



Legislation Text

File #: 27744, Version: 3

Fiscal Note

Sufficient funds are available for this project within the Community Development Division's Housing Development Reserve Fund, which was authorized as part of the Division's 2012 Adopted Operating Budget. The use of these funds will have no impact on the local levy.

Title

2nd SUBSTITUTE - Authorizing the allocation of up to \$214,000 from the Housing Reserve Fund to support the development of four (4) owner-occupied Lease-to-Purchase housing units by Wisconsin Partnership for Housing Development in 2013.

Body

This is a joint request with Wisconsin Partnership for Housing Development (WPHD) and Operation Fresh Start (OFS) which would allow WPHD to focus on housing related activities in development (buyer selection, marketing, education, etc). OFS will focus on the training and educational component of their youth programming through construction or rehab of homes for WPHD Lease-to-Purchase program. WPHD is requesting 50% of the capital expense be expended as a forgivable loan as per the 2013-2014 Goals and Priorities statement in which; housing development projects which involve the training of lower income individuals and which lead to employment or higher education construction may apply up to 50% of funds to staffing, legal and other development associated costs. These funds would pay for the Employment and Training for the Youth Build program of Operation Fresh Start.

WPHD proposes to acquire property and contract with OFS for construction or rehab of homes for the WPHD's Lease-to-Purchase program. Once the units are completed the property will be managed under the guidelines of WPHD's Lease-to-Purchase program. The City of Madison CDBG office will contract with WPHD for the development of 4 affordable housing units and for the implementation of the Lease-to-Purchase program.

WPHD will select potential buyers to participate in the Lease-to-Purchase program. WPHD will have 36 months from the time of initial occupancy to convert the home to ownership.

WHEREAS, the CDBG staff and the CDBG Committee have reviewed the proposal and find that it furthers the goals expressed in the 2010-2014 Five-Year Community and Neighborhood Development Plan and the 2012 Community Action Plan which identifies affordable housing as a critical issue within the community, and outlines strategies and priorities to address those problems using community-based groups; and,

WHEREAS, this project is eligible based on the 2011-2012 Community Development Program Goals and Priorities, as long as project start date is within six (6) months of approval date; and,

WHEREAS, the successful completion of this project will add to the affordable homeownership housing stock and will provide extensive homebuyer education to potential buyers during the lease period which will prepare these households to purchase the home.

NOW, THEREFORE BE IT RESOLVED that the Common Council approve up to \$214,000 of Housing Development Reserve Funds to support the development of four (4) owner-occupied Lease-to-Purchase housing units by Wisconsin Partnership for Housing Development, and authorizes the Mayor and the City Clerk to enter into an agreement with WPHD.

BE IT FUTHER RESOLVED that the assistance is provided as a long-term deferred loan where 50% will

which may transfer to the homeowner at time of purchase under the guidelines of the 2013-2014 Community Development Program Goals and Objectives. WPHD will submit a pro-forma to CDD staff for each property prior to contract approval. with a one-time fee of 5% of the principal balance to be added at repayment. Consideration for forgiveness of the fifty percent (50%) of the loan balance will be forgiven at the time of transfer if OFS is used to construct or rehab the homes will be negotiated prior to contracting with WPHD. This will be based on the source of funding for OFS Employment and Training which potentially may be funded through city levy. This will depend on final Council action on the Mayor's \$120,000 allocation to OFS in the city's operation budget. The need for federal funds to provide a gap in financing for the project will need to be reevaluated. pursuant to the terms adopted in the 2011-2012 Community Development Program Goals and Priorities.