



Legislation Text

File #: 16012, **Version:** 1

Fiscal Note

Goodwill Industries is requesting up to \$200,000 to purchase a vacant parcel located at 4829 Anniversary Lane with plans to apply for HUD Section 811 funds to building an 8 unit building to serve Goodwill Industries clientele and a resident manager. Federal HOME funds are available and would be used to fund this purchase. All of the funds requested will go toward the acquisition price. It should be noted that funding for this project has been included in the 2010 PCED Executive Capital Budget ("Goodwill Industries Accommodation," Project No. 21).

Title

Approve Goodwill Industries of South Central Wisconsin, Inc's request for up to \$200,000 in HOME funds for a vacant parcel at 4829 Anniversary Lane for the purpose of constructing seven 1-bedroom units for persons with mental illness and one 2-bedroom unit for a resident manager; HOME funds shall be provided in the form of a 15 year forgivable loan secured by a mortgage, promissory note and Land Use Restriction Agreement.

Body

Goodwill Industries was one of two non-profit agencies serving homeless households who expressed interest in developing property being vacated by the federal government known as the U.S. Truman Olson Army Reserve Center site located on S. Park Street. Federal regulations indicate that when federal land is considered to be surplus, agencies providing housing/services to homeless households shall be given first consideration for the land at no cost.

As part of the process to determine the future use of the surplus property, the CDA was designated by the Department of Defense as the local redevelopment authority to develop a plan for the S. Park Street parcel on behalf of the City. After a series of CDA Committee meetings and public hearing, the City developed a plan for the S. Park Street parcel that included a newly constructed roadway and mixed used development. The two non-profit agencies serving homeless were offered and accepted substitute vacant, buildable parcels (at unspecified locations) in exchange for not pursuing the Truman Olson S. Park Street location.

Goodwill Industries identified the Anniversary Lane location as a suitable parcel. Representatives of the CDA requested the CDBG Committee to approve the use of HOME funds to finance the purchase to construct an eight unit building to house seven disabled individuals with mental illness and one resident manager.

The CDBG Commission is being asked to waive the framework provision in order to grant Goodwill Industries a HOME forgivable loan rather than a deferred loan. A 15 year forgivable loan will protect the CDBG Commission in the event that Goodwill is unable to develop HOME-eligible housing for the length of the 15 year affordability period. If Goodwill had received approval to develop on the Truman Olson S. Park Street property, they had tentatively agreed to terms with the CDA to receive a no-interest, forgivable loan through 2013. The recommendation to approve a 15 year forgivable loan with no shared appreciation is a compromise that serves the interest of both parties.

WHEREAS, the CDBG staff and the CDBG Commission have reviewed this proposal and find that it furthers the goals expressed in the 2005-2009 Five-Year Community and Neighborhood Development Plan and the 2009 Community Action Plan; and

WHEREAS, the acquisition of this property will ensure that these units are created and maintained as affordable housing for a disabled population for at least 15 years; and

WHEREAS, this project meets the goals of both the CDBG Commission and the CDA of providing housing for homeless individuals at a suitable alternative location and allowing the City to redevelop the parcel known as the U.S. Truman Olson Army Reserve Center as a mixed-use development;

NOW, THEREFORE, BE IT RESOLVED that the Common Council approve of waiving the CDBG Office 2009-2010 Program funding Framework to allow the City to enter an agreement for HOME funds as a 15-year forgivable loan with no shared appreciation to coincide with the required 15 year affordability period;

BE IT FURTHER RESOLVED that the Common Council approve the request of Goodwill Industries of SCW, Inc. for up to \$200,000 in HOME funds secured by a mortgage, promissory note and Land Use Restriction Agreement to construct seven units of housing for disabled individuals and one unit for a resident manager.