



## Legislation Text

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**File #:** 79138, **Version:** 1

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### **Fiscal Note**

The proposed resolution authorizes awarding up to \$359,400 in Affordable Housing Fund dollars to the Madison Revitalization and Community Development Corporation (MRCDC) to rehabilitate seven (7) vacant affordable units at separate scattered site properties to address capital investment needs and modernization. The proposed \$359,400 will be funded from the \$2 million of Affordable Housing Fund dollars reserved for City of Madison or CDA sponsored activities. No additional City appropriation is required with adoption of this resolution.

### **Title**

Authorizing an amendment to an existing loan agreement between the City of Madison and Madison Revitalization and Community Development Corporation (MRCDC) to add up to \$359,400 of financial support from the Affordable Housing Fund to help finance the rehabilitation and preservation of seven (7) vacant units at separate scattered site properties currently owned by MRCDC, and authorizing the Mayor and the City Clerk to enter into a Loan Agreement.

### **Body**

#### Background

The Madison Revitalization and Community Development Corporation (MRCDC) was established on September 8, 1998 to invest in, receive, hold, use, and dispose of real or personal property and to engage in related activities to facilitate community redevelopment. The MRCDC is recognized under Wisconsin state law as a non-stock, 501(c)(3) Non-Profit Corporation. While there is overlap between the Madison Community Development Authority (CDA) Board and MRCDC Board, the MRCDC is a legally separate entity from the CDA. MRCDC does not employ staff, it is managed by CDA staff. The MRCDC's primary mission is to serve and be accountable to low-income persons and communities through representation on its governing board.

On January 1, 2022, the MRCDC acquired 12 parcels (32 units) of former Public Housing from the CDA. The MRCDC maintains the scattered-site properties as affordable housing for low-income families with incomes at or below 80 percent of Area Median Income (AMI) through a recorded, long-term land-use restriction (affordability covenant), as required by HUD. The MRCDC has entered into a Section 8 Project-Based Voucher contract with the CDA for rental subsidies at each rental unit.

The MRCDC's scattered-site units are comprised of two- and three-bedroom units. The portfolio consists of eight (8) duplexes and four (4) 4-plex buildings built in 1981 and 1991. Historically, tenants remained in the units for two to four years. When vacated, it takes, on average, 123 days to find a new tenant due to lack of amenities. The units were maintained in decent condition through general maintenance work order repairs. However, long-term capital improvements were not addressed adequately.

The City's Community Development Division (CDD) sets aside up to \$2 million of Affordable Housing Funds annually to support City and/or CDA sponsored affordable housing activities. Addressing the rehabilitation needs described below is an eligible use of the funds.

On October 25, 2022, the Madison Common Council adopted Res-22-00748 (Legistar File #74137), which provided MRCDC up to \$690,000 of Affordable Housing Funds (AHF) from the 2022 Adopted Capital Budget to rehabilitate five (5) vacant units at separate scattered-site locations. On December 6, 2022, the Council approved an additional \$950,600 to help MRCDC rehabilitate eight (8) additional units.

The purpose of this resolution is to make available to MR CDC the remaining \$359,400 of AHF funds authorized in the 2022 Adopted Capital Budget to support the rehabilitation of seven (7) more units at the following locations:

Address
2926 Traceway Drive
2946 Turbot Drive
2961 Turbot Drive
1810 Whitney Way, #1
1810 Whitney Way #2
5838 Russet Road, #3
5838 Russet Road, #4

The MR CDC's scattered-site housing portfolio is a valuable affordable housing resource to the City. As Public Housing units, chronic underfunding from the Federal Government made rehabilitation all but impossible. However, the MR CDC is now able, with City help, to rehabilitate this housing for future sustainability. There is demonstrated economic and social benefits of rehabilitation for the preservation of affordable housing, as rehabilitated units will provide better physical conditions for tenants and enhance the character of this affordable housing stock for years to come.

Action Items

WHEREAS, the Madison Revitalization and Community Development Corporation (MR CDC), an entity separate from, but managed by, the Madison Community Development Authority (CDA), was established on September 8, 1998 to invest in, receive, hold, use, and dispose of real or personal property, and to engage in related activities to facilitate community redevelopment; and,

WHEREAS, the MR CDC acquired scattered-site properties from the CDA in January 2022, which removed those units from Public Housing program restrictions; and,

WHEREAS, MR CDC has indicated its commitment to maintaining long-term affordability of the units, consistent with City of Madison and CDD priorities to provide affordable rental housing options; and,

WHEREAS, as units owned by MR CDC become vacant, MR CDC seeks to rehabilitate them to address capital investment needs and update them; and,

WHEREAS, the Community Development Division sets aside up to \$2 million of Affordable Housing Fund dollars annually for City of Madison or CDA initiated activities including rehabilitating existing housing stock; and,

WHEREAS, in 2022, MR CDC requested, and the Common Council approved, City AHF funds to renovate former Public Housing units the agency acquired from the CDC, drawing on the \$2 million set-aside for City/CDA initiated housing activities; and,

WHEREAS, MR CDC is now seeking the remaining funds from that \$2 million set-aside to help finance the rehabilitation of seven (7) additional former Public Housing units.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council approves the award of up to \$359,400 in additional Affordable Housing Funds to MRCDC for the purpose of rehabilitating seven (7) vacant affordable rental housing units; and,

BE IT FURTHER RESOLVED, that, per established practice, the City will provide the funds in the form of a long-term deferred loan, repayable upon sale, transfer or change in use of the property, and the loan will be secured by a mortgage and a promissory note; and,

BE IT FINALLY RESOLVED, that the Council authorizes the Mayor and the City Clerk to amend the existing Loan Agreement, authorized by the Council, via RES-22-00748 (Legistar #74137), and related loan documents with MRCDC to accomplish the intent of this Resolution.