

**STAFF REVIEW OF PROPOSALS FOR
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS
(Housing Development Funds)**

- 1. Project Name/Title:** Urban Initiative: Southwest Side
- 2. Agency Name:** Habitat for Humanity of Dane County
- 3. Requested Amount:** \$286,000 ; \$80,000 of Southwest Neighborhood Funds and \$206,000 in HOME, HOME MATCH or Housing Trust Funds
- 4. Project Type:** X New or Continuing (Prior Year Level \$)

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

B. Housing for Buyers

6. Product/Service Description:

Habitat intends to purchase an existing 4 unit property in CT 4.02, 4.04, 5.01 or 5.02 , rehabilitate the property as needed and change the unit from rental units to owner occupied units.

This proposal seeks Commission approval for \$286,000 of funds to assist in the property acquisition and construction costs for up to 10 of those affordable housing units.

Habitat is requesting the dedicated Southwest funding of \$80,000 for the 4 units in addition to the Program Framework amount of \$51,500 for a total of \$71,500 of CDBG funds per unit.

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

4 new affordable housing units for families at < 60% of the median income will be constructed, with resale and recapture covenants for future buyers.

8. Staff Review:

Date of Review: 02/23/09

Habitat, because of its unique model of building for families already chosen will be able to sell the units as soon as they are completed. Habitat is seeking to buy vacant rental properties for conversion to homeownership as a means of stabilizing an area that has a high rental population and a high rate of foreclosures.

The funds will be used for acquisition of the land and costs related to rehabilitation of the 4 units and passed on as second mortgage loans to the homebuyers at the time of sale per the terms of the CD Office Program Framework.

In the event that Habitat does not exercise it's option to buy the units when the owners decide to sell the CDBG Office funds will be repaid.

Several Issues: The properties acquired must be vacant so the relocation issues are not triggered since the budget allows for no costs for relocation.

Total Cost/Total Beneficiaries Equals: \$300,000/4= \$75,000 per home

CD Office Funds/CD-Eligible Beneficiaries Equals: \$286,000 for 4 homes for low income first-time homebuyers

CD Office Funds as Percentage of Total Budget: 95% of the acquisition and construction budget for the 4 homes

9. Staff Recommendation:

Staff recommend that \$80,000 of Southwest Neighborhood Funds be loaned under the terms of the CDBG Office Program Framework; that \$206,000 of HOME MATCH funds be loaned under the terms of the 2009 Program Framework with a waiver of the \$56,000 per unit requirement.

Technical and Regulatory Issues	Project information
Within unit, capital, mortgage limits	No – Requires Waiver
Within Subsidy layering limits	Yes
Environmental Review issues	Will need to meet Requirements at site chosen
Eligible project	Yes
Conflict of interest	None reported
Church/State issues	No
Accessibility of program	Addresses this requirement
Accessibility of structure	No
Lead-based paint issues	None identified - will have to be inspected depending on age
Relocation/displacement	No
Zoning restrictions	No
Fair Labor Standards	No
Vulnerable populations	No
Matching Requirement	No
Period of Affordability for HOME funds	Applies – 15 years
Supplanting issues	None
Living wage issues	Would need to meet this requirement
B.A.D. building process	Not applicable
MBE goal	Not applicable
Aldermanic/neighborhood communication	Supportive of Project
Management issues:	None