



## Legislation Text

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**File #:** 52315, **Version:** 1

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### **Fiscal Note**

The proposed resolution authorizes awarding \$400,000 of Community Development Block Grant (CDBG) funds to the Community Development Authority to replace the boiler system at the Parkside Apartments property at 245 South Park Street. Funding for this project will be available through 2015, 2016, and 2017 CDBG program income and will be provided as a long-term deferred loan. No additional City appropriation is required.

### **Title**

Authorizing an allocation of up to \$400,000 in CDBG Housing Development Reserve Funds to replace the existing boiler mechanical systems at Parkside Apartments.

### **Body**

#### **BACKGROUND**

The Community Development Authority of the City of Madison (CDA) is a component unit of the City of Madison that provides affordable housing services to low- and moderate-income households in Madison. The CDA owns and manages an 83-unit rental property at 245 South Park Street, known as Parkside Apartments.

Parkside Apartments serves a vital role in the South Park Street corridor of Madison by serving a large number of low- and moderate-income persons through the provision of stable housing. The property has served exclusively households earning at or below 50% of the area median income; rent is subsidized with the aid of a Housing Assistance Payment contract with the US Department of Housing and Urban Development. The property is well-occupied, with 80 of its 83 units currently leased to income-eligible households.

The CDA has determined the property's deteriorating boiler system needs immediate replacement in order to extend the property's useful life and maintain tenant comfort and safety. These requested Housing Reserve Funds would replace the building's existing system, estimated to cost up to \$400,000, that is responsible for providing heat, hot water, and fresh air supply to the building's units and common areas.

The CDA's request of \$400,000, if approved, would permit the agency to continue to provide quality, safe, and affordable housing at this location to Madison's low- and moderate-income households.

#### **ACTION**

WHEREAS, the Community Development Authority, a component unit of the City of Madison, has submitted a request to the Community Development Division, through the CDBG Housing Development Reserve Fund, seeking up to a \$400,000 loan to support a proposed project to replace the boiler systems at Parkside Apartments, a property that the CDA owns and leases to low- and moderate-income renters at 245 South Park Street; and,

WHEREAS, CDD staff and the CDBG Committee have reviewed the CDA's proposal and find that it furthers the affordable housing goals expressed in the 2015-2019 City of Madison Consolidated Plan; and,

WHEREAS, the agency's rehabilitation plan meets the eligibility criteria set forth under Objective 1.1 ("Housing Supply") of the current Community Development Program Goals and Objectives by preserving the supply of affordable housing for renters; and,

WHEREAS, sufficient funds exist within the CDD Housing Development Reserve Fund to provide the

requested level of support.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves the award of up to \$400,000 in CDBG Housing Development Reserve funds to the Community Development Authority of the City of Madison for the purpose of replacing the boiler system at the Parkside Apartments property at 245 South Park Street in Madison, estimated to cost up to \$400,000; and

BE IT FURTHER RESOLVED, that the funds will be provided as a long-term deferred loan re-payable upon sale, transfer, or change in use of the property; that the loan will be secured by a mortgage and a promissory note; and that the promissory note will require repayment of either a percentage of the appraised value after-rehab based on the amount of the CDD funds invested in the property or a percentage of the net proceeds, whichever is less; and

BE IT FINALLY RESOLVED, that the Mayor and the City Clerk are hereby authorized to execute a contract and related loan documents with the CDA to accomplish the intent of this Resolution.