



Legislation Text

File #: 86356, **Version:** 1

Fiscal Note

The proposed resolution authorizes the award of up to \$4,160,497 in federal HOME-ARP funds to Housing Initiatives, Inc. for a 16-unit multi-family development project at 1802 Roth Street. Up to \$3,056,197 of the funds would be used for construction costs; up to \$1,104,300 would be used for on-site supportive services once the development is completed. The receipt of up to \$5,076,197 in HOME-ARP funds by the City was previously authorized via an amendment to the HUD-approved 2021 Action Plan (RES-23-00192, Leg file 76395). Sufficient budget authority is available within CDD's 2025 Adopted Operating Budget (Munis project 72921). No additional City appropriation required.

Title

Awarding up to \$4,160,497 in federal HOME Investment Partnerships Program grant funds from the U.S. Department of Housing and Urban Development (HUD), as allocated to the City of Madison by the American Rescue Plan Act (a/k/a HOME-ARP), to Housing Initiatives, Inc. to support the development of 16 units of affordable housing and supportive services; and authorizing the Mayor and the City Clerk to enter into agreements to implement the development project (District 12).

Body

BACKGROUND

The American Rescue Plan Act of 2021 authorized the City of Madison to receive a special allocation of federal HOME Investment Partnerships Program grant funds (HOME-ARP) from the U.S. Department of Housing and Urban Development (HUD) in the amount of \$5,076,197 to support local efforts to reduce homelessness and increase housing stability. The City was required to draft a substantial amendment to its 2021 Action Plan and undertake a public participation process to identify how these funds would be spent. The City's amended 2021 Action Plan, as approved by HUD, calls for up to \$3,056,197 to support the development of affordable rental housing and up to \$2,020,000 for supportive services.

As part of the 2024 Affordable Housing Fund - Non-Tax Credit RFP, HOME-ARP grant funds were made available for supportive housing development proposals. The Community Development Division (CDD) received one such proposal from Housing Initiatives, Inc. Housing Initiatives, Inc. is seeking about \$4,160,500 to help finance construction of a 16-unit apartment building at 1802 Roth Street and pay for on-site support services.

ACTION

WHEREAS, the American Rescue Plan Act (ARPA) of 2021 allocated a special round of HOME Investment Partnerships Program (HOME-ARP) funds to states and entitlement communities during the COVID-19 pandemic to support local efforts to reduce homelessness and increase housing stability, including the development of new housing; and,

WHEREAS, as a HUD-designated HOME Participating Jurisdiction (PJ), the City of Madison was awarded \$5,076,197 in HOME-ARP funds and, as a condition of receipt of these funds, was required to amend its HUD-approved 2021 Action Plan; and,

WHEREAS, the Common Council approved a substantial amendment to the 2021 Action Plan (RES-23-00192, Legistar #76395) on March 7, 2023, which was subsequently approved by HUD; and,

WHEREAS, the amended 2021 Action Plan indicates that the HOME-ARP funds are to be used for the development of supportive housing and the provision of supportive services for households who are unhoused, at-risk of losing their housing, fleeing domestic violence and human trafficking, veterans and their families, or households who would otherwise fall within the Qualifying Population, as defined by HUD; and,

WHEREAS, the Community Development Division (CDD) issued a Request for Proposals (RFP) in April 2024 seeking affordable rental development proposals eligible for HOME-ARP funding; and,

WHEREAS, in response to the RFP, the City received one proposal from Housing Initiatives, Inc. seeking financial assistance for a new supportive housing project; and,

WHEREAS, the CDD staff team determined the proposal is consistent with the HOME-ARP program guidelines and with the goals and requirements set forth in the City's 2020-2024 Five-Year Consolidated Plan, which was formally adopted by the Common Council on February 25, 2020, and which guides the City's use of HUD funds, as well as with similar goals and requirements articulated in the City's draft 2025-2029 Five-Year Consolidated Plan, which is currently in development; and,

WHEREAS, CDD recommends allocating HOME-ARP funds to the project in an amount not to exceed \$3,056,197 for capital expenses incurred to construct a 16-unit multi-family apartment building at 1802 Roth Street; and,

WHEREAS, consistent with City practices in supporting the construction of affordable housing, these funds will be provided to Housing Initiatives, Inc. in the form of a zero percent, long-term deferred loan payable upon sale, transfer, or change in use of the property; and,

WHEREAS, CDD further recommends allocating up to \$1,104,300 of HOME-ARP funds to support Housing Initiative's provision of supportive services; and,

WHEREAS, supportive service funds will be issued through a purchase of services contract and be made available for use through September 30, 2030; and,

WHEREAS, as the development proposal proceeds through final design stages and required City approvals, Housing Initiatives may need to make minor project adjustments, including to the number and mix of housing units, if such changes are necessary to improve project feasibility and/or comply with land use requirements; and,

WHEREAS, Housing Initiatives, Inc., either through the agency or an affiliate LLC, will be prepared to execute loan agreements and related loan documents with the City;

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and the Common Council approve the award of HOME-ARP funds to Housing Initiatives, Inc. in the amount of up to \$3,056,197 for capital costs and up to an additional \$1,104,300 for support services as described herein; and,

BE IT FURTHER RESOLVED, that the Council authorizes CDD staff to approve minor alterations to the project, including to the number and mix of housing units if such changes are deemed necessary to improve prospects for securing all financing required to complete the project as presented and/or comply with City land use requirements, but not to increase the level of City financial assistance specified herein without Council approval; and,

BE IT STILL FURTHER RESOLVED, that the execution of a loan agreement and disbursement of City funds will be made contingent upon Housing Initiatives, Inc. demonstrating that it has (1) secured financing sufficient to complete the proposed project; (2) received from the City all necessary land use and permit approvals; and (3) satisfied any other City requirements, including, but not limited to, providing a Tenant Selection Plan and Affirmative Marketing Plan consistent with the Standards published in the RFP and recording access easements necessary for long-term use of the development; and,

BE IT FINALLY RESOLVED, that the Council authorizes the Mayor and City Clerk to execute, deliver, publish, file and record such other documents, instruments, notices and records, and take such other actions as shall be deemed necessary or desirable to accomplish the purpose of this Resolution, and to comply with and perform the obligations of the City hereunder.