



Legislation Text

File #: 67620, **Version:** 2

Fiscal Note

The proposed resolution authorizes awarding up to \$210,000 in affordable housing development loans to Common Wealth Development, Inc. for the purpose of purchasing two units of affordable rental housing from the Madison Community Development Authority (CDA) at 601 S Baldwin in Madison. The proposed \$210,000 developer loan will be funded by the estimated \$2.4 million of remaining budget authority not yet committed to specific housing projects within the Affordable Housing-Development Projects capital program. No additional City appropriation is required with adoption of this resolution.

Title

SUBSTITUTE: Authorizing the allocation of up to \$210,000 of City Affordable Housing Funds to Common Wealth Development to help finance the purchase of 601 S. Baldwin, a recommendation resulting from a competitive Request for Proposal process conducted by the Community Development Authority, and authorizing the Mayor and the City Clerk to enter into a Loan Agreement.

Body

Action:

WHEREAS, The Community Development Authority (“CDA”) acquired a property at 601 S. Baldwin Street (the “Two-Flat”) from the Madison Mutual Housing Association (“MMHA”) in October of 1995 as part of a package of real estate holdings that included twenty eight (28) apartments and a commercial building at the corner of Dayton Street and Blount Street (“the Reservoir”); and,

WHEREAS, the terms of the acquisition included the CDA’s assumption of MMHA loans from the City of Madison and the Wisconsin Housing and Economic Development Authority which are secured by the Two-Flat and the Reservoir; and,

WHEREAS, the CDA authorized the issuance of a request for proposals (RFP) on July 18, 2018 (Resolution # 4282, Legistar # 51935) for the sale of the Two Flat at market value, and to use the proceeds to repay all or a portion of said loan from the City; and,

WHEREAS, said RFP was issued in 2021, and CDA received two proposals to acquire the Two-Flat; and,

WHEREAS, the CDA and Community Development Division (CDD) allowed responses to the RFP to request appropriate funding, if needed, from the 2021 Affordable Housing Fund; and,

WHEREAS, CDA and CDD staff recommends acceptance of Common Wealth Development’s proposal to acquire the property at a price equal to the balance due on the City loan (\$345,000), and that sale proceeds be used to retire all existing CDA loan obligations on the Two-Flat; and,

WHEREAS, Common Wealth Development has demonstrated a need for \$210,000 of Affordable Housing Funds to address a financial gap to purchase the Two-Flat and maintain affordability; and,

WHEREAS, Common Wealth Development has indicated its commitment in maintaining long term affordability for the Two-Flat, consistent with City of Madison and CDD priorities to provide affordable rental housing in locations with access to transportation and other amenities; and,

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

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves awarding up to \$210,000 in Affordable Housing Funds to Common Wealth Development, Inc. for the purpose of purchasing 2 units of affordable rental housing from CDA at 601 S Baldwin 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, repayable 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, based on the amount of the Affordable Housing 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.