



Legislation Details (With Text)

File #: 90965 **Version:** 1 **Name:** Awarding up to \$13,963,000 from the Affordable Housing Fund to support four affordable housing development projects, selected through a City Request for Proposals process that will support construction of approximately 425 units of new rental housing in M

Type: Resolution **Status:** Passed

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On agenda: 11/25/2025 **Final action:** 12/9/2025

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Title: Awarding up to \$13,963,000 from the Affordable Housing Fund to support four affordable housing development projects, selected through a City Request for Proposals process that will support construction of approximately 425 units of new rental housing in Madison, 263 of which will be affordable, and authorizing the execution of related loan agreements (District 12, District 18, District 19).

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Indexes:

Code sections:

Attachments: 1. ARHD-TC 2025 Memo to CDBG Committee Dec 2024.pdf

Date	Ver.	Action By	Action	Result
12/9/2025	1	COMMON COUNCIL	Adopt	Pass
12/4/2025	1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
12/1/2025	1	FINANCE COMMITTEE	Return to Lead with the Recommendation for Common Council to Adopt	Pass
11/25/2025	1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	Referred	
11/25/2025	1	COMMON COUNCIL	Refer	Pass
11/19/2025	1	Community Development Division	Referred for Introduction	

Fiscal Note

The proposed resolution authorizes the award of Affordable Housing Fund loans to support four development proposals submitted as part of the Community Development Division's (CDD) tax credit-eligible Request for Proposal (RFP) process in summer 2025. The four awards total up to \$13.963 million. Funding for the loans is available in the Community Development Division's 2026 Adopted Capital Budget (Affordable Housing - Development Projects, program 17110). The proposed resolution further authorizes the execution of all necessary documents to achieve the purpose of the resolution. No additional City appropriation is required.

Title

Awarding up to \$13,963,000 from the Affordable Housing Fund to support four affordable housing development projects, selected through a City Request for Proposals process that will support construction of approximately 425 units of new rental housing in Madison, 263 of which will be affordable, and authorizing the execution of related loan agreements (District 12, District 18, District 19).

Body

Background

The City of Madison's 2026 Executive Capital Budget, adopted on November 11, 2025, includes the City's commitment to the Affordable Housing Fund (AHF) at \$17,500,000 in 2026. The Common Council established the AHF in the 2015 Capital Budget to help increase and/or preserve the supply of affordable rental housing. The City's primary strategy in deploying AHF is to leverage other resources, most notably federal Low-Income Housing Tax Credits (LIHTCs), to help achieve the goal of significantly increasing the supply of new affordable rental units.

For purposes of this initiative, affordable rental housing is defined as that which is reserved for households with incomes at or below 60% of the County Median Income (CMI), and with rents restricted at levels deemed affordable to households at those income levels. Initially, the receipt of AHF funds required developers to commit to a 30-year period of affordability, however, since 2020, the required minimum commitment is 40 years. Furthermore, since 2022, applicants willing to commit to permanent affordability through a recorded Land Use Restriction Agreement (LURA) are eligible for more favorable loan terms.

In Wisconsin, LIHTCs are administered by the Wisconsin Housing and Economic Development Authority (WHEDA). WHEDA allocates credits annually through both non-competitive and competitive statewide processes. The review criteria that WHEDA employs favors development proposals that demonstrate significant leveraging of other financial resources.

In determining how to allocate City AHF assistance, CDD conducts its own competitive Request for Proposals (RFP) process. That process is scheduled to align with WHEDA's cycle such that City funds are awarded to benefit developers seeking tax credits from WHEDA.

This resolution is intended to authorize the commitment of City funds for project proposals selected in this year's RFP process. It is also intended to authorize the Mayor and City Clerk to execute the corresponding loan agreements and other documents necessary to proceed with the approved financial commitments. All commitments of City funds are contingent upon developers securing tax credits and other needed financing, and satisfying all City land use and other requirements.

ACTION

WHEREAS, as part of ongoing efforts to advance the City's objective of expanding the supply of affordable rental housing, and using City-administered resources in concert with federal Low-Income Housing Tax Credits, the Community Development Division issued a Request for Proposals (RFP) in July 2025 seeking tax credit-eligible development proposals; and,

WHEREAS, in response to the RFP, the City received eight proposals seeking financial assistance, three of which, Falconer Apartments from Common Wealth Development, Grand Teton Apartments from Volker Development, and Presley Apartments from PreservingUS Inc., were subsequently withdrawn; and,

WHEREAS, a review team, comprised of staff from the City's Community Development, Economic Development, and Planning Divisions as well as the Office of Sustainability evaluated proposals based on criteria set forth in the RFP that addressed issues such as the number and mix of housing units; project locations with respect to nearby amenities such as public transit, especially the current Metro transit network, schools, retail and employment opportunities, etc.; financial viability; gap financing needed; per-unit subsidy requested; incorporation of energy efficiency, renewable energy and other sustainability features; development team experience; likelihood of the developer securing needed land use approvals; conformance with Tenant Selection Plan Standards; and anticipated scores in WHEDA's LIHTC application process; and,

WHEREAS, in addition to this review, the CDD staff team also evaluated each proposal for its consistency with the goals and requirements set forth in the City's 2025-2029 Five-Year Consolidated Plan, formally adopted by the Common Council on March 11, 2025, which guides the use of U.S. Department of Housing and Urban Development funds; and,

WHEREAS, based on these reviews, the City staff team concluded that four projects, described below, were the most responsive to the criteria set forth in the RFP, supported by adopted City Plans, ready to proceed and, with City financial support, well-positioned to secure WHEDA LIHTCs; and,

WHEREAS, the CDD staff team then formulated recommendations that will allocate up to \$13,963,000 in City AHF funds to support four development proposals as follows:

- Up to \$600,000 to DreamLane Real Estate, LLC, or an affiliate LLC, in partnership with Northpointe Development, for United Residences Senior Apartments, a 24-unit rental housing development with 15 units permanently affordable to households with incomes at or below 60% AMI
- Up to \$5,613,000 to MSP Real Estate, Inc., or an affiliate LLC, for 437 S Yellowstone Senior Apartments, a 130-unit rental housing development with 104 units permanently affordable to households with incomes at or below 60% AMI
- Up to \$5,250,000 to Volker Development Inc., or an affiliate LLC, in partnership with Lutheran Social Services of Wisconsin and Upper Michigan, Inc. and Edifici LLC for E Washington and Carpenter/Ridgeway Senior Apartments, a 91-unit rental housing development with 48 units permanently affordable to households with incomes at or below 60% AMI
- Up to \$2,500,000 to Volker Development, or an affiliate LLC, in partnership with Lutheran Social Services of Wisconsin and Upper Michigan, Inc. and Edifici LLC, for E Washington and Fair Oaks Apartments, a 177-unit rental housing development with 96 units permanently affordable to households with incomes at or below 60% AMI; and,

WHEREAS, together these four proposals represent the construction of approximately 425 units of rental housing, 263 of which will be maintained as permanently affordable; and,

WHEREAS, these recommendations will be reviewed by the CDBG Committee on December 4, 2025, and any changes the Committee chooses to make will be sent to the Common Council for final action; and,

WHEREAS, as development proposals proceed through final design stages and WHEDA's application process, developers may need to make minor project adjustments, including to the number and mix of housing units, if such changes will improve prospects for success in WHEDA's application process or are necessary to comply with land use requirements; and,

WHEREAS, the developer's receipt of financial assistance from other funding sources subsequent to adoption of this resolution, including City Tax Increment Financing (TIF) or Dane County's Affordable Housing Development Fund (AHDF), may be used to reduce the financial contribution to the project from AHF, so that AHF funds remain available to support other projects; and,

WHEREAS, upon securing federal LIHTCs from WHEDA, the developers of these projects, via an affiliate LLC, will be prepared to execute loan agreements and related loan documents with the City.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and the Common Council approve the recommended

funding commitments described herein and authorize the issuance of letters of funding commitments for the identified proposals to align with the deadline for the applicable WHEDA tax credit applications; and,

BE IT FURTHER RESOLVED, that the Council authorizes CDD staff to approve minor alterations to development projects, including to the number and mix of housing units, if such changes are deemed necessary to improve prospects for securing LIHTCs and/or comply with City land use requirements, but not increase the level of City financial assistance without Council approval; and,

BE IT STILL FURTHER RESOLVED, that the Council authorizes the Mayor and City Clerk to execute, for these four developments, loan agreements utilizing CDD-administered funds in terms described below and reflecting any minor adjustments approved by CDD staff or caused by the application of TIF, HOME or other government-administered resources:

Form of Loans

- The City financial assistance will be provided in the form of a loan, up to 50% of which will be amortized over 30 years and payable over 16 years, contingent upon available cash flow, and at least 50% of which will be a 0% interest, long-term deferred loan, payable upon sale, transfer, or change in the use of the property, with a waiver of shared appreciation granted in exchange for a commitment to permanent affordability through a recorded LURA; and
- The AHF loan will be secured by a subordinate mortgage, note(s), and LURA securing a permanent period of affordability through a recorded LURA; and
- The developer shall apply the proceeds of the Loan to the expense of acquiring the property and/or constructing the project, including at least the total number of units and units to be designated as affordable housing, with restricted rents and for income-eligible households as specified for each; and
- The loan agreement will remain in full force and effect until the loan is repaid or at the expiration of the respective periods of affordability, whichever is later.

Assignment

- The loan shall not be assigned without permission of the City except for an assignment to an affiliate entity of the developer prior to loan closing.

Closing

- Prior to closing, the developer must submit to the City a standard ALTA commitment for a loan policy of title insurance in the amount of the Loan for such Property, which will be subject only to municipal and zoning ordinances and agreements entered under them, recorded easements for the distribution of utility and municipal services, mortgages, security agreements, assignments of leases and rents, regulatory and land use restriction agreements and an extended use commitment pursuant to Section 42 of the Internal Revenue Code, recorded building and use restrictions and covenants, taxes levied in the year of closing, and any other encumbrances acceptable to the City; and
- Prior to closing, the developer must provide evidence of property insurance as required by the Mortgage, containing a standard loss payee endorsement identifying the City as mortgagee. Developer also agrees to provide evidence of property insurance annually by February 10th or

before expiration of existing policy; and,

BE IT STILL FURTHER RESOLVED, that the execution of a loan agreement and disbursement of City funds will be made contingent upon each project developer demonstrating that it has (1) secured financing sufficient to complete the project, including WHEDA LIHTCs; (2) received from the City all necessary land use and permit approvals; and (3) satisfied any other City requirements, including, but not limited to, providing acceptable documentation related to a Tenant Selection Plan and Affirmative Marketing Plan consistent with the Standards published in the RFP; 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.