



Legislation Text

File #: 03191, **Version:** 1

Fiscal Note

\$244,00 in HOME match dollars is available to cover the costs for this project. The project will not impact State costs controls.

Title

Authorizing the provision of CD Office funds to assist **Project Home Development Organization** refinance a portion of its first mortgage on its Prairie Crossing location, as a way to stabilize their housing and contribute to the revitalization of the Allied neighborhood.

Body

AGENCY

Project Home was established in the mid-1970's to provide repair assistance to elderly residents of Madison, as one way to improve their quality of life at home. Its affiliate, Project Home Development Organization, was established in 2000 to serve as a community housing development organization, and to be the lead developer and general manager for the WHEDA-assisted, low-income housing tax credit project called Prairie Crossing.

PROJECT

In 2000, a private (tax credit) investor, the City and WHEDA provided financing to Project Home to help purchase six eight-unit buildings on Allied Drive, renovate them, and operate them as affordable rental housing. The project also relied on first mortgage financing. As the Allied neighborhood has struggled over the last several years, Project Home too has been challenged to decrease expenses and increase revenues while maintaining good tenant selection and property management standards. The Board of Director decided that it needed to lower its debt service costs and seek additional rental subsidies in order to maintain the project. Project Home proposed that the City and WHEDA provide some funds to refinance the first mortgage loan and lower its operating loss at 50%. Project Home has also sought and obtained a multi-year commitment from the tax credit investor to cover additional operating losses. Project Home is also seeking some housing choice vouchers to help reduce its tenant turnover.

ACTIONS:

WHEREAS, the Community Development Block Grant Program, as amended, and its implementing regulations located at 24 CFR 570.200 ff., permit the City of Madison to help community agencies which benefit lower income persons; and

WHEREAS, CDBG staff and the CDBG Commission have reviewed this proposal and find that it furthers the goals of the neighborhood and community development program expressed in the Five-Year Community and Neighborhood Development Plan; and would enhance activities expressed in the Mayor's Vision for Allied,

NOW, THEREFORE BE IT RESOLVED, that the Common Council approve the provision of funds for the following project, and authorize the Mayor and the City Clerk to enter into an agreement with the following agency for the designated activities:

Project Home or its related non-profit affiliate for up to \$244,000 in HOME match funds toward refinancing of the first mortgage on the Prairie Crossing complex; contingent upon WHEDA participation in the refinancing and CDA provision of placed-based housing vouchers to help improve the stability of the project as the City moves ahead with its revitalization plans in the neighborhood.

BE IT FURTHER RESOLVED that the assistance be offered on terms adopted in the 2005-2006 CDBG Program Framework, such that the assistance to Project Home will be provided as a deferred payment loan with a pro-rated share of the appreciated value due on sale, or transfer of the property or change of use.

NOTE: The Proposal describing the above project and the CDBG Commission recommendations are available on file in the Council Office and in the CD Office.