



Legislation Text

File #: 58036, **Version:** 1

Fiscal Note

The proposed resolution authorizes the use of \$250,000 in federal Community Development Block Grant (CDBG) funding for the City's Home Buy the American Dream (HBAD) Program. The CDBG funding will be used for no-interest deferred payment loans that help cover down payment and closing costs for qualified homebuyers. The CDBG Program, through its implementing regulations located at 24 CFR 570, permit the City of Madison to use CDBG funds to provide down payment assistance for eligible low to moderate-income households through the City's HBAD Program. The 2019 Adopted Operating Budget includes \$1.45 million for CDBG loans. No additional City appropriation is required for the proposed resolution and disbursement.

Title

Approving \$250,000 in federal CDBG funds to provide additional down payment and closing cost assistance to qualified homebuyers as part of the City's "Home Buy the American Dream" (HBAD) Program.

Body

BACKGROUND

The City of Madison's "Home Buy the American Dream" (HBAD) Program assists income-eligible first-time homebuyers in purchasing homes within the greater Madison area by providing no-interest deferred payment loans that help cover down payment and closing costs. Funding for the HBAD program is provided by the Wisconsin Division of Housing through its Housing Cost Reduction Initiative (HCRI) grant program, along with federal Community Development Block Grant (CDBG) funds and City Levy. The Community Development Division (CDD) serves as the lead fiscal agency and provides loan administration.

The City was recently awarded \$275,000 in State HCRI funds for the 2019-21 grant period. This represents a significant decrease (by nearly two-thirds) from the City's prior 2017-19 HCRI award of \$803,200 (\$550,000 received in the initial 2017 award, plus an additional \$253,200 via amendment in 2018).

This Resolution requests \$250,000 in supplemental CDBG funds for the HBAD program, which would help mitigate this unanticipated substantial reduction in State HCRI funds, and permit the program to assist an additional 25-50 eligible homebuyers.

ACTION

WHEREAS, the Common Council has adopted a Five-Year Community and Neighborhood Development (Consolidated) Plan which identifies affordable housing as a critical issue within the community, and outlines a set of strategies and priorities to address those problems using community-based groups; and,

WHEREAS, the Community Development Block Grants (CDBG) Program, as amended, and its implementing regulations located at 24 CFR 570, permit the City of Madison to use CDBG funds to provide down payment assistance for eligible low- to moderate-income households through its "Home Buy the American Dream" (HBAD) Program; and,

WHEREAS, the City currently has more than \$250,000 in federal CDBG funds available within its Housing Development Reserve Fund to provide long-term affordable housing to lower-income Madison households; and,

WHEREAS, Community Development Division (CDD) staff and the CDBG Committee have reviewed this

proposal and find that it furthers the goals of the City's Community Development program expressed in the adopted Five-Year Community and Neighborhood Development (Consolidated) Plan;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves the provision of \$250,000 in CDBG funds for the HBAD program, and authorizes CDD staff to administer the program under the guidelines adopted by the Common Council and the CDBG Committee.