



Legislation Text

File #: 74137, Version: 2

Fiscal Note

The proposed resolution authorizes awarding up to \$690,000 in Affordable Housing Fund dollars to the Madison Revitalization and Community Development Corporation (MRCDC) to rehabilitate five (5) vacant affordable units at separate scattered site properties to address capital investment needs and modernization. The proposed \$690,000 will be funded from the \$2 million of Affordable Housing Fund dollars reserved for City of Madison or CDA sponsored activities. No additional City appropriation is required with adoption of this resolution.

Title

Authorizing the allocation of up to \$690,000 of City Affordable Housing Funds to Madison Revitalization and Community Development Corporation (MRCDC) to help finance the rehabilitation and preservation of five (5) vacant units at separate scattered site properties currently owned by MRCDC, and authorizing the Mayor and the City Clerk to enter into a Loan Agreement.

Body

Background

The Madison Revitalization and Community Development Corporation (MRCDC) was established on September 8, 1998 to invest in, receive, hold, use, and dispose of real or personal property and to engage in related activities to facilitate community redevelopment. The MRCDC is recognized under Wisconsin state law as a non-stock, 501(c)(3) Non-Profit Corporation and is legally separate from the Community Development Authority (CDA). The MRCDC's primary mission is to serve and be accountable to low-income persons and communities through representation on its governing board. The MRCDC has corporate bylaws which govern its operating rules.

On January 1, 2022, the MRCDC acquired 12 parcels (32 units) of former Public Housing from the CDA. The MRCDC maintains the scattered site properties as affordable housing for low-income families at or below 80 percent of AMI through a recorded, long-term land-use restriction (affordability covenant), as required by HUD. The MRCDC has entered into a Section 8 Project-Based Voucher contract with the Madison Housing Authority (CDA) for rental subsidy at each rental unit.

The MRCDC's scattered site units are well configured and comprised of two- and three-bedroom units. This portfolio consists of eight (8) duplexes and four (4) 4-plex buildings built in 1981 and 1991. Historically, tenants remained in the units for two to four years. When vacant, turnaround time averages 123 days due to lack of amenities. The units were maintained in decent condition through general maintenance work order repairs. However, long-term capital improvements were not addressed adequately.

There are currently five (5) vacant units at separate scattered site properties for which the MRCDC seeks to moderately rehabilitate through the City of Madison's Affordable Housing Fund:

2918 Traceway Drive
6403 Hammersley Road
6407 Raymond Road
1810 S. Whitney Way, #3
2965 Turbot Drive

The MRCDC's scattered site housing portfolio is a valuable affordable housing resource to the City of Madison. As Public Housing, the units faced barriers to rehabilitation in the form of financial resources, which were unavailable under the significantly under-funded Public Housing program. Pursuant to dispositioning the properties from the federal restrictions of the Public Housing program, the MRCDC is now able to request City of Madison financing to rehabilitate this housing for future sustainability. There is demonstrated economic and social benefits of rehabilitation for the preservation of affordable housing, as the rehabilitation of these units will provide better physical conditions for the tenants and enhance the character of this affordable housing stock for future years to come.

Action Items

WHEREAS, the Madison Revitalization and Community Development Corporation (MRCDC) was established on September 8, 1998 to invest in, receive, hold, use, and dispose of real or personal property and to engage in related activities to facilitate community redevelopment, managed by the Community Development Authority (CDA), but a separate legal entity; and,

WHEREAS, the Madison Revitalization and Community Development Corporation (MRCDC) acquired scattered site properties from the CDA in January 2022, which removed the units from Public Housing program restrictions; and,

WHEREAS, MRCDC has indicated its commitment in maintaining long term affordability for the units, consistent with City of Madison and CDD priorities to provide affordable rental housing; and,

WHEREAS, as the units become vacant MRCDC seeks to rehabilitate each unit to address capital investments need and modernization; and,

WHEREAS, the Community Development Division sets aside up to \$2 million of Affordable Housing Fund dollars annually for City of Madison or CDA sponsored activities such as those described in this resolution; and,

WHEREAS, sufficient funds exist within the Affordable Housing Fund to provide the requested support.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves awarding up to \$690,000 in Affordable Housing Funds to Madison Revitalization and Community Development Corporation (MRCDC) for the purpose of rehabilitating five (5) vacant affordable rental units; 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,

BE IT FINALLY RESOLVED, that the Mayor and the City Clerk are hereby authorized to execute a contract and related loan documents with Madison Revitalization and Community Development Corporation (MRCDC) to accomplish the intent of this Resolution.