



Department of Planning and Community & Economic Development

Community Development Division

215 Martin Luther King, Jr. Boulevard, Suite 300

Mailing Address:

P.O. Box 2627

Madison, Wisconsin 53701-2627

Phone: (608) 266-6520

Fax: (608) 261-9626

www.cityofmadison.com/cdd

Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

To: CDBG Committee

From: Jim O'Keefe, Community Development Director
Julie Spears, Community Development Specialist

Date: November 5, 2019

RE: Awarding up to \$450,000 to Stone House Development from the Affordable Housing Fund to support 20 units of rental housing affordable to households with incomes at or below 60% of the county median income in the Block 88 – Judge Doyle Square rental housing development

Background

The Affordable Housing Fund (AHF) was first included in the City's 2015 Capital Budget as the result of a new housing initiative that would expand, improve or preserve the supply of affordable housing for Madison's lower-income households. It is expected that the City's 2020 Capital Budget, scheduled for adoption in November 2019, will include \$5 million for the Affordable Housing Fund.

In general, the City has allocated AHF funds to development proposals selected through an annual Request for Proposals (RFP) process conducted by the Community Development Division. Over the past five years, the City has been successful in utilizing these funds to leverage approximately \$130 million in LIHTC financing from WHEDA to support the development of a total of 1246 units of rental housing, 1091 of which are or will be available households with incomes at or below 60% of the County Median Income (CMI).

Block 88 – Judge Doyle Square

On occasion, AHF support has been considered for developments arising from other City inspired initiatives and a corresponding RFP for a city owned or controlled site. The redevelopment of Judge Doyle Square (Block 88) is one such instance.

The City has worked to position Block 88 for redevelopment for nearly ten years. Earlier this year, the Common Council authorized the release of an RFP to solicit development proposals for Block 88 that included a housing or mixed-use purpose, including a workforce housing component. Subsequently, the Council selected Stone House Development to undertake the development and assigned a staff team to negotiate project details.

Stone House Development proposes to develop 161 units of rental housing. The proposal calls for 37 units to be income- and rent-restricted, 20 of which will be rented to households with incomes at or below 60% of the County Median Income (CMI) and 17 units to be rented to households with incomes at or below 80% of the CMI. As proposed, the below market rents in the development are made possible with financial assistance from the City's Affordable Housing Fund.

This resolution seeks to authorize the commitment of City funds, to the developer and in the amount specified, for the project proposal as described. It also seeks authorization for the

Mayor and City Clerk to execute loan agreements and other documents necessary to proceed with that commitment. Final authorization of City funding will be contingent upon securing investors and WHEDA financing as well as other contingencies as outlined in the authorizing resolution.

CDD staff and staff members from the negotiating team reviewed and evaluated the AHF application materials submitted by Stone House Development with respect to financial viability; gap financing needed; per-unit subsidy requested; development team experience; and likelihood that the developer can secure financing necessary to complete the project. Staff concluded that the proposal was sufficiently responsive to the City's criteria for AHF funding and, with City financial support, could successfully meet the objective of producing affordable units within the larger market-rate housing development proposed on Block 88.

Staff Recommendation

Award up to \$450,000 in City Affordable Housing Funds to the Block 88 – Judge Doyle Square rental housing development described above and as further outlined in this resolution and authorize the Mayor and City Clerk to execute loan agreements associated with this affordable housing development.