



## Legislation Text

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**File #:** 50639, **Version:** 1

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### Fiscal Note

The proposed resolution authorizes a long-term deferred loan of \$355,000 to Project Home, Inc. for the purpose of rehabilitating the Prairie Crossing property located at 2402-2446 Allied Drive. The loan will support a \$1.4 million project to rehabilitate 48 rental units leased to qualified low to moderate-income renters. The proposed loan will be funded by 2015 Community Development Block Grant (CDBG) program income and is contingent upon Project Home, Inc. securing the additional financing needed to complete the project.

### Title

Authorizing an allocation of up to \$355,000 in CDBG Housing Development Reserve Funds to rehabilitate 48 rental units leased to qualified low- to moderate-income renters by Project Home.

### Body

#### BACKGROUND

Project Home is a local non-profit that provides affordable housing services to low- and moderate-income households in Madison and Dane County. The organization owns and manages a 48-unit rental property at 2402-2446 Allied Drive, known as Prairie Crossing, which it renovated in 2000 with the aid of low-income housing tax credits.

Prairie Crossing serves a vital role in the Allied Drive area of Madison by serving a large number of low- and moderate-income persons through both the provision of stable housing and resident services. The property has served exclusively households earning at or below 60% of the area median income, with over two-thirds of its households at or below 30% of the area median income. According to Project Home, no evictions have occurred at Prairie Crossing in more than five years, a fact Project Home attributes to the attention its staff gives to each tenant's housing-related needs. Project Home's commitment to providing affordable rents and the lack of evictions have underscored this property's importance to homeless prevention efforts in the City of Madison.

Project Home recently completed a Capital Needs Assessment at Prairie Crossing, which identified several critical maintenance and accessibility upgrades needed to extend the property's useful life. These requested Housing Reserve Funds, along with other private funding sources, would address most of those issues.

The City of Madison Community Development Division has provided funds to Project Home for Prairie Crossing several times in the past, dating back to 1998. That includes a \$385,000 loan from HOME funds, a 120,000 loan from CDBG, and a \$365,000 loan from HOME Match fund. The current request of \$355,000, if approved, would permit the agency to continue to provide quality, safe, and affordable housing to Madison's low- and moderate-income households.

#### ACTION

WHEREAS, Project Home, a local non-profit organization has submitted a request to the Community Development Division, through the CDBG Housing Development Reserve Fund, seeking a \$355,000 loan to support a proposed \$1.4 million project to rehabilitate 48 rental housing units that Project Home owns and leases to low and moderate income renters at 2402-2446 Allied Drive; and,

WHEREAS, CDD staff and the CDBG Committee have reviewed Project Home, Inc.'s proposal and find that it furthers the affordable housing goals expressed in the 2015-2019 City of Madison Consolidated Plan; and,

WHEREAS, the agency's rehabilitation plan meets the eligibility criteria set forth under Objective 1.1 ("Housing Supply") of the 2015-2016 Community Development Program Goals and Objectives; and,

WHEREAS, sufficient funds exist within the CDD Housing Development Reserve Fund to provide the requested additional program support;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves the award of up to \$355,000 in CDBG Housing Development Reserve funds to Project Home Inc. for the purpose of rehabilitating the Prairie Crossing property at 2402-2446 Allied Drive in Madison, contingent upon Project Home, Inc. securing the additional financing needed to complete the project; and

BE IT FURTHER RESOLVED, that the funds will be provided as a long-term deferred loan re-payable upon sale, transfer or change in use of the property; that the loan will be secured by a mortgage and a promissory note; and that the promissory note will require repayment of either a percentage of the appraised value after-rehab based on the amount of the CDD funds invested in the property or a percentage of the net proceeds, whichever is less; and

BE IT FINALLY RESOLVED, that the Mayor and the City Clerk are hereby authorized to execute a contract and related loan documents with Project Home, Inc. to accomplish the intent of this Resolution.