



Legislation Text

File #: 41202, **Version:** 1

Fiscal Note

This Resolution seeks to extend the terms of two federal CDBG loans that were made available to homebuyers through the Urban League of Greater Madison's 2007 Single Family Rent-to-Own (SFRO) program, the funding for which was authorized by the Common Council as part of the City's 2007 Adopted Operating Budget.

No additional funds are being requested by this Resolution, and the extension of these loan terms will have no impact on the City levy.

Title

Authorizing the Mayor and City Clerk to execute an extension of loan agreements with the Urban League of Greater Madison, revising the repayment dates for CDBG loans used to support ULGM's acquisition of properties at 3 Montana Circle and 1401 Wyoming Way.

Body

BACKGROUND

The Urban League of Greater Madison (ULGM) administered its Single-Family Rent-to-Own (SFRO) program from 1995 to 2007, a program which received financial support through the City's CDBG Office. The SFRO program was designed to help larger, low-income families build financial independence through homeownership and financial counseling.

Under the program, ULGM used federal CDBG funds to purchase and rehabilitate a total of 56 single-family homes in various neighborhoods throughout the city. The homes were made available to families through a 15-year lease-purchase arrangement with rents set at affordable levels, subsidized with federal low-income housing tax credits. Two 2007 SFRO properties, 3 Montana Circle and 1401 Wyoming Way, remain in ULGM's program under lease agreements because their occupants cannot yet afford to purchase them. This Resolution seeks to extend the terms of the CDBG loans used to acquire these two properties until February 1, 2026.

ACTION

WHEREAS, funding for the Urban League of Greater Madison's 2007 Single-Family Rent-to-Own (SFRO) program was authorized by the Common Council as part of the City's 2007 Adopted Operating Budget, for the purpose of providing support for ULGM's purchase and rehabilitation of homes to be made available to eligible homebuyers via lease-purchase arrangements; and,

WHEREAS, as part of its 2007 SFRO program, ULGM purchased and rehabilitated two properties at 3 Montana Circle and 1401 Wyoming Way, and subsequently leased them to low-income families through a five-year lease-to-purchase program, in which rents were set at affordable levels; and,

WHEREAS, the housing recession that followed ULGM's acquisition and rehabilitation of these two properties caused dramatic declines in their values, such that in 2015 those values have not rebounded to pre-recession levels; and,

WHEREAS, this decline in property values has hindered program participants' abilities to obtain mortgage financing to purchase these two homes; and,

WHEREAS, the CDBG loans for these two properties have now matured past their repayment dates; and,

WHEREAS, ULGM seeks to extend the terms of the original loans for these two properties to match the 15 -year terms offered for other similar CDBG-funded acquisitions, and requests that these loans be subordinated to the first mortgage financing; and,

WHEREAS, extending the terms of the loans for these two properties significantly increases the likelihood that their low-income occupants will remain stably housed and eventually be able to purchase them;

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Clerk are hereby authorized to execute agreements extending the terms of the original loans for 3 Montana Circle and 1401 Wyoming Way until February 1, 2026; and,

BE IT FURTHER RESOLVED, that the Mayor and City Clerk are hereby authorized to execute, deliver, accept, publish, file and record any and all additional documents, instruments, notes and records, and take such other actions as shall be necessary or desirable to accomplish the intent of this Resolution in a form approved by the City Attorney, and to comply with and perform the obligations of the City hereunder.