



Legislation Text

File #: 59740, Version: 1

Fiscal Note

The proposed resolution approves the use of HOME Investment Partnership funds for the Community Development Division's Deferred Payment Loan and Home Buy the American Dream programs, all of which are located in CDD's Affordable Housing service and funded by a combination of City, state, and federal funding sources. The 2020 Adopted Operating Budget includes \$2.04 million in federal HOME Investment Partnership funds and currently has sufficient available budget authority for the proposed use of HOME funds. No additional City appropriation is required.

Title

Approving \$900,000 in Federal HOME funds to provide additional support for the City's Deferred Payment Loan (DPL) homeowner rehab program and the "Home Buy the American Dream" (HBAD) down payment assistance program.

Body

BACKGROUND

The City of Madison's **Deferred Payment Loan (DPL)** program allows income-eligible homeowners to borrow up to \$25,000 for housing rehabilitation purposes, with payback deferred until the owner sells, vacates, transfers or cash-out refinances the home. Funding for the DPL program comes from both federal sources and City levy. The City'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 funds and City Levy. The Community Development Division (CDD) serves as the lead fiscal agency and provides loan administration for both programs.

Varying factors have caused both loan programs to experience a significant recent surge in popularity, and CDD staff anticipate a shortfall in available funds to support the programs' increased demand by mid-year.

This Resolution requests the transfer of \$400,000 in supplemental HOME funds to the DPL program, which would permit that program to assist an additional 16-20 eligible homeowners; and \$500,000 in supplemental HOME funds for the HBAD program, which would permit that program to assist an additional 50-100 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 HOME Investment Partnerships (HOME) Program, as amended, and its implementing regulations located at 24 CFR 92, permit the City of Madison to use HOME funds to provide long-term deferred payment rehab loans for eligible low- to moderate-income homeowners through its DPL program; as well as 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 \$900,000 in federal HOME 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 these proposed transfers and find that they would further the goals of the City's Community Development program which is described in the adopted Five-Year Community and Neighborhood Development (Consolidated) Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves the transfer of \$400,000 in HOME funds to the DPL program, and \$500,000 in HOME funds to the HBAD program, and authorizes CDD staff to administer the programs under the respective guidelines previously adopted by the Common Council and the CDBG Committee.