Department of Planning and Community & Economic Development
Community Development Division
215 Martin Luther King, Jr. Boulevard, Suite 300
Mailing Address:
P.O. Box 2627
Madison, Wisconsin 53701-2627
Phone: (608) 266-6520
Fax: (608) 261-9626
www.cityofmadison.com/cdd

Child Care
Community Resources
Housing and Community Investments
Madison Senior Center

To: CDBG Committee

From: Matt Frater, Community Development Specialist

Date: December 4, 2025

RE: Awarding up to $13,963,000 from the Affordable Housing Fund to support four affordable housing development projects, selected through a City Request for Proposals process that will support construction of approximately 425 units of new rental housing in Madison, 263 of which will be affordable, and authorizing the execution of related loan agreements

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Background

The Community Development Division (CDD) administers an annual Affordable Rental Housing Development: Tax Credit Request for Proposals (RFP), making available projected funds from the subsequent year's budget.

Since 2013, the CDD has successfully utilized this RFP to support the development of income- and rent-restricted affordable housing by utilizing the Affordable Housing Fund (AHF) to provide gap financing to development proposals seeking allocations of Low-Income Housing Tax Credits (LIHTCs), which are administered by the Wisconsin Housing and Economic Development Authority (WHEDA). To date, this gap financing awarded by the CDD has assisted in ensuring developers could gain access to approximately $386 million in tax credit equity for purposes of affordable housing construction. In total, these investments have resulted in over $757 million in new construction activity across the city that would not otherwise occur.

Since inception, CDD funding commitments through this RFP have cumulatively invested $67 million dollars toward the creation of 33 development projects, aiding the development of nearly 2,800 new units of housing – the vast majority of which (nearly 2,250 units) are affordable/income- and rent-restricted to at- or under- 60% of the Area Median Income (AMI). Nearly 1,800 of these affordable units at- or under- 60% AMI across 26 developments have been completed to date, and are currently occupied by households at those income levels in need of affordable housing opportunities.

The City's 2026 Capital Budget, adopted on November 11, 2025, includes $17.5 million for the Affordable Housing Fund. In anticipation of that budget, the CDD issued a RFP in July 2025 soliciting development proposals that would utilize Affordable Housing Funds to create additional housing opportunities while furthering pre-identified goals of City policy documents, prioritizing preferences such as transit-oriented development, permanent periods of affordability, accessibility of units across all levels of ability, significant commitments to sustainability and renewable energy, dedicated units for households experiencing homelessness, and adequate funding to support provision of such services on-site.

Current Development Proposals

The CDD received eight development proposals in response to the 2025 Affordable Rental Housing Development: Tax Credit RFP.

1. Falconer Apartments, submitted by Common Wealth Development Inc.
2. United Residences Senior Apartments, submitted by DreamLane Real Estate, LLC in partnership with Northpointe Development
3. 437 S Yellowstone Senior Apartments, submitted by MSP Real Estate, Inc.
4. E Washington and Carpenter/Ridgeway Senior Apartments, submitted by Volker Development Inc., in partnership with Luteran Social Services of Wisconsin and Upper Michigan, Inc. and Edifici LLC
5. E Washington and Fair Oaks Apartments, submitted by Volker Development Inc., in partnership with Luteran Social Services of Wisconsin and Upper Michigan, Inc. and Edifici LLC
6. Grand Teton Apartments, submitted by Volker Development Inc., in partnership with Luteran Social Services of Wisconsin and Upper Michigan, Inc. and Edifici LLC
7. The Presley Apartments, submitted by PreservingUS Inc., in partnership with Cohen-Esrey Development Group, LLC
8. 1 S Franklin Apartments, submitted by Wash Franklin, LCC c/o Bear Development, LLC

Five development proposals were ultimately fully reviewed and evaluated by an interdisciplinary staff team based on the benchmarks, requirements, and preferences contained within the RFP, after the CDD was notified of withdrawal of submitted proposals for Falconer Apartments, Grand Teton Apartments, and The Presley Apartments.

During application review, MSP Real Estate proposed a change to their application for 437 S Yellowstone Senior Apartments, increasing supportive services funding to Lutheran Social Services of Wisconsin and Upper Michigan to fund 1 FTE support service staff onsite, and committing to a permanent period of affordability.

In addition, Volker Development, in partnership with Lutheran Social Services of Wisconsin and Upper Michigan, and Edifici LLC proposed a change for E Washington and Carpenter/Ridgeway Senior Apartments, setting aside nine units of housing to be permanently held open to be occupied by households experiencing homelessness throughout the period of affordability, as referred through Lutheran Social Services.

Upon conclusion of those reviews, and further information supplied by development teams in response to staff team requests for information, staff recommends that a total of $13,963,000 of Affordable Housing Funds be awarded to four proposals as summarized below:

1. Up to $600,000 to DreamLane Real Estate, LLC, in partnership with Northpointe Development, for United Residences Senior Apartments
2. Up to $5,613,000 to MSP Real Estate, Inc., for 437 S Yellowstone Senior Apartments
3. Up to $5,250,000 to Volker Development Inc., in partnership with Luteran Social Services of Wisconsin and Upper Michigan, Inc. and Edifici LLC, for E Washington and Carpenter/Ridgeway Senior Apartments
4. Up to $2,500,000 to Volker Development Inc., in partnership with Luteran Social Services of Wisconsin and Upper Michigan, Inc. and Edifici LLC, for E Washington and Fair Oaks Apartments

In total, these four projects propose to add approximately 425 units of rental housing, of which 263 would be affordable units income- and rent-restricted for households with incomes at- or below 60% of the Area Median Income. All affordable units will remain permanently affordable through a recorded Land Use Restriction agreement (LURA).

Final authorization of City funding is contingent upon the developer demonstrating that it has (1) secured financing sufficient to complete the project, including an allocation of WHEDA LIHTCs; (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 acceptable documentation related to a Tenant Selection Plan and Affirmative Marketing Plan consistent with the Standards published in the RFP.

Staff Recommendation

Award up to $13,963,000 in City Affordable Housing Funds to the four projects identified above and as further outlined in the attached resolution, and authorize the Mayor and City Clerk to execute loan agreements associated with these affordable housing development projects.