



Legislation Text

File #: 59333, **Version:** 1

Fiscal Note

The proposed \$1.05 million loan will be funded by the Community Development Division's HOME program. The 2020 Adopted Operating Budget includes \$2.04 million in federal HOME Investment Partnership funds. No additional City appropriation is required with the authorization of the proposed loan.

Title

Authorizing an allocation of up to \$1,045,000 in federal HOME Investment Partnerships Program funds to construct 11 rental housing units leased to qualified low- to moderate-income renters by Common Wealth Development.

Body

BACKGROUND

Common Wealth Development (CWD) is a local non-profit that provides affordable housing services to low- and moderate-income households in the City of Madison. The organization has an option to purchase a vacant lot in the Meadowood neighborhood on the City's southwest side, and is proposing to build an 11-unit mixed-use rental property at 5802 Raymond Road.

CWD serves a vital role in and around the Meadowood neighborhood by serving a large number of low- and moderate-income households through both the provision of stable housing and resident services. The agency has primarily served households earning at or below 80% of the area median income, and 100% of the units in the proposed development will serve low- and moderate-income households. Three units will serve very low-income households with incomes not exceeding 50% of the area median income, seven units will serve households earning no more than 60% of the area median income, and one unit will serve households with incomes not exceeding 80% of the area median income. CWD's commitment to providing affordable rents and the low number of evictions within its portfolio have underscored this agency's importance to neighborhood stabilization efforts in the City of Madison.

The City of Madison Community Development Division has provided funds to Common Wealth Development for housing rehabilitation and service provision in the area several times in the past. That includes a total of approximately \$1,500,000 in loans from HOME funds to help acquire and rehabilitate 35 rental housing units. The current request of \$1,045,000, if approved, would permit the agency to expand its efforts to provide quality, safe, and affordable housing to Madison's low- and moderate-income households, and increase their portfolio of affordable housing in the area by nearly one-third.

ACTION

WHEREAS, Common Wealth Development, Inc., a local non-profit organization has submitted a request to the Community Development Division, through the Housing Development Reserve Fund, seeking a \$1,045,000 loan to support a proposed \$2.4 million project to construct 11 rental housing units that Common Wealth Development will own and lease to low- and moderate-income renters at 5802 Raymond Road; and,

WHEREAS, CDD staff and the CDBG Committee have reviewed Common Wealth Development, Inc.'s proposal and find that it furthers the affordable housing goals expressed in the 2020-2024 City of Madison Consolidated Plan; and,

WHEREAS, Common Wealth Development has demonstrated the need to utilize the total award of \$1,045,000 to construct the 11 units, requesting a total of \$95,000 per unit; and,

WHEREAS, sufficient funds exist within the Community Development Division's Housing Development Reserve Fund to provide the requested support;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves awarding up to \$1,045,000 in HOME Investment Partnerships Program funds to Common Wealth Development, Inc. for the purpose of constructing eleven new units of affordable rental housing at 5802 Raymond Road in Madison, contingent upon Common Wealth Development securing the additional financing needed to complete the project; and

BE IT FURTHER RESOLVED, that the City will provide the funds in the form of 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-construction, based on the amount of the HOME 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 Common Wealth Development, Inc. to accomplish the intent of this Resolution.