



# City of Madison

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

## Meeting Minutes - Approved HOUSING COMMITTEE

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Wednesday, May 7, 2008

5:00 PM

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

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### CALL TO ORDER / ROLL CALL

Vice Chair Sparer called the meeting to order at 5:06 PM.

**Staff Present: George Hank & Meg Zopelis**

**Present:** 8 -

Brenda K. Konkeli; Brian A. Munson; Victor E. Villacrez; Tobi L. Rutten;  
Curtis V. Brink; David C. Porterfield; David R. Sparer and Eli Judge

**Absent:** 3 -

Susan K. Day; Thomas E. Hirsch and Judith M. Wilcox

**Excused:** 1 -

Philip P. Ejercito

### ROLL CALL (5:10 PM)

**Present:** 9 -

Brenda K. Konkeli; Thomas E. Hirsch; Brian A. Munson; Victor E. Villacrez;  
Tobi L. Rutten; Curtis V. Brink; David C. Porterfield; David R. Sparer and Eli  
Judge

**Absent:** 2 -

Susan K. Day and Judith M. Wilcox

**Excused:** 1 -

Philip P. Ejercito

### APPROVAL OF MINUTES - April 2, 2008

Sparer remembered, on page 2 – 3, that the man from Energy Conservation Corporation said that until the effective date of the Ordinance, they would pay for landlords to switch their bulbs, and it does not say that in the Minutes.

Brink said that he has met with them and they have modified it because he thinks they are only allowed to change up to 9 bulbs per apartment. They have since amended it on their own and got permission to go up to 16. They cannot do recessed cans because it is a more expensive bulb that they do not have. Porterfield said he did not remember it saying there was a limit on the number of bulbs/fixtures. Brink said when they actually went out to the apartments on Midvale, the workers said they only go up to 9 bulbs. So they then went back and got permission from whoever funds them to go up to 16.

However, they will not do the recessed cans. Porterfield asked what had happened on the Ordinance since the Housing Committee took action on it. Zopelis referenced that Ordinance 07734 was with the Public Safety Review Board.

A motion was made by Villacrez, seconded by Brink, to Approve the Minutes. An amendment to the motion was made by Sparer, second by Porterfield, to correct page 3 of the Minutes to read, "landlords/owners can use the program up until the effective date of the Ordinance".

The motion passed by voice vote/other with Judge and Hirsch abstaining.

## PUBLIC COMMENT

None

## UNFINISHED BUSINESS

## ROLL CALL (5:16 PM)

**Present:** 10 -

Brenda K. Konkeli; Susan K. Day; Thomas E. Hirsch; Brian A. Munson; Victor E. Villacrez; Tobi L. Rutten; Curtis V. Brink; David C. Porterfield; David R. Sparer and Eli Judge

**Absent:** 1 -

Judith M. Wilcox

**Excused:** 1 -

Philip P. Ejercito

1. [06811](#) Amending Section 4.22 of the Madison General Ordinances to update language and terms in the Affordable Housing Trust Fund ordinance.

**Attachments:** [Housing Trust Fund 04022008.pdf](#)  
[Report Card Housing 2007.pdf](#)

Hirsch referenced there was a brainstorming meeting and the Affordable Housing Subcommittee looked at some issues. Hirsch asked if there was further work that the Housing Committee wanted to do at this time or did the Housing Committee want to refer this issue to the Affordability Subcommittee to delve into the brainstorming list. Konkeli was not sure what she wanted to do. Konkeli is on both committees so she would be working on it either way.

Chair Hirsch asked Hickory Hurie to be present at this Housing Committee Meeting for the 2008 Goals Discussion to get some of his final thoughts. Chair Hirsch also wanted to recognize Hickory Hurie in a personal way for his service.

Porterfield asked if it would continue to be discussed at one of the committees. Konkeli said the subcommittee would continue to work on this item. Hirsch indicated that on the Housing Trust Fund, in the Mayor's State of the City, the

Mayor made a proposal, merger with the County as far as public housing functions go. The Mayor saw the Affordable Housing Trust Fund as potentially being a resource to be shared with other communities. There was a meeting yesterday of a lot of staff people and County Supervisors, which Chair Hirsch was invited to. Prior to that meeting, there was a preliminary legal opinion issue, with Michael May and Ann Zellhoefer, to clarify that there are certain statutory restrictions on sharing funds between units of government. General purpose tax revenues raised in the City cannot be sent outside the City. Then there was discussion about what funds are now in the Trust Fund, what came from taxation and what came from land sale or something else, to try to get some preliminary sorting out of those resources. Chair Hirsch thinks that the prevailing viewpoint was that the merger was a very specific implementation strategy and that before we talk about merger, we needed to be talking about what is the point of the conversation and what are the synergies between Dane County's public housing functions and our CDA functions. Also, if you conduct a little bit of that kind of discussion first, maybe merger would end up being a recommendation. However, maybe merger would not end up being the recommendation. So this group is going to meet again next month and Chair Hirsch will report back.

Day arrived at 5:16 PM

Porterfield asked about the focus of the conversation of the proposal by the Mayor and if it was to look at the public housing authorities functions being joined. What is the connection to this? Hirsch said that to the extent the public CDA, beyond operations, wants to develop housing sites or perhaps the Dane County Housing Authority wants to develop housing sites, sources of money are very nice to have to carry out the development activities. CDA has a number of sites, which are in need of redevelopment, and Chair Hirsch thinks that Mark Olinger will speak to that tonight when he comes up from UDC. Allied Drive is a development function, not a re-development. However, Truax is a redevelopment function and an expansion with new housing units. Romnes is waiting in the wings. Brittingham Triangle has a bunch of stuff there and is sitting on some very valuable real estate.

Brink said the good thing about the opinion is site approval to where our tax dollars stay here. It was a good basic opinion as you could see it was going up to a Circuit Court, to Appeals. He was citing the right cases, where that money does not go outside of our district.

Konkel thought the opinion went just a little bit farther and said, as to the other funds, you can only spend if you have a public purpose. Sparer thought it said the Council had to actually change the Ordinances to say they would do it for the "such and such" public purpose, which could be second-guessed whether it really was public or not. The spending of City money outside of the City had to have a public purpose for the City, even though we were spending it outside of the City, which perhaps it could, but that would have to be explained and justified. So it does not seem too likely.

Konkel said Dane County is looking at an Affordable Housing Trust Fund as well. They are reaching a point where they are about to make some recommendations. However, they have the same problem that we have, which is no permanent source of funding. They may be interested in targeting lower AMI's and three-bedrooms. They might also be doing a rental assistance

piece to it. She does not know how close they are to final recommendations.

Hirsch asked if anyone had thoughts on uses of the Trust Fund. Porterfield said he remembered the general idea that came out and seemed to have support at the subcommittee level, was to utilize a portion of the fund in something that was going to re-circulate more quickly, and potentially generate and help grow the fund.

Day said that there was discussion of doing that in phases and building the fund and then the next step is adding some of the things the subcommittee is looking to do, in a second phase, and then more again in the third phase. So start with the things that generate that revolving fund and grow it, and then move from there to things that may not do things to grow the fund but meet the items we want to see dealt with by the fund. The third step is things that maybe even require some grants and money that will not come back.

Villacrez asked how that competes with existing programs within the CDA or CDBG, where an individual would go to CDA or CDBG to get funds to rent abate an 8 unit and not have to pay it back. Day answered "not in that scenario". Villacrez then asked if there were any other competitive instruments within the City that compete with that right now. Day said that they are not necessarily competing, maybe complementing.

Hickory Hurie said sometimes there is never enough money, regardless of the source. The impact on the trust fund is that if it is used for interim measures and we have a 30-year affordability period, then we would have to make some policy adjustments to look at that. One of the uses that has been made of the trust fund is for construction, one construction loan, to an agency that already had a long-term affordability requirement because of other source of funding.

Villacrez said he was told by an owner that there was a brochure that stated he could get money from CDA or CDBG. Konkel asked if it was on Lake Point, and Villacrez said no. Hurie asked if it was downtown. Villacrez said there was a flyer at a homebuyer seminar at The Villager the past Saturday. Day said it would be the Purchase Rehab that also has the feature that landlords were going to use. Day said there are specific conditions and it is a multi-faceted program that can be used for purchase rehab by an individual, for owner occupancy, and then there is a piece of that which can also be used for doing some upgrades to rentals. Day said she thought that piece of it had an interest rate with it, which Hurie confirmed.

Sparer said the idea of having plans in the three stages is right as it preserves the bulk of the funds and to help it get to the size wanted. However, it uses it temporarily in the meantime without spending out the assets so that they are not there.

Hassel asked if the trust fund money could be used for the SOS program, since they have financial difficulties. Konkel gave her an answer that some of the money could be used, but it would not cover wages. Konkel said it does not go towards operating funds.

Hurie said the Housing Trust Fund is focused on the housing component, so if an agency wants to purchase a building in which to operate that program and it was residential use, then the agency could but it would not go to support any

of the programmatic elements. It is basically for the capital costs and the development costs to buy or maintain the property.

Hurie provided a handout, an overview of the City's housing programs, and reviewed it with the Housing Committee. There are three groups of customers (Columns A, B & C) and two ways to serve them. The three groups of customers are:

Column A – people who own homes (44% of households in Madison)  
Column B – people who are looking to buy (renters or Column A people)  
Column C – programs for renters and homeless people

Above the fold and below the fold at the dark line are programs that directly assist households, by dollars, vouchers or rehab loans.

Below the fold are companies helping people or that sell to people.

It is a six-box matrix to help us understand the other side. There are not any programs to help third parties indirectly, for people already living in a home.

On the other side of the handout, there are three columns showing a three-year picture of the actual number of households who entered into or who were actually in the home that were helped in that year. The dollar figures, the next three figures in each mega-column, are the actual dollars that were spent. There is not necessarily a connection between the dollars spent in a particular year and people who were assisted. It really depends on the nature of the programs. If a dollar went out for a housing voucher, by and large that housing voucher helped the numbers of people that are listed there. For the development programs, there could be a three-year or five-year window. If you spend a dollar in 2004, in 2007 somebody moves in.

Hurie presented some observations. Markets are up and down. When he looks at a housing program for a city, it needs to have different programs that work well in those kinds of markets that we are experiencing. It helps to have a wide portfolio for this type of market. Second, it is not just a broad market; there are sub-markets within that and they go on their own cycle as well. Sometimes the same tool in those sub-markets will operate differently. Hurie gave an example from about ten years ago, wherein there were not just sub-markets. The market in Rockford had a lot of vacancies. The Section 8 holder was a valued household, a valued renter, in that market. At the same time in Madison, there was a tight market and somebody who had a Section 8 voucher was not as valued as the comparable household in Rockford because of the transaction costs.

Third, in each of these, there is a time and development diminishing. If you want to look at the cost per program of the affected unit, it is not here, you have to look at other documents that line up those over time on a more specific basis. Hurie said the 2007-dollar, which is expended, does not necessarily fit the household.

Fourth, some of the dollars do not come back. Some are invested or loaned and do come back at some point. Some of the dollars you see expended here were first obtained by the City in 1984, 1985 or 1986 and they have come back multiple times. That is something you will not find on this handout; you have to go to other documents to look at that information.

On the matter of the Trust Fund, Hirsch asked what the Committee wanted to do.

A motion was made by Porterfield, seconded by Hassel, to Refer this item to the HOUSING AFFORDABILITY SUBCOM OF THE HOUSING COM. The motion passed by voice vote/other, with Hirsch abstaining.

[10720](#)

Report Card: 2005 - 2007 Housing Programs in the City of Madison

Attachments: [Report Card: 2005-2007 Housing Programs in the City of Madison](#)

#### UPDATE ON CDA DEVELOPMENT ACTIVITIES - Mark Olinger

Mark Olinger was unable to attend the meeting. He will be asked to attend the next meeting of the Housing Committee.

#### COMMON COUNCIL UPDATE - Konkol/Judge

Judge said the Photo Ordinance passed.

#### REPORTS

2. [08595](#) Landlord & Tenant Issues Subcommittee

Sparer reported there was one item at the Landlord & Tenant Issues Subcommittee, which was regarding changing the rule on earnest money. Earnest money is the money you put down to hold an apartment until you sign a lease. The Subcommittee proposed to make changes to the Ordinance so that the amount of the earnest money would not exceed one month's rent. This would make it the same as the limit for a security deposit. Konkol & Judge are going to address this at the Common Council. Porterfield asked how this issue came up. Konkol said it is a clean-up item to make sure it is known that is what is intended. Brink said it is to bring it in line and is a clean-up item. Everyone locally knows it, but someone from out of town may not know this. No action is required until the Committee sees an Ordinance.

3. [08596](#) Affordable Housing Subcommittee

Brink said the main goal of the Affordable Housing Subcommittee is how to use the Affordable Housing Trust Fund as a proper way of creating housing for the City. There has been good discussion on this. The way the Ordinance reads right now, you cannot really use the funds until it reaches \$10 million, and then there is interest and other factors going into it. There is about \$4 million right now. Brink asked if we could use that in a sense to help get people into housing in a way that it becomes invested money. Brink was glad to see the opinion from the City attorney, with cited cases. Brink said the big

goal is how to create affordable housing and how do we stabilize neighborhoods to go forward.

As a side note, Atlanta used very much the same thing downtown for housing. They had something that our state law does not allow us to use, but other states have used it. They were able to bring down the real estate taxes within that area. Also, Habitat for Humanity did a soft second to get people in. In Tacoma, if you moved downtown, they eliminated your real estate taxes for 10 years.

In a sense that is a state legislature thing, but Brink thinks it is a very effective point as the Committee works into affordable housing. Barb Constans has been dealing with a very difficult issue on the initial IZ homes. They are now coming to full assessment. We are locked in at 30% of income, not like banks that can do 37 – 40%. The Subcommittee is dealing with a lot of issues, trying to get people in, and looking to other cases to work through it.

Hirsch added comments that there is discussion at the IZ Committee. One of the thrusts of the IZ Committee's findings has been the continued controversy of the monetary benefits being deep enough for the developers to be more amenable to cooperating with the Ordinance. There is another aspect, which is what can the City do to help condominium buyers in terms of down-payment assistance, counseling, and marketing? There are very interesting discussions occurring at the IZ Committee, which could really take IZ and add another dimension, which is the end-user aspect of this. When the Ordinance was promulgated, discussion was pretty much limited to how do we balance off the developer's interest to keep them held harmless. What we are seeing in the market is more need for down-payment assistance. There is more need for homebuyer identification, qualification and education. That discussion might start to come into the uses of the Affordable Housing Trust Fund.

Brink referenced that Hirsch is also on the TIF Committee, which is important because he keeps bringing back in the housing interest. TIF still does not seem to keep money in there for housing. The discussion was tied into some of the uses because the State changed the TIF laws a while back. Hirsch was very adamant at trying to bring in some of the issues. Brink said that we do not know if IZ is going to be repealed or go forward. They have been meeting for 1 ½ - 2 years, every Friday morning or every other Friday morning, on that factor. There are different times and different markets. Two years ago, you could get a new down-payment loan with almost no documents. It is now going back to better underwriting prices, to where if you get in there, it is at least on your qualifications. Now the down-payment is really a critical item.

Day discussed the financial market right now. WHEDA changed their programs tremendously and it looks altogether different than a year ago. The minimum credit score is 680. If you do not have a score of 680 or better, as a borrower you need to be prepared to bring 3% to the transaction. If your credit score is less than 680, you need to bring 5% to the transaction. For a condominium, you will need to bring 10%. There are declining markets around the State and this is being driven by mortgage insurance companies. The mortgage insurance companies are saying that they are not going to give mortgage insurance unless the guidelines are met, so they are driving the risk analysis. They have tightened it up tremendously.

Porterfield said that from what he has seen being discussed at the federal level, he does not think it likely before the next administration that anything will take place. He thinks that the Committee should be prepared as one of the main policy committees to start keeping track of this. There is going to be a package of some kind that is going to be going to the state and local governments, from the federal government, to deal with the sub-prime market and foreclosure rate, and to try to turn the housing part of the economy around. It is very unclear at this time, but Porterfield thinks the Committee should plan for that.

Day said a key to this changing is that mortgage-backed securities and that whole market and money supply gets things there changed so that investors are interested again in buying those mortgage-backed securities.

Hirsch asked Porterfield if there is any notion at this point about what kind of flexibility there is likely be or is this going to be pretty much handled by the lenders.

Porterfield thinks there is going to be a public piece of this thing because there is a certain part of the market that is not going to be attractive to any investors. It does not make sense to foreclose on all of those houses, so what is going to happen? The lenders really cannot or do not want to deal with it as they are already in it. A part of it is going to be a negotiation with some resources available from a government sector and non-profit sector to negotiate with lenders to take that part of those portfolios off their hands and deal with it in some other way. It could be the state housing finance agencies, like WHEDA, to some extent, but Porterfield thinks it will also be state and local governments.

Day said not to lose sight of the fact that foreclosures nationwide are at 4% of the total mortgage value, which is not as big as the national media has you thinking. Additionally, the issues are not necessarily in the State of Wisconsin. While we have some declining markets, it is not to the degree that exists in California, Nevada, Arizona, Florida, Detroit, and some parts of Ohio. We do have some declining markets here and the mortgage insurance companies have identified Pierce and St. Croix Counties. There is another much more conservative mortgage company including in the list of declining markets, LaCrosse, Milwaukee, Waukesha, Ozaukee and Washington. When they speak of declining markets, they are actually speaking of declining prices in that market. That is why we are seeing the tightening up of down payments and some of the guidelines regarding what you need for down payment for condominium homes rolling back to what it was twenty years ago.

Hirsch asked if the full committee should hear from lenders. Porterfield said we just heard from Day.

Konkel wants the Housing Committee to issue their own report on the status of housing in the City of Madison and have a list of recommendations about what we think needs to happen, and not just rely on other people coming in and giving reports. Konkel also thinks this should be updated annually.

Villacrez said he thinks the Committee has relied on staff too much to do these reports and maybe the Committee should be designing their own. Day asked what the components would be.

Konkel said to obtain some basic data and pull all of the information that is out there into one spot. Konkel said Hurie's sheet is the start of this information. Day asked if it is programs, or do we want to know what trends we are seeing in terms of availability in different kinds of housing? Konkel said that it would be census data and whatever other data could be pulled together to show what information we have. Some of the stuff from the IZ study might be useful and some of the stuff from the Planning Department might be useful. They are putting together a new set of maps that will show where all of the affordable housing programs are in the City of Madison. It is basically putting information that can be collected easily into one spot, so that we can say here is the housing report of what we see in the City of Madison.

Hirsch recapped information. The City, for its CDBG activity, produces a five-year goal plan. Then every two years it lets an RFP out for a two-year action program. The results of that RFP process get made into a one-year action plan. Then at the end of some time interval, every year, there is a performance report of what was actually produced. There are some very interesting inventories and summaries in these reports. This is just CDBG. It does not cover TIF, IZ, Community Services, etc. There are different things the City does and nobody pulls this together. In both TIF and the IZ Committee, there is some talk about the City and that it ought to be giving geographical guidance. We should be making proactive statements about where we want affordable housing and TIF.

Villacrez asked if that had been happening and Hirsch said no. TIF is a completely reactionary program to developer proposals. IZ is a completely reactionary program that follows the production market; we do not let out RFP's and say we want so many IZ units on this side of town or this neighborhood. Hirsch thinks intelligent decisions cannot be made without this information. Therefore, Hirsch thinks an annual report would be a very useful document for the Council and for the Mayor to start guiding some of these resources. There is no one else who is going to do this, but the Housing Committee.

Porterfield said the missing part of the reports from CDBG is market information. There is another aspect that has to do with where the demand is, especially if we are trying to create more integrated housing settings and not have concentrations. If you follow need, you will continue to build concentrations. Dealing with the private sector and dealing with market data, it is going to be important to have it in a report like that.

Hirsch said we have a housing function in the City, which has enormous resources, hundreds of units, and what are they doing about knowing whom they serve and whom they will be serving in the future.

Brink referenced going to IZ and what Barb Constans said they do when qualifying someone for an IZ house. Somebody says they want a house, but they do not want to be in the Waunakee school system. We look at the inventory and then we also look at our different school areas and our school lunch program, and then try to set up how to get people in those areas where there may be a demand. The other reality is how to educate to that point of view. How do we make it attractive for people to be in an area that they are pushed into?

Villacrez asked if Konkel has a concept or an idea as to what this study would look like. Has she looked at other markets/cities to see if there is any comparable product out there that someone has had success with? Is there somewhere we can get a simple outline for a study?

Konkel has seen all kinds of housing studies. The one she keeps thinking of is the one Dane County used to do, which is a study that presented very simple facts. She thinks some information is missing but we need to take the first step on this. The information is in the CDBG reports. She can find the information but how do people see it if it is not readily accessible?

Day asked how to identify the resources the Committee has available to do this. Who would compile the information and write the report? Konkel said the City staff would do this, to which Day asked how to get a commitment on that. Konkel said the Committee needs to look at the information and decide what they want in the report. It should not take that long or be a big deal. The Committee needs to get to a certain baseline and agree on what they want.

Villacrez said that maybe the Subcommittee can draft a one-page summary, to which Konkel said she already did at one point. She would have to go back and look for that information. Konkel has been pitching this since before she was on the Committee.

Hirsch said the Subcommittee could finish the Affordable Housing Trust Fund, and then start to draw up a framework for a plan to identify what the pieces are. Brink agreed with Hirsch.

## DISCUSSION

4. [08594](#) 2008 Goals Discussion

Attachments: [Goals Discussion 2008.pdf](#)

Chair Hirsch asked Hickory Hurie for wisdom or thoughts on the goals discussion.

Hurie said that housing is a challenge and it takes a lot of discussion and work, so he is glad to see the Housing Committee trying to solve those challenges. It takes a certain stubbornness and it takes money and good ideas. Two of the truisms Hurie has always mentioned are that there are different markets that go up and down and if you stay around in the same place for 10 years, you will see some of the stuff operating again. The other is that he believes it is a good thing, and valuable in the long term, to look at a portfolio approach and an investment approach. Long term it produces balance. There are times when rehab loans will work for certain situations and certain homes. There are other times when IZ will work. It is best to have a broad toolkit.

Hirsch added that in addition to the nature of housing problems this Committee has seen, that the perseverance and advocacy that the people around this table have shown, the Housing Committee could not do their work without staff like Hurie. Hirsch said that Hurie will be missed. His assistance to the Housing

Committee has been greatly appreciated. Hurie said that there is still going to be good staff, like George Hank and Meg Zopelis, and someone from the CDBG office as well. Hurie thanked the Committee and indicated it has been a pleasure working with the Committee.

The Committee will be pursuing the Affordable Housing Trust Fund and the housing report referenced in the subcommittee report from earlier in the meeting.

The IZ Committee will be issuing a report in June and the Housing Committee will then have to make a decision on what to do with the IZ Committee Report. The TIF Committee is probably going to stop meeting soon. Hirsch said that what is happening in that committee is not very housing friendly. The Housing Committee will have some report implementation and some advocacy that will have to be done because there are Council members and Committee members who simply say that economic development is jobs, not housing.

Porterfield asked Hirsch how much of the TIF resource proportionally has been focused on housing historically, versus the economic. Hirsch said that it was very little.

Konkel said 50% automatically goes to Streets and then Hirsch added that it goes to Streets and the City's cost of financing all of that.

**NOTE: MANDEVILLE AND LETOURNEAU DID NOT SIGN-UP TO REMAIN ON THE COMMITTEE.** There are two vacancies, but names for new members have not been submitted by the Mayor. Hirsch said to be aware that the two vacancies count against quorum.

## **ADJOURNMENT**

A motion was made by Sparer, seconded by Villacrez, to Adjourn. The motion passed by voice vote/other.