



Legislation Text

File #: 31991, **Version:** 1

Fiscal Note

No appropriation is required.

Title

Approve Common Wealth Development's request to waive the 2013-2014 CDD Program Goals and Objectives loan-to-value ratio limit for 2013-2014 SW Rental Acquisition & Rehab projects.

Body

Common Wealth Development (CWD) has targeted revitalization efforts to neighborhoods on the South West side of Madison such as Balsam-Russet-Leland-Hammersley. Based on recent purchases and research of the properties for sale in this area there is a need to waive the CDD 115% loan-to-value limit outlined in the 2013-2014 Program Goals and Objectives.

Whereas, the housing market and number of distressed sales in these challenged areas, results in low post-rehab appraisals, resulting in a higher loan to value ratio; and

Whereas, in order for Common Wealth to be a successful bidder of properties in these areas in a timely way, a waiver agreement needs to be in place before submitting an offer to purchase properties; and

WHEREAS, the CDBG staff and Committee have reviewed this request and find that it furthers the goals expressed in the 2010-2014 Five-Year Community and Neighborhood Development Plan and the 2013 Action Plan; and

WHEREAS, the acquisition and rehab of units in these neighborhoods will ensure permanent, affordable rental housing for low-income people; and

WHEREAS, the loans necessary to complete acquisition/rehabilitation of housing in these areas results in a higher than average loan-to-value ratio while not necessarily increasing the risk to the City; and

WHEREAS, the risk to the City is greatly minimized by the following factors: Common Wealth Development has a strong record of performance and responsibly using public funds to increase the stock of affordable housing for low-income people while revitalizing and stabilizing distressed neighborhoods; CWD has worked extensively on the Southwest side over the past year, including hiring a Housing Community Organizer in 2012, which increases the likely success of the project; Property values are likely to increase if the planned Southwest side projects and revitalization efforts are successful; CWD is in a unique position to provide much needed quality property management practices and community development expertise to this challenged set of properties and neighborhood; and the project would not likely be undertaken but for the City's commitment of funds, resulting in a lost opportunity to advance neighborhood stabilization efforts while adding affordable rental housing; and

WHEREAS, the CDBG staff and the CDBG Committee have reviewed this request for a waiver and find that it merits an exception while still adequately ensuring a reasonable risk to the City;

NOW, THEREFORE, BE IT RESOLVED that the Common Council approve Common Wealth Development's request to waive the 115% loan-to-value limit for 2013-2014 SW Rental Acquisition & Rehab projects and allow a loan-to-value ratio of up to 130%.