



Department of Planning & Development  
**Community Development Block Grant**

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## **REQUEST FOR PROPOSALS**

### **For Affordable Housing Projects Located in the Bassett Tax Incremental Financing (TIF) District**

PROPOSALS DUE: Tuesday, February 3, 2004, at 12:00 noon  
to the City of Madison CDBG Office

#### **PURPOSE**

The City of Madison Community Development Block Grant (CDBG) Office is seeking proposals from non-profit tax-exempt corporations, for-profit corporations or limited liability companies to create affordable housing opportunities for lower income households in the Bassett TIF District (see attached map). All housing projects must meet the criteria described in the Project Criteria section of this Request for Proposals.

#### **FUND AVAILABILITY**

The City of Madison has \$2.2 million available. The maximum per unit subsidy is \$25,000 for rehab assistance or \$45,000 for new units. An additional \$5,000/unit may be provided if units are designed to include full accessibility, high air quality, energy conservation or reduction of lead paint. (Rehab means the labor, materials, tools and other costs of improving buildings, other than minor or routine repairs.)

It is the preference of this Request for Proposals to commit all available funds through this Request for Proposal process. The City may fund several projects through this process.

#### **TIMETABLE**

The CDBG Office is advertising and accepting written proposals through Tuesday, February 3, 2004. All proposals must be submitted on the attached application and received by 12:00 noon on February 3, 2004. **The original plus ten (10) copies** of the written proposal are to be submitted to the CDBG Office, 215 Martin Luther King Jr. Blvd., Room 280, P.O. Box 2985, Madison, WI 53701-2985. Additional copies of the application form may be obtained from the CDBG Office or on the CDBG website at [www.cityofmadison.com/cdbg](http://www.cityofmadison.com/cdbg).

#### **CONTACT PERSON**

Questions concerning the Request for Proposals may be directed to Mary Charnitz of the City of Madison CDBG Office, via telephone 267-0740, or email [mcharnitz@cityofmadison.com](mailto:mcharnitz@cityofmadison.com).

## **PROJECT CRITERIA**

All proposals will be reviewed for compliance with the following criteria, which are based on the TIF Set-Aside Program Protocols adopted by the Common Council on December 3, 2002.

- All applications for TIF set aside funds must include identification and site control of a specific site within the eligible district.
- All properties proposed for TIF assistance shall pay ad valorem taxes.
- A dwelling unit shall be defined as an ‘affordable unit’ where the tenants/owners are at target median income and pay no more than 30% of gross income for rent or Principal, Interest, Taxes and Insurance (and condo or homeowner association fees if applicable) respectively. The period of affordability shall be the greater of 20 years or life of the tax incremental finance district.
- Rents for the affordable units cannot exceed the current Section 8 Fair Market Rent for the unit size, as determined by the Federal Department of Housing and Urban Development. The sole exception to this rent level is the ‘exception rent’ approved by the Community Development Authority for those units that have an approved Section 8 voucher holder, meet Section 8 Housing Quality Standards, and are specifically located within an ‘exception rent’ neighborhood designated by the Community Development Authority.
- Affordable homeownership housing units shall be targeted to households who have not owned a home or property within the last three (3) years, except for individuals who qualify as displaced homemakers or who are dividing their household as a result of divorce or dissolution of a City registered domestic partnership.
- All projects must meet the “but for” criteria, which would certify that if not for the TIF funds the project would not occur.
- A minimum of 85% of TIF funds must be used for hard costs, such as construction costs, soils/site preparation, landscaping, etc.; 15% may be used for soft costs related to the capital improvements, development, or construction of the assisted unit(s). All TIF-covered costs must be demonstrated to be reasonable and comparable to the construction of other similar developments.
- The project may not exceed a 90% loan-to-value ratio, based upon the post-improvement value of the assisted unit.
- All TIF Set Aside funds must be expended by October 1, 2006.
- All projects must be TIF eligible.
- Contractor must pay its employees in accordance with the City of Madison Living Wage Requirements. City of Madison Prevailing Wage Requirements apply to all construction related portions of the project.
- Contractor will be responsible for maintaining insurance consistent with City of Madison requirements.
- Contractor will be required to comply with the City of Madison Affirmative Action requirements.

## **PROJECT PRIORITIES AND PREFERENCES**

### Homeownership Projects

Priority for 85% of the funds will be given to projects that create affordable homeownership opportunities. Priority for 75% of these funds will be given to projects that create homeownership opportunities for households with incomes at or below 80% of the county median income. Priority for 25% of these funds will be given to projects that create homeownership opportunities for households with income at or below 60% of county median income. Priority will be given to projects that create new owner occupied units either through new construction or conversion of rental units.

## Rental Projects

Priority for 15% of the funds will be given to projects that create affordable rental housing. Priority will be given to projects that create rental housing for households with income at or below 50% of county median income.

Within these priorities, preference will be give to projects that do not exceed 24 units in total and which create housing opportunities for larger families.

Household income verifications will be required to determine eligibility for affordable housing created through this proposal.

## **LOAN TERMS**

The term of the direct TIF assistance shall be a forgivable loan for the ‘period of affordability’. If the rental housing is sold or changes use from the original agreement prior to the end of the period of affordability, then the developer/owner shall pay to the City an amount equal to the amount of the original TIF investment (plus the ‘equity participation’ detailed below). For owner-occupied housing developed for sale to low-income buyers, the term of repayment for the developer will be transferred to the homebuyer, and to successive generations of income-eligible buyers until the end of the original period of affordability.

In addition to the original loan agreement and amount, the City will require the developer to enter into a developer agreement to pay to the City, upon sale or transfer of the assisted property during the period of affordability, a portion of the appreciated value that is determined by the percent that the TIF funds represent in the property. In the case of resale by an individual income-eligible buyer during the period of affordability, the City may transfer the equity participation amount due from the pre-20 year sale into financing for the next income eligible buyer with the terms of repayment equal to the pro-rated appreciated value of the equity participation.

## **REVIEW PROCESS AND CRITERIA FOR SELECTION**

The CDBG Office staff and the Bassett TIF Set-Aside Ad Hoc Committee will evaluate proposals based upon the following criteria:

1. Responsiveness of the proposal to the identified priorities and preferences.
2. Quality of the proposed project (project feasibility, project design, comprehensiveness in addressing needs and innovative approaches).
3. Cost effectiveness and appropriateness of budget.
4. History of project performance (quality of work, efficiency, past accomplishments).
5. Organizational capacity (staff expertise, financial capacity, administrative compliance).

The City’s TIF Coordinator will review proposals for eligibility. Recommendations for funding will be forwarded for approval to the Board of Estimates and the Common Council.

## **PROJECT NEGOTIATIONS**

The City reserves the right to accept or reject all or a portion of a proposal, or may negotiate for different elements within a proposal in order to accomplish City goals or obtain better terms than offered in the submitted proposals.

## **REPORTING REQUIREMENTS**

The Contractor will be required to submit periodic reports on the project for the term of loan. Due dates and specific requirements will be established with the loan agreements.