Legislation Text

File #: 80359, **Version:** 1

Fiscal Note

The proposed resolution authorizes the award of up to $2.0 million to the Madison Revitalization and Community Development Corporation (MRCDC) for the demolition of four dwelling units in order to redevelop the property with six new affordable dwelling units. The City's Affordable Housing Fund currently has approximately $7.7 million available for such loan activity. No additional City appropriation required.

Title

Authorizing the allocation of up to $2 million of City Affordable Housing Funds to Madison Revitalization and Community Development Corporation (MRCDC) to help finance the demolition of four (4) dwelling units for the development of six (6) new townhome dwelling units located at 1309-11 and 1401-03 Theresa Terrace, currently owned by MRCDC, and authorizing the Mayor and the City Clerk to enter into a Loan Agreement. (District 20)

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, while there is overlap between Madison Community Development Authority (CDA) Board and MRCDC Board it is a legally separate entity from CDA. MRCDC does not have staff and is managed by CDA staff. The MRCDC's primary mission is to facilitate community redevelopment, and in particular, improve the stock of affordable housing in the City of Madison. The MRCDC has corporate bylaws which govern its operating rules and seeks to serve and be accountable to low-income persons and communities through representation on its governing board.

Section 18 of the Housing Act of 1937 authorizes the demolition and disposition of Public Housing, with administrative steps of 24 CFR 970.17(c) prescribed by the U.S. Department of Housing and Urban Development (HUD), including an application process. In line with the HUD application process and in keeping with its Five-Year Plan objective for the five-year period commencing January 2020, CDA staff submitted an application to HUD for the disposition of two dwelling buildings containing four dwelling units and 0.48 acres of underlying land located at 1309-11 and 1401-03 Theresa Terrace. On November 4, 2022 the HUD Special Applications Center (SAC) transmitted formal approval of CDA's disposition application, including the sale to MRCDC. On June 30, 2023, the existing HUD Public Housing declarations of trust were removed and the MRCDC acquired the two (2) parcels from the CDA.

MRCDC will demolish the two existing vacant duplex structures deemed obsolete. The demolition will allow MRCDC to construct three (3) new single-family three-bedroom, townhouse-style attached dwelling units on each parcel, resulting in six (6) units to be owned and operated by MRCDC as permanent affordable housing for low-and-moderate income households. MRCDC will maintain the properties as affordable housing for low-income families through a recorded, long-term land-use restriction (Land Use Restriction Agreement), as required by HUD.

By demolishing the two vacant duplex structures that are deemed unsafe and obsolete, MRCDC will be able to increase the number of affordable units and diversify the housing stock --a valuable affordable housing

resource to the City of Madison. 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 develop six (6) units of permanently affordable housing. There is demonstrated economic and social benefits of the development of six (6) new housing units that will replace unhealthy and unsafe conditions and will 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, and though managed by the Community Development Authority (CDA), is a separate legal entity; and,

WHEREAS, Section 18 of the Housing Act of 1937 authorizes the demolition and disposition of Public Housing, in adherence with administrative steps of 24 CFR 970.17(c) prescribed by the U.S. Department of Housing and Urban Development (HUD), including an application process; and,

WHEREAS, in keeping with its Five-Year Plan objective for the five-year period commencing January 2020, Community Development Authority (CDA) staff submitted an application to HUD for the disposition of two dwelling buildings containing four dwelling units and 0.48 acres of underlying land located at 1309-11 and 1401-03 Theresa Terrace (the “Properties”); and,

WHEREAS, on November 4, 2022 the HUD Special Applications Center (SAC) transmitted formal approval of CDA’s disposition application, including sale of the Properties to the Madison Revitalization and Community Development Corporation (MRCDC); and,

WHEREAS, the Madison Revitalization and Community Development Corporation (MRCDC) acquired the properties from the CDA on June 30, 2023, which removed the units from Public Housing program restrictions; and,

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

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

WHEREAS, funds are currently available within the Affordable Housing Fund to meet the requested level of support.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves awarding up to $2,000,000 in Affordable Housing Funds to Madison Revitalization and Community Development Corporation (MRCDC) for the purpose of demolishing four (4) obsolete rental dwelling units on Theresa Terrace and replacing them with six (6) new affordable rental units; and,

BE IT FURTHER RESOLVED, that the City will provide the funds to MRCDC in the form of a long-term deferred loan, repayable upon sale, transfer or change in use of the property; and 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 and real estate documents with Madison Revitalization and Community Development

Corporation (MRCDC) and First American Title to carry out the intent of this Resolution.

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