



City of Madison Meeting Minutes - Final

City of Madison
Madison, WI 53703
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COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION

Thursday, February 1, 2007

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room 260 (Madison Municipal Building)

ROLL CALL

Present: Kristina L. Dux, Steven C. Bartlett, Carl G. Silverman, Justin O. Markofski and Charlie R. Sanders

Excused: Tim Bruer, Cindy Thomas, Santiago Rosas, Monya A. Choudhury and Arthur V. Robinson

Others present: Hickory Hurie, Mary Charnitz

CALL TO ORDER

Sanders called the meeting to order at 5:05 PM.

WELCOME-CHAIR'S REPORT

Sanders encouraged Commissioners to speak their piece and slow him down if he moves too quickly. He also thanked them for electing him chair last month.

Commissioners had no news or announcements to share.

STAFF REPORT-FOCUS ITEM

Presentation and action on application to the State of Wisconsin for ESG/Transitional Housing Program funds: (2007/02-B: Megin McDonnell, Tenant Resource Center; Mitch Vesaas, Tellurian; Greta Hansen, Community Action Coalition (CAC); Sue Wallinger, CD Office

Hansen explained the Homeless Consortium's application and the group's work to prioritize the needs of the homeless in Madison. The request for funds is summarized in a memo from Sue Wallinger included in the Commission packet and is incorporated into the draft resolution before the Commission for adoption. McDonnell stressed the importance of the application's prioritization to the Consortium's ability to collectively serve the needs of the homeless.

Vesaas said Tellurian is asking for money to hire a job coach.

Discussion highlights:

- *Although Tellurian has no data regarding the success of a job coach, they do know that the job coach helps people to move out of transitional housing more quickly.*
- *Each agency presents its program costs to the Consortium, and the Consortium collaborates to pare down the cost of each program to fit the \$500,000 total available from the State.*

Bartlett made a motion, Markofski seconded, to approve the resolution authorizing specific projects for an application to the State of Wisconsin for ESG and related Rental Assistance/Homeless funds. The Commission voted unanimously to approve the

motion, except for absent members Bruer, Choudhury, Robinson, Rosas, and Thomas.

REQUEST FOR MAJOR CHANGES IN CURRENTLY FUNDED PROJECTS OR FUNDING FOR NEW PROJECTS

A. Prairie Crossing (2006/12-D - included in December, 2006 packet): Consideration of Prairie Crossing status and possible request for additional funds. Denise Matyka, Executive Director; Jan Reek, Program Director; Jeanne Hoffman, Mayor's Office

Charnitz explained that this item originally appeared before the Commission on the December, 2006 agenda but was tabled until WHEDA could meet with major funders of Prairie Crossing. Although the Mayor's staff met with WHEDA last week, WHEDA made no further commitment to the project, so Project Home is looking at a couple of other options to reduce its debt service to Johnson Bank. First, they are requesting that the tax credit investor provide \$100,000 of committed operating subsidy to debt repayment. Second, they are requesting that Johnson Bank refinance the remaining \$265,000 with an interest rate of 3% and allow them to postpone payments for four years. Additionally, CD staff is recommending that the Commission approve the remaining \$121,000 of the \$365,000 it originally approved under contingency of WHEDA's commitment.

Matyka stated that Project Home has invested heavily in Prairie Crossing but cannot continue to operate the project as it has done at a deficit. Project Home has a very stringent screening process with one in ten applicants approved in the past six months. Matyka said that the screening process accounts for higher vacancy rates, but Project Home will not compromise its standards. She also said it is important for the Allied area to keep Prairie Crossing as an affordable housing choice.

Hoffman stated that the Mayor's Office recommends that the Commission approve the CD staff's funding recommendations and said that the Mayor's Office is very committed to Allied Drive.

Discussion highlights:

- The CDA isn't sure whether it will commit Section 8 vouchers to Prairie Crossing, but they may be more likely to release vouchers if other funders show commitment to the project.*
- Edison Capital still controls the tax credits for Prairie Crossing.*

Silverman made a motion, Dux seconded, to accept staff recommendations to approve \$121,000 for Project Home's Prairie Crossing project and release the total \$365,000 to Project Home contingent upon a refinancing plan satisfactory to a subcommittee of the Commission. This motion would also approve an exception to the Framework to allow the loan-to-value ratio to exceed 115%. Dux seconded. Bartlett asked for a friendly amendment to include contingency on Sticky 8's from CDA. Both Silverman and Dux accepted the friendly amendment.

Further discussion highlights:

- Foreclosure on the Prairie Crossing property would tie assets up in litigation between Johnson Bank and the Edison Capital. Prairie Crossing would likely go to the highest bidder.*
- Prairie Crossing would probably sell for an amount comparable to the price for Hauk properties.*
- Tax credit financing precludes rental of any of Prairie Crossing's space to social service agencies. Units can only be rented to income-eligible households.*
- One goal of redeveloping the Allied area is to increase tenancy and reduce vacancy*

rates at *Prairie Crossing*. Increased tenancy will reduce *Project Home's* operating deficit.

· Use of *Sticky 8's* would encourage tenants to stay longer and make *Prairie Crossing* more attractive to renters.

The Commission voted unanimously to approve the motion as stated and amended above, except for absent members *Bruer, Choudhury, Robinson, Rosas, and Thomas*.

Hurie asked for volunteers for the subcommittee to develop a satisfactory refinancing plan. *Bartlett* volunteered himself, *Dux, Markofski, and Thomas* to be on the subcommittee.

B. *South Madison*: Suggestion for a new project process to advise the City on the *South Madison Plan*

Hurie explained the draft resolution establishing an ad hoc group to advise the CDBG Commission on projects to help implement higher priority goals in the adopted *South Madison Neighborhood Plan*. *Hurie* said that funds are reserved for projects to address the *South Madison Plan* that was adopted by Council in 2005 after a five-year planning process. The resolution states, "that the usual follow-up would involve seeking the Steering Committee's additional project recommendations concerning the use of CDBG funds specifically reserved for that neighborhood to help implement the CDBG-eligible projects that address plan goals. Since many members of the Steering Committee have moved or resigned, the CDBG Commission reviewed a proposal from one of the former Steering Committee members and a district alder to use a special ad hoc group to review project ideas and make recommendations to the CDBG Commission for the use of the reserved funds. The proposed group would attempt to accomplish this task in two meetings, one to review the plan and possible options and a second to make a selection based on the review and other feedback."

Bartlett made a motion, *Silverman* seconded, to approve the draft resolution. *Silverman* asked for a friendly amendment to include a public hearing, which *Bartlett* accepted. The Commission voted unanimously to approve the motion, except for absent members *Bruer, Choudhury, Robinson, Rosas, and Thomas*.

C. *Urban League of Greater Madison (ULGM) - Center for Economic Development (2007/02-C)*: *Derrell Connor, Chair of Board of Directors; Edward Lee, Vice President-Programs; Jeff Doherty, Fundraising Consultant*

Conner explained *ULGM's* proposal for a new *Center for Economic Development* and said that the center will afford *ULGM* the ability to meet the increasing needs of African American and disadvantaged people in *Madison*. He said the larger facility would allow *ULGM* to promote economic development and assist individuals with economic self-sufficiency, as well as continue to provide homeownership and job opportunities.

Conner said that a feasibility study by *Barrientos Design and Consulting* concluded that the *Villager Mall* on *South Park Street* would serve as the best location for *ULGM's* expansion. The *Villager Mall* would allow *ULGM* to house the majority of their programs, while also being a convenient location for reaching the masses.

Conner said that *ULGM* has also hired *Jeff Doherty* as a consultant to assist them in their fundraising efforts for the new center. He said that *ULGM* has raised \$500,000 so far for the project. He also said that *ULGM* is asking for CDBG funds to help with expanding its capacity to assist African Americans, people of color, and disadvantage persons.

Lee added that ULGM has built relationships with the business community in Madison and that those relationships help the League better understand the workforce needs of the business community. The Center for Economic Development will be another opportunity to bring jobs to south Madison.

Discussion highlights:

- ULGM has actually reduced its original project in size and goal.
- The rendering of the new building done by Barrientos includes Phases II and III of the project. The actual space that ULGM will occupy in the center is smaller than the entire building shown in the rendering.
- ULGM must fundraise between four and five million dollars, part of which includes an increased operating budget for the new center.
- Although the Villager is probably the best site for the new center, it is not the only site under consideration.
- CDA has considered a land lease.
- CDBG does not have the funds available to loan ULGM the one million dollars they are requesting, but does have sufficient funds to provide them something up front for support.

Silverman made a motion, Bartlett seconded, to approve staff recommendations to fund \$150,000 in Acquisition/Rehab funds toward acquisition of a property with the possibility of additional funding depending on the number of living-wage jobs to be created or businesses to be created according to the Framework. Staff recommendations further stipulate that commitment of the \$150,000 will expire six months from Council adoption of the resolution unless the CDBG Commission renews its reservation of the funds based on ULGM obtaining a solid commitment of site control for the Center for Economic Development on either the Villager site or a second site in the south Madison area. The Commission voted unanimously to approve the motion, except for absent members Bruer, Choudhury, Robinson, Rosas, and Thomas.

The Commission took a recess at 6:30 p.m. and reconvened at 6:35 p.m. with a quorum.

D. Request for an exception to the Framework limit on the maximum amount to an owner-occupied home (2007/02-D): CED requests a one-time exception to provide a loan of \$27,000 (\$1,000 over the limit) to a home at 262 Waubesa Street to cover some additional lead hazard reduction work.

Hurie explained CED's request for a waiver to the Framework limit to provide for lead hazard reduction, in addition to other work, at 262 Waubesa Street.

Markofski made a motion, Bartlett seconded, to approve staff recommendations to provide a waiver to the Framework loan limit and to loan a total of \$27,000 for work at 262 Waubesa Street. The Commission voted unanimously to approve the motion, except for absent members Bruer, Choudhury, Robinson, Rosas, and Thomas.

APPROVAL OF MINUTES

A motion was made by Markofski, seconded by Dux, to Approve the Minutes.
The motion passed by the following vote:

Approve the Minutes

Excused: Bruer, Thomas, Rosas, Choudhury and Robinson

Aye: Dux, Bartlett, Silverman and Markofski

Non Voting: Sanders

OTHER BUSINESS FOR ACTION

A. Issues and/or referrals to or from the Common Council

There was no new action to report since the last meeting.

B. Reports from Committees with CDBG Commission Representation

1. Gardens Committee (Sanders)

There was no report.

2. Martin Luther King Humanitarian Award Committee (Choudhury)

There was no report.

3. Other Commission Representation

There was no report.

STAFF REPORT

February Staff Report (2007/02-A)

A. Trends in national, state and local community/neighborhood development issues and budgets.

There was no discussion or report.

B. Correspondence and reports from various groups and individuals.

For information only, Hurie handed out a spreadsheet of issues related to Brenda Konkel's resolution for Adopting an Affordable Housing Plan for the Allied Drive area. The spreadsheet provides more details about Konkel's resolution. He asked the Commission for feedback on the matrix of what the neighborhood should be.

C. Status of current projects and Preliminary 2006 Performance Synopsis (2007/02-F)

Hurie asked for feedback on information from the 2006 Performance Synopsis included in the Commission packet. He said Commissioners could email him their comments or wait to until the next meeting for discussion.

D. Conflict of Interest (2007/02-G)

A member of the Arboretum Co-Housing, Carey Dashik, wishes to purchase one of the housing units assisted with HOME funds. While this situation presents a conflict of interest as defined by HUD, HUD also provides a method for review and waiver of their conflict of interest prohibition on decisions where the activity serves the public interest, the relationship is publicly noticed, the City Attorney finds no laws are broken, and where HUD determines the merit of the public interest outweighs the potential impact of the apparent conflict. Hurie said that the Commission has adopted a procedure whereby CD staff are authorized to seek HUD determination of the conflict of interest

exception unless the Commission votes not to seek such a waiver. Therefore, no action is required from the Commission on this item unless there is an objection. The Commission expressed no objection, so the CD Office will move forward with the waiver request from HUD, Hurie said.

ADJOURNMENT

Silverman made a motion, Dux seconded, to adjourn the meeting. The Commissioners present voted unanimously to approve the motion. The meeting adjourned at 7:10 PM.

*Respectfully submitted,
Anne Kenny*