



Legislation Text

File #: 11403, **Version:** 2

Fiscal Note

Sufficient funding of \$378,000 in Federal HOME or HOME Match Funds is available within the CDBG budget to support the project.

Title

AMENDED - Authorizing the provision of \$378,000 of Federal HOME or HOME Match Funds to assist Common Wealth Development, Inc., to acquire and develop the Vaughn Commons Housing project in ways that address City, Community and Neighborhood Development Objectives.

Body

AGENCY

Common Wealth is a community-based agency established by residents of the Wil-Mar neighborhood to undertake housing and economic development projects that enhance the quality of life within the area.

During their 30-year history, Common Wealth has sponsored many development activities, including the construction of affordable rental and for-sale housing, and the development and operation of two successful business incubators.

PROJECT

Common Wealth seeks HOME or HOME Match Funds acquire and rehabilitate 8 existing units of affordable housing on Williamson Street known as Vaughn Commons. These housing units are part of a 15 year old tax credit finance project where the tax credits are expiring and the project may be sold at market rate if it is not purchased by Common Wealth. The City funds would used to acquire 8 existing rental units, maintain 7 of them as affordable rental units; and convert one to a single family dwelling for sale as an affordable owner occupied unit through Common Wealth's shared equity lease purchase program. The affordability of all 8 units for low or moderate households would be maintained by Common Wealth.

ACTIONS

Whereas, the HOME program, as amended, and its implementing regulations located at 24 CFR 92.400 ff, permit the City of Madison to help community agencies in the provision of housing assistance;

Whereas, CDBG staff and the CDBG Commission have reviewed this proposal and find that it furthers the goals expressed in the 2007/2008 CDBG Program Framework, the Five-Year Community and Neighborhood Development Plan, and contributes to the affordable housing unit benchmark expressed in "Madison Measures";

Now, therefore be it resolved, that the Common Council approve the provision of funds for the following project, and authorize the Mayor and City Clerk to enter into an agreement with: Common Wealth Development, Inc. or an affiliated development entity, for the loan of up to \$378,000 in HOME or HOME Match Funds available in the Housing Development Reserve Fund for the acquisition, rehabilitation and development costs of 8 housing units, 7 of which will be rental units and one single family owner occupied home.

Be it further resolved that the assistance be offered under the terms adopted in the 2007-2008 CDBG Program Funding Framework, such that the capitalized assistance to the organization (and to the future buyer) be offered in the form of a deferred payment loan payable upon change of use or sale to a non-income eligible buyer, with repayment equal to the greater of the amount of HOME or HOME Match Funds invested in the

property or the percent of appraised value that the funds represent in the value of the property. The sale of one unit to an income-eligible household enrolled in Common Wealth's shared equity lease-purchase program will not trigger the repayment requirement. A City-County Consolidation Application for 2009-2010 Funding from Common Wealth Development, Inc. is on file with the CDBG Office. This resolution addresses funding only for Program Letter C, Vaughn Commons Housing, of this application. Further, Common Wealth must begin expenditure of the funds prior to December 31, 2008 and complete the project by December 31, 2009.