



Legislation Text

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Fiscal Note

The proposed resolution authorizes awarding \$1,185,000 of Federal HOME funds, reserving \$1,045,000 in Federal HOME Funds, and awarding \$400,000 in Community Development Block Grant (CDBG) funds for development and capital improvement projects selected by the CDBG Committee following the 2018 RFP process. Sufficient funding for the proposed awards is available through uncommitted HOME and CDBG funds granted in prior years to the City of Madison. No additional appropriation is required.

Title

Awarding up to \$1,185,000 in Federal HOME funds to Madison Development Corporation and Wisconsin Partnership for Housing Development to help finance the development of affordable housing, and up to \$400,000 in Federal CDBG funds to Irwin A Robert D Goodman Center to support capital improvements, as the recommended outcome of a competitive RFP process conducted by the Community Development Division; and authorizing the Mayor and the City Clerk to enter into agreements with those agencies to implement the specified development projects.

Body

On August 7, 2018, the Common Council approved RES-18-00621 (Legistar Item #52528), which accepted the Community Development Division's (CDD) "Federal Funds (HOME, CDBG, EECBG) for 2018-2019 Housing Development & Capital Improvement Projects Request for Proposals" (RFP), and authorized the CDD to accept proposals from non-profit organizations in response to that RFP and to formulate recommended funding allocations, for use beginning in 2019, to the Mayor and Common Council.

The adopted 2019 Community Development Division (CDD) Operating Budget includes \$5,270,000 in HOME Investment Partnership Program (HOME) funds, \$800,000 of Community Development Block Grant Program (CDBG) funds, and \$900,000 of Energy Efficiency & Conservation Block Grant Program (EECBG) funds to support development and capital improvement projects, all of which were made available through the RFP process.

CDD released the RFP on August 8, 2018, and accepted applications through September 19, 2018. Six non-profit organizations submitted proposals; two proposals were subsequently withdrawn. At its January 10, 2019 meeting, the CDBG Committee reviewed the proposals and recommended the following:

- Allocate up to \$400,000 of CDBG funds to **Irwin A. and Robert D. Goodman Community Center, Inc.** for capital improvements to expand programming space.
- Allocate up to \$990,000 of HOME funds to **Madison Development Corporation** for new construction of up to 44 new units of multi-family rental housing.
- Allocate up to \$195,000 of HOME funds to **Wisconsin Partnership for Housing Development, Inc.** for acquisition and rehabilitation of single-family homes to support homeownership opportunities for low-/moderate-income (LMI) households.
- Reserve up to \$1,045,000 of HOME funds for **Common Wealth Development, Inc.** until July 1, 2019, for use in developing new affordable rental housing. CDD staff, the CDBG Committee and the Common Council will consider an updated application once Common Wealth Development secures control of a suitable site. Any Committee funding recommendations for CWD's proposal after its review

will be presented to the Council by way of a separate Resolution.

This Resolution is intended to authorize the commitment of Federal funds, to the designated developers and in the amounts specified, for project proposals selected in this year's RFP process. It is also intended to authorize the Mayor and City Clerk to execute loan agreements and other documents necessary to proceed with financial contributions to these projects.

Action

WHEREAS, the Community Agency Contracts line item in the Adopted 2019 CDD Operating Budget included \$5,270,000 in HOME Investment Partnership Program (HOME) funds, \$800,000 of Community Development Block Grant Program (CDBG) funds and \$900,000 of Energy Efficiency & Conservation Block Grant Program (EECBG) funds to support development and capital improvement projects; and,

WHEREAS, on August 8, 2018, the CDD issued a Request for Proposals solicitation for development and capital improvement projects with an application due date of September 19, 2018; and,

WHEREAS, in response to the RFP, the City received applications seeking assistance for the following six proposed projects:

- African Center for Community Development, requesting \$500,000 of CDBG funds;
- Common Wealth Development, requesting \$1,045,000 of HOME funds;
- Irwin A. and Robert D. Goodman Community Center, requesting \$400,000 of CDBG funds;
- Madison Development Corporation, requesting \$990,000 of HOME funds;
- Sunny Side Development, requesting \$320,000 of HOME funds and \$12,958 of EECBG funds;
- Wisconsin Partnership for Housing Development requesting \$195,000 of HOME funds; and,

WHEREAS, the African Center for Community Development and Sunny Side Development projects were subsequently withdrawn from further consideration; and,

WHEREAS, the CDBG Committee reviewed the submitted proposals at its meeting on January 10, 2019, and recommended the following allocations:

- Up to \$400,000 of CDBG funds to Irwin A. and Robert D. Goodman Community Center for capital improvements to expand programming space;
- Up to \$990,000 of HOME funds to Madison Development Corporation, or an affiliate LLC, for new construction of up to 44 units of multi-family rental housing;
- Up to \$195,000 of HOME funds to Wisconsin Partnership for Housing Development for the acquisition and rehabilitation of single-family homes to support homeownership opportunities to low-/moderate-income (LMI) households; and,

WHEREAS, funds will be provided in the form of a zero percent, long-term deferred loan payable upon sale, transfer, or change in the use of property; and the accompanying promissory note will require repayment of either a percentage of the appraised value after rehab or construction, based on the amount of CDD funds invested in the property, or a percentage of the net proceeds, whichever is less; and,

WHEREAS, Common Wealth Development Inc. has submitted an application targeting a potential site for new construction of affordable rental housing, for which CDD will reserve up to \$1,045,000 of HOME funds until July 1, 2019; and,

WHEREAS, Common Wealth Development will submit an updated application for those HOME funds, subject to Common Council approval, when it obtains site control of a suitable property for its proposed project; and,

WHEREAS, all of these proposals are consistent with the goals and requirements set forth in the City's 2015-2019 Five-Year Consolidated Plan, formally adopted by the Common Council on December 3, 2014, which guides the use of U.S. Department of Housing and Urban Development (HUD) funds;

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and the Common Council approve funding allocations as recommended by the CDBG Committee and articulated herein; and,

BE IT FURTHER RESOLVED, that the Mayor and City Clerk are hereby authorized to execute, deliver, publish, file and record such documents, instruments, notices and records, and take such other actions as shall be deemed necessary or desirable to accomplish the purpose of this Resolution.