

**STAFF REVIEW OF PROPOSALS FOR YEAR 2008
COMMUNITY/NEIGHBORHOOD DEVELOPMENT FUNDS**

1. **Project Name/Title:** East Wilson Home Ownership
2. **Agency Name:** Common Wealth Development
3. **Requested Amount:** \$100,000 2008 – 2009 HOME Match funds
4. **Project Type:** New Continuing (Prior Year Level \$ _____)

5. **Framework Plan Objective Most Directly Addressed by Proposed Activity:**

- | | |
|---|--|
| <input type="checkbox"/> A. Housing – Owner-occupied housing | <input type="checkbox"/> G. Strengthening Madison’s Neighborhoods – Civic places |
| <input checked="" type="checkbox"/> B. Housing – Housing for homebuyers | <input type="checkbox"/> L. Strengthening Madison’s Neighborhoods – Comprehensive revitalization |
| <input type="checkbox"/> D. Housing – Rental housing | <input type="checkbox"/> M1. Access to Community Resources – Low/moderate income persons seeking housing |
| <input type="checkbox"/> E. Business Development – Business creating jobs | <input type="checkbox"/> M2. Access to Community Resources – Homeless services |
| <input type="checkbox"/> F. Business Development – Micro-business | <input type="checkbox"/> K. Access to Community Resources – Capital facilities |

6. **Product/Service Description:**

Common Wealth is seeking \$100,000 of funds to acquire 2 houses on East Wilson Street. One of the properties will be maintained as an affordable single family home and the other will either be renovated to remain an affordable owner occupied unit and an affordable rental unit or will be converted to a single larger affordable single family home.

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

Total Cost/Total Beneficiaries Equals: \$368,100 preserves 2 existing affordable housing units

CD Office Funds/CD-Eligible Beneficiaries Equals: \$100,000 for 2 units.

CD Office Funds as Percentage of Total Budget: 27%

8. **Staff Review (content, strengths/weaknesses, issues):**

Funds are being requested to assist Common Wealth in maintaining existing affordable housing units within the Marquette Neighborhood. If Common Wealth does not buy the units they would be sold on the open market and the affordability of the units may be lost. The conversion of a very small rental unit to part of a larger affordable single family home would enable Common Wealth to market the property to larger family who might otherwise not have an opportunity to live in this neighborhood. By assisting this project we help maintain existing affordable owner occupied units in the Marquette Neighborhood

Common Wealth has an existing contract with the CDBG Office for a lease purchase, shared appreciation homeownership program. In this program long-term affordability for units is assured through the use of a 50/50 shared appreciation model wherein Common Wealth retains 50% of any appreciation on the property, which is used to maintain the CDBG Office % value in the property and to develop an equity share in the property for Common Wealth; with the ultimate goal of making the property affordable in the long term. Common Wealth files an option to purchase at the time of sale in order to protect their right to re-purchase the property and preserve the affordability of the unit.

All CDBG Office capital funds are provided in the form of a deferred loan payable upon sale or change of use of the properties unless the sale of the property to the homeowner includes the appreciation restrictions which guarantees that the houses will remain affordable to low and moderate income households. At the time of any resale Common Wealth is allowed to retain 15% of any appreciation owed to the CDBG Office on its investment for use toward the administrative costs of the lease purchase program. 85% of all appreciation earned on the CDBG investment must be passed on to the next homebuyer as part of the new deferred payment loan and is added to the value of the loan reflected on the new promissory note which Common Wealth signs reflecting its debt to the City. The percentage of appraised value is revised to reflect the total percentage value that the new CDBG loan amount represents in the new sale price of the property.

Staff Recommendation:

Fund this project with \$50,000 of HOME Match funds and \$50,000 of Affordable Housing Trust funds, under the terms of Common Wealth’s previously approved lease purchase, shared appreciation program.

Technical and Regulatory Issues	Project information
Within unit, capital, mortgage limits	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Within Subsidy layering limits	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Environmental Review issues	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Eligible project	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Conflict of interest	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no Identified and exception being requested
Church/State issues	<input type="checkbox"/> yes <input type="checkbox"/> no
Accessibility of program	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Accessibility of structure	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Lead-based paint issues	<input type="checkbox"/> yes <input type="checkbox"/> no will test
Relocation/displacement	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Zoning restrictions	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Inclusionary Zoning	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Fair Labor Standards	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Vulnerable populations	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Matching Requirement	<input type="checkbox"/> yes <input type="checkbox"/> no
Period of Affordability for HOME funds	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no 15 years
Supplanting issues	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Living wage issues	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
MBE goal	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Aldermanic/neighborhood communication	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Management issues:	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no