



City of Madison Meeting Minutes - Final

City of Madison
Madison, WI 53703
www.cityofmadison.com

COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION

Thursday, June 7, 2007

5:00 PM

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

CALL TO ORDER

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

Present: Tim Bruer, Thuy Pham-Remmele, Marsha A. Rummel, Monya A. Choudhury, Kristina L. Dux, Arthur V. Robinson, Lina Trivedi, Steven C. Bartlett, Carl G. Silverman, Justin O. Markofski and Charlie R. Sanders

ROLL CALL

Present: Tim Bruer, Thuy Pham-Remmele, Marsha A. Rummel, Monya A. Choudhury, Kristina L. Dux, Steven C. Bartlett, Carl G. Silverman, Justin O. Markofski and Charlie R. Sanders

Absent: Arthur V. Robinson and Lina Trivedi

Others present were Hickory Hurie and Audrey Short (staff members).

WELCOME-CHAIR'S REPORT

Welcome and Introduction of New Commissioner Marsha Rummel

Sanders introduced Alderperson Marsha Rummel as the newest CDBG Commissioner and Alder of District 6. Saunders then had the other Commissioners introduce themselves to Rummel.

News and announcements

Dux arrived at 5:10 PM.

Markofski noted that Trivedi's article included in the Commission packet highlighted Allied residency. He then asked whether or not anyone had attended Senator Feingold's press conference, which no one had. Markofski also distributed a copy of the 2007 Area Median Income limits for Madison. He discussed how drastically the amounts in the 80% of AMI column compare with the average income of the residents of Northport where he works who make on average only \$9,000 per year.

Hurie said that the 100% AMI is based on Census Data and American Housing Survey Data. Projections that are made from the data are estimates of the actual median income.

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STAFF REPORT FOCUS ITEM

Review of Affordable Housing Scorecard for 2006 (2007/06-G)

Hurie said he had been asked to put the City's overall housing strategies, including the CD Office's programs, onto a one-page report that also presents the 2006 figures. Hurie discussed elements of the scorecard, which include the customer group/path of assistance, programs for existing homeowners, programs for homebuyers, and programs for renters and homeless persons. He then discussed some of the programs described on the scorecard.

Hurie said that for 2006, at the general level, about five percent of the City's resources (including CDA, CDBG, and CED funds) went to assist existing homeowners, about 79% went to programs for renters or homeless persons, and about 16% went to housing or downpayments for new homebuyers. He said that of the \$16.7 million in City programs, the CD Office has control over roughly \$4-5 million. In 2006, the City assisted 337 individual homeowners, 160 to 170 homebuyers, and 2,700 renters or homeless persons.

APPROVAL OF MINUTES

for May, 2007 Meeting.

A motion was made by Markofski, seconded by Silverman, to Approve the Minutes. The motion passed by acclamation.

REQUEST FOR REVENUE FUNDS OR MAJOR CHANGES IN PREVIOUSLY APPROVED PROJECTS

1. Wisconsin Partnership for Housing Development (WPHD): Hilldale Heights (2007/06-C), Kathy Kamp, Deputy Director

Freed and Associates, a for-profit developer, has requested that WPHD assist them in marketing the inclusionary zoning (IZ) units at the second phase of Hilldale, The Heights. WPHD is developing a marketing strategy, and the purpose of their request is to allow them to assist down to 60% AMI households with downpayments. WPHD would explain the IZ program to interested customers and determine whether or not customers are eligible by income. WPHD would require these IZ units to have an affordability period of 10 years, and WPHD would assist owners who sell before the end of the 10-year affordability period to sell to income-eligible households.

Bruer arrived at 5:30 PM.

Discussion highlights:

- Differences between IZ and market rate units include:
 - (1). Location of units (no IZ units on top floors),
 - (2). Some amenities not required in IZ units (e.g., dishwasher, garbage disposal),
 - (3). Parking stalls optional or extra for IZ units, and
 - (4). Quality of finishes in IZ units.
- Fifteen households at 60-75% AMI would receive HOME-funded assistance to purchase the IZ units.
- These units would include one- and two-bedrooms but are not constructed yet, and they have not been given addresses yet.
- Some Commissioners would like more detail about administrative costs than what was given in the application.

- Non-profit agencies never receive more than a 15% developer's fee.
- Early in the IZ ordinance discussions, a significant number of alders did not want the City to use regulatory rules for length of affordability; but the City has the first option to purchase and maintains mortgages on IZ properties. Non-profits would have different ways to maintain affordability.
- The City has a mortgage for gap financing with a formula for equity and the City's share. With the intent to quickly transfer an IZ unit being resold, the City has the first option to purchase at the appraised price minus its share through the second mortgage.
- The City will hold a second mortgage on the HOME funds and will hold a separate mortgage for the IZ portion of financing.
- IZ buyers do build equity in proportion to their investment.
- The HOME funds for these units would be issued as standard deferred payment loans.
- The census tract where Hilldale Heights is located has a high percentage of renters, which these units would offset by adding to the percentage of homeowners in the area.

Bartlett moved to accept staff recommendations to fund the additional \$292,320 in CD Office funds under the general terms of the 2007-2008 Program Framework and require that a minimum 10-year period of affordability be tied to each loan and that loans be made only to families at 70% AMI or less. Silverman seconded. Bartlett, Bruer, Choudhury, Dux, Pham-Remmele, Rummel, and Silverman voted aye. Markofski voted nay. Robinson and Trivedi were absent.

2. Housing Initiatives, Inc. (HII): 1336 East Mifflin Street Rehab (2007/06-D), Dean Loumos, Executive Director, and Jim Caldwell, Development Director

Loumos explained Housing Initiative's request for additional funds for rehab at 1336 East Mifflin Street. He said that due to unforeseen repairs needed for the roof, bathroom fixtures, flooring, windows, and appliances, and improvement to ventilation in the bathrooms, HII is requesting \$32,400 to complete the repairs. He said that since HII has already moved people into the units at 1336 East Mifflin Street, residents will have to be accommodated elsewhere while repairs are made. He said that the project will help residents be better neighbors as HII works with its residents.

Discussion highlights:

- Residents will stay in motels while repairs are completed. The repairs can be done fairly quickly.
- The current appraised value of the property is \$205,000 and will be \$225,000 after the rehab is finished.
- WHEDA will have the first mortgage position, while the CD Office will be in second.

Bruer moved to approve staff recommendations to provide an additional \$32,400 in Affordable Housing Trust Funds as a deferred loan under terms of the 2007-2008

Framework. Markofski seconded. The Commission voted unanimously to approve the motion except for absent members Robinson and Trivedi.

Bruer said he appreciated Loumos's comments on working with residents to make them better neighbors.

3. Movin' Out, Inc. (MOI): Homeownership (2007/06-E), Audrey Short, CD Grants Administrator, and Hickory Hurie, CD Grants Supervisor

Short and Hurie explained that Movin' Out, Inc. came in under its average target for assistance to households in 2006, while still assisting the same number of households stated in their goal for 2006. MOI is asking the Commission to allow them to use funds left over from their 2006 HOME contract to increase the per unit subsidy allowed under their EDI homeownership contract for Section 8 households.

Bartlett moved to accept staff recommendations to approve MOI's request to use the remaining 2006 funds to increase the per unit subsidy in their EDI contract. Markofski seconded. The Commission voted unanimously to approve the motion except for absent members Robinson and Trivedi.

4. South Madison Ad Hoc Steering Committee (2007/06-F), Jeff Richter, Committee Member

Richter explained the committee's recommendations for spending CD funds for pedestrian and bicycle improvements. He said the group had added other changes to the plan, including changes in the crosswalk at Buick Street. He said the crosswalks at Dane and Beld Streets would be straightened out and improved. The group hopes to leverage the CDBG Commission's decision on Park Street/Hughes Place to do these other improvements with City capital funds of about \$100,000. Both the Mayor's Office and City Engineering have assured the Steering Committee that they can provide the separate City money.

Bruer thanked CDBG for its commitment to the South Madison Plan and for the exceptional leadership and staffing of the CD Office. He stressed the importance that CDBG funding has had in leveraging other funds for improvements in South Madison, including improvements along Park Street such as the Spray Park near Burr Oaks and the revamped library branch. Bruer also thanked Jeff Richter for his commitment to the South Madison Ad Hoc Steering Committee.

Bruer moved to approve the resolution approving the provision of \$152,400 of CDBG dollars for improvement projects in the South Madison neighborhood as a way to implement a portion of the South Madison Neighborhood Plan and in a manner that will address City Community and Neighborhood Development. Silverman seconded. The Commission voted unanimously to approve the motion except for absent members Robinson and Trivedi.

OTHER BUSINESS FOR ACTION

A. Update on Allied Strategies

Bruer said that WHEDA has continued to express concerns about putting money into the Allied area given the current direction, or lack thereof, with the City. He said they are reluctant to invest more money there and asked him to communicate that to the various committees that Bruer serves on. He said that WHEDA is concerned with the lack of cohesive, thought-out policies and strategies for Allied.

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

There were none.

C. Reports from committees with CDBG Commission representation and designation of Commission representatives.

Choudhury, who currently serves on the Martin Luther King Humanitarian Award Committee, said she will be unable to attend the two or three meetings of that committee in December and January due to other commitments she has during those months. She asked for a volunteer from the Commission to replace her on the MLK Award Committee by the next CDBG Commission meeting. Choudhury said she would be interested in serving on the Gardens Committee and agreed to take over as the CDBG representative on that committee.

STAFF REPORT

June Staff Report (2007/06-A)

Status of Current Projects.

Hurie went over with Commissioners the aggregate value of the CD Office's real estate loan portfolio summary. The total value of the portfolio is \$32 million, of which \$13 million is from CDBG, \$18 million from HOME, \$168,000 from ESG, and \$1.3 million from EDI funds. The total \$32 million is not the "true" value of the portfolio. It amounts to what the CD Office has spent, not the appreciated value.

Choudhury said she would not be able to attend the July meeting. Bartlett said he was not sure whether or not he could attend.

ADJOURNMENT

*at 7:05 PM.
Respectfully submitted,
Anne Kenny*

A motion was made by Bruer, seconded by Markofski, to Adjourn. The motion passed by acclamation.