



Legislation Text

File #: 80861, **Version:** 1

Fiscal Note

The proposed resolution approves the award of up to \$4.0 million from the Affordable Housing Fund to the Community Development Authority's (CDA) Triangle Redevelopment capital project (Munis project 14696) in 2024. The Community Development Division (CDD) 2024 Capital Budget includes \$20.0 million in funding for the Affordable Housing - Development Projects (Munis project 14938) to support these projects like the Triangle Redevelopment project. Any financial assistance for this project secured after adoption of this resolution will reduce the contribution from the Affordable Housing Fund. No additional City appropriation required.

Title

Authorizing the allocation of up to \$4 million of City Affordable Housing Funds to the Community Development Authority of the City of Madison (CDA), or an affiliate LLC, to help finance Phase 1 redevelopment of the Triangle public housing site, including demolition of the existing 163-unit Brittingham Apartments and construction of an equivalent number of replacement dwelling units, and authorizing the Mayor and the City Clerk to enter into a Loan Agreement. (District 13)

Body

BACKGROUND

The Madison Community Development Authority (CDA)'s redevelopment plan for its 12 acre site bounded by South Park, Regent Street and W. Washington, known as "the Triangle", includes five phases of development that will replace 362 existing housing units, currently subsidized through Public Housing and Section 8 programs, with about 1,200 units of mixed-income housing. Phase 1 includes the redevelopment of approximately 163 units of housing that will replace Brittingham Apartments and the CDA Triangle property management office. The development budget for Phase 1 was included in the City's Adopted 2024 Capital Budget. Phases 2, 3, 4, and 5 are included in the Horizon List as CDA continues to explore options with HUD and refine the project budget.

The total development cost of all project phases is projected to exceed \$300 million, with the majority of funds coming from Section 42 tax credits, tax-exempt housing bonds, and private debt held by CDA-controlled LLCs that will be created for each building. The total local share of costs for the whole development is still to be determined.

Section 18 of the Housing Act of 1937 authorizes the demolition and disposition of Public Housing, with administrative steps set forth in 24 CFR 970.17(c) prescribed by the U.S. Department of Housing and Urban Development (HUD), including an application process. The Rental Assistance Demonstration ("RAD") Program/Section 18 Blend regulations promulgated by HUD allow Public Housing Authorities the ability to combine and utilize a variety of available resources to redevelop properties and provide predictable annual subsidies.

Consistent with the HUD regulations and in keeping with the CDA's Five-Year Plan objective for the period commencing January 2020, CDA staff submitted an application to HUD in March 2023 for the disposition of Brittingham Apartments utilizing a RAD/Section 18 Blend. Upon receiving RAD and Special Applications Center ("SAC") disposition approvals from HUD, 100% of the resulting Project units will be removed from CDA's public housing inventory and converted to the Section 8 Project-Based Voucher Program. SAC approval provides the added benefit of allowing CDA to apply for 4% low-income housing tax credits and other public and private funding sources to help finance the Phase 1 redevelopment.

The CDA-controlled LLCs that will be created for Phase 1 and subsequent phases will be subject to land use restriction agreements (LURAs) and other long-term Low Income Housing Tax Credit (LIHTC) requirements. The overall Triangle redevelopment project will preserve existing affordable housing through the replacement of aging Public and Multifamily Housing units with modern, efficient homes and amenities, as well as significantly expand CDA's housing portfolio at the Triangle site.

ACTION

WHEREAS, the Madison Community Development Authority of the City of Madison (CDA) is the City's statutory housing authority and redevelopment authority under Wisconsin Statutes § 66.1335, and serves as a Public Housing Authority (PHA) for housing units subsidized by the U.S. Department of Housing and Urban Development (HUD); and,

WHEREAS, Section 18 of the Housing Act of 1937 authorizes the demolition and disposition of Public Housing, in adherence with administrative steps of 24 CFR 970.17(c) prescribed by HUD, and subject to HUD approval; and,

WHEREAS, in keeping with the CDA's Five-Year Plan objective for the five-year period commencing January 2020, CDA staff submitted an application to HUD, which was approved in March 2023, for the disposition of Brittingham Apartments utilizing a Rental Assistance Demonstration (RAD) Program/Section 18 Blend; and,

WHEREAS, upon receiving RAD and Special Applications Center ("SAC") disposition approvals from HUD, 100% of the resulting Project units are able to be removed from CDA's public housing inventory and converted to the Section 8 Project Based Voucher Program; and,

WHEREAS, SAC approval will further allow CDA to apply for 4% low-income housing tax credits and other public and private funding sources to help finance the Phase 1 redevelopment; and,

WHEREAS, the CDA-controlled LLCs that will be created for Phase 1 and subsequent phases will be subject to land use restriction agreements (LURAs) and other long-term Low Income Housing Tax Credit (LIHTC) requirements; and,

WHEREAS, the overall Triangle redevelopment project will preserve the existing supply of affordable housing through the replacement of aging Public and Multifamily Housing units with modern, efficient homes and amenities, as well as significantly expand CDA's housing portfolio at the Triangle site; and,

WHEREAS, CDA has requested up to \$4 million in City Affordable Housing Funds (AHF) in order to leverage other public and private sources for Phase 1 and subsequent phases, and the project is consistent with the criteria and intent of the AHF administered by the Community Development Division; and,

WHEREAS, up to \$4 million of Affordable Housing Fund dollars authorized in the City's Adopted 2024 Capital Budget is planned for use to support housing developments sponsored by the City of Madison or CDA, such as those described in this resolution; and,

WHEREAS, any receipt of financial assistance from other funding sources, e.g., Federal HOME Investment Partnership Program, that occurs subsequent to the adoption of this resolution, may be used to reduce the financial contribution to the project from AHF, so that AHF funds remain available to support other projects.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council approves awarding up to \$4,000,000 in Affordable Housing Funds to the Community Development Authority, or an affiliate LLC, to help finance Phase 1 redevelopment of the Triangle public housing site, including demolition of the existing 163-unit Brittingham Apartments, and construction of an equivalent number of replacement dwelling units; and,

BE IT FURTHER RESOLVED, that the City will provide the funds to the CDA and/or its assigns in the form of

loan, repayable upon the sale, transfer or change in use of the property; and that the loan will be secured by a mortgage and a promissory note; and,

BE IT FINALLY RESOLVED, that the Council authorizes the Mayor and City Clerk to execute, deliver, publish, file and record such other documents, instruments, notices and records, and take such other actions as shall be deemed necessary or desirable to accomplish the purpose of this Resolution, and to comply with and perform the obligations of the City hereunder.