers to selected requirements of the Community Development Division's *2015-2016 Community Development Program Goals and Objectives* for the organization's proposed rental acquisition and rehabilitation project at 2102 Leland Drive. (See attached CWD letter.)

### Background

CWD has an accepted offer to purchase a 7-unit rental housing property at 2102 Leland Drive in the Balsam-Russett neighborhood on the City's southwest side. CWD proposes to use up to \$432,000 of HOME funds authorized in the 2016 Adopted Operating Budget and approved during the Community Development Division's 2015-2016 two-year funding process. The original authorization for this project anticipated the acquisition and rehabilitation of eight (8) units of rental housing at \$54,000 per unit, with a secured loan-to-value limit of 125%, per the requirements of the Division's *2015-2016 Community Development Program Goals and Objectives*.

The proposed project at 2102 Leland Drive would exceed both the original authorization of \$54,000 per unit and the 125% loan-to-value limit. As such, it would require a waiver of the *2015-2016 Community Development Program Goals and Objectives* under which it was funded. To maintain feasibility, the project continues to require the same total funding commitment of \$432,000. For this reason, CWD has requested waivers to both the per unit maximum funding amount and the loan-to-value limit. The primary purpose of these waivers is to fund energy efficiency improvements and provide for one fully accessible unit.

The first proposed waiver would authorize a reduction in the number of HOME-assisted units, resulting in an increased average CDD investment per unit from \$54,000 to \$61,714. The *2015-2016 Community Development Program Goals and Objectives* anticipated the possible need to increase investment above the standard maximum of \$60,000 per unit to provide accessibility and/or energy efficiency improvements. CWD plans to invest an additional \$39,750 to substantially renovate one first floor unit and exterior entrances into an ADA accessible, barrier-free unit. Its rehabilitation scope of work also includes approximately \$18,355 in energy efficiency improvements.

The second proposed waiver would authorize an increase in the project's secured loan-to-value ratio from 125% to 130%. CWD is requesting this waiver in order to accomplish the following:

- a. Invest up to an additional \$2,622 per unit for a total of approximately \$18,355 based on increased costs to provide energy efficiency improvements;
- b. Invest up to an additional \$39,750 for increased costs associated with creating one barrier free ADA accessible unit.

Justification for the actual additional costs for these improvements is demonstrated in more detail in CWD's attached documentation. For the reasons further outlined in the resolution, this request merits approval as it represents a worthwhile City investment toward the stabilization of CWD's southwest portfolio and the Meadowood Neighborhood.

### **Staff Recommendation**

Approve the resolution authorizing Common Wealth Development's request to waive selected requirements of the 2015-2016 Community Development Program Goals and Objectives for the rental housing acquisition and rehabilitation project at 2102 Leland Dr. The resolution contains related authorizations to:

- Reduce the number of HOME-assisted units from eight (8) to seven (7) units, resulting in an increased average CDD investment per unit from \$54,000 to \$61,714.
- Increase in the project's secured loan-to-value ratio from 125% to 130%.