



## Legislation Text

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**File #:** 08670, **Version:** 1

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### **Fiscal Note**

\$207,000 in Federal HOME and/or match funds is available in the Housing Development Fund. Expenses will not be counted toward the State expenditure control limits.

### **Title**

Approving a loan of \$207,000 in Federal HOME and/or Match funds to allow Operation Fresh Start to re-pay bank loans on 2 properties.

### **Body**

#### **BACKGROUND:**

The City of Madison annually provides some combination of CDBG, HOME or Match funds to Operation Fresh Start to assist with development costs of its "Employment/training through Housing Development" program. OFS recruits and trains young people in the 18 to 24-age range, and their work crews either rehab or construct homes that are then sold to income eligible households.

#### **PROJECT:**

Operation Fresh Start has encountered marketing and marketability challenges in selling some of its completed homes on a timely basis. The holding costs for those completed homes have increased and these costs negatively affect the affordability of those homes.

#### **ACTION:**

WHEREAS, the Common Council has adopted a five-year Community and Neighborhood Development Plan which identifies affordable housing as a critical issue within the community, and outlines a set of strategies and priorities to address those problems using community-based groups;

WHEREAS, the HOME Program, as amended, and its implementing regulations located at 24 CFR 92.200 ff., permit the City of Madison to use HOME and/or match funds to assist with the development costs of affordable housing;

WHEREAS the Operation Fresh Start has evaluated its marketing strategy and has taken some steps to increase its effectiveness in reducing costs and expanding its marketing;

WHEREAS, CD staff and the CDBG Commission have reviewed this proposal for funds and find that it furthers the goals of the CD program expressed in the Five-Year Community and Neighborhood Development Plan;

NOW, THEREFORE, BE IT RESOLVED that the Common Council approve the provision of \$207,000 in HOME/match funds to cover some temporary holding costs of its current units, and authorize the Mayor and the City Clerk to enter into an agreement to implement the project.

FURTHER BE IT RESOLVED that the working capital loan shall be offered on a no interest basis, and that Operation Fresh Start shall repay the total amount on a prorated basis as the two homes at 4723 Freese Lane and 4805 Freese Lane are sold.

NOTE: A complete Project Proposal is available in the Council Office or from the CD Office by calling 267-0740.