

2013 – 2014 Goals and Objective Summary of Significant Changes

Note: This is not an all inclusive list of every change to the document

Objective	Change	Rationale
A	Condition #1: Increased minor home repair program limit from \$3,400 to \$3,600	The \$200 increase for 10 year maximum repair benefit reflects an increase of 5.8%, and is recommended to address cost of living increase. The current 10-year repair limit of \$3,400 has remained flat for the last 4 years since it was last adjusted in 2009.
A	Condition #2: \$5,000 for energy efficiency improvements and \$12,000 for lead paint reduction or asbestos mitigation	Research showed that these amounts are within the industry standards.
B	This objective was changed to address 2 outcomes within the homebuyer objective: 1. Development of affordable housing 2. Downpayment assistance	Staff felt there was a significant difference between developing housing as opposed to providing downpayment assistance.
B. I.	Condition #5: Requirement for rehabilitation work to meet the CDD Rehabilitation Standards	New HUD regulation.
B. I.	Condition #9: Add the following statement back into the document – Projects involving the training of lower income indiv. and which lead to employment or higher education may apply up to 50% of funds to staffing, legal or other development associated costs.	Staff determined that since an OFS funding application strategy has not been finalized, the statement would be added back to the document. Staff are working with OFS to request the appropriate funding type needed for the program they intend to deliver in the future.
B. I.	Condition #10: The repayment of the loan was changed to include a repayment equal to the amount of the CDD funds invested or net proceeds.	HUD regulation Net proceeds is defined as: the sales price minus superior loan repayment (other than HOME funds) and closing costs.
B. I.	Condition #11: Developers cannot provide direct downpayment assistance unless they are a Community Development Organization	New interpretation of existing HUD regulations.

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B. II.	Condition #2: Sub-recipient agencies will be limited to a max. amt. of \$36,000. Of this amt., \$6,000 may be used toward activity delivery costs. Home Buy funds may be used in conjunction with the CDD downpayment assistance	Staff determined that funding the development of affordable housing costs more than providing downpayment assistance. As a result, staff decreased the per unit limit on downpayment assistance due to decreased housing costs and funding cuts. After discussing the initial \$30,000 proposed change with the Third Sector, staff felt that additional funds should be made available for activity delivery costs. Staff also determined that since the Home Buy funds were not coming out of the HUD allocation that these funds could still be utilized in conjunction with the CDD funds.
B. II.	Condition #6: The loan terms include shared appreciation or net proceeds whichever is less.	With individual homebuyers, HUD does not allow participating jurisdictions – the City of Madison – to charge fees or interest rates without abiding by the RESPA requirements. Due to this change, staff felt that going back to shared appreciation was the best choice to continue to bring funds back to the City for re-distribution to the next generation of buyers.
D.	Condition #2: Requirement for rehabilitation work to meet the CDD Rehabilitation Standards	New HUD regulation.
D.	Condition #9: Loan terms will include either shared appreciation or a long term deferred loan plus 2% annual accrued interest. The applicant will request the terms at the time the application is submitted.	Staff determined that adding an interest rate or shared appreciation was necessary to keep the program going given the recent and anticipated HUD cuts. Staff are proposing that agencies be given the ability to choose either shared appreciation or an interest rate depending on the project at the time of application.
D.	Condition #11: The CDD will not consider investments in projects that convert owner-occupied units to rental units.	This will insure that condominium complexes don't have a disproportionate number of rental units that could potentially decrease the condo values.
D.	Condition #12: At least 90% of the CDD investment in a project must assist households at or below 60% AMI at the time of initial occupancy or investment. The remaining 10% of funds must assist households at or below 80% AMI.	HUD regulation.
D.	Condition #13: A developer's	Staff added this to insure that projects are not 100% funded by

	proposal should include a minimum of 5% equity or a first mortgage.	CDD funds.
E.	Condition #3: Increase from \$25,000 to \$35,000 for each full time job	The HUD regulation is \$35,000. Staff made this change because research shows for a business to create a job at the current living wage rate (\$11.82) the cost would be \$24,585 per year without benefits. Under the present guidelines, if a business receives a \$30,000 CDBG loan they would be required to create 2 jobs when in fact they will be receiving enough money to barely fund 1 job.
F.	Condition #3: Increase from \$25,000 to \$35,000 for each full time job	Same as above in E. Condition #3.
K.	Condition #1: Loan terms will include either shared appreciation or a long term deferred loan plus 2% annual accrued interest. The applicant will request the terms at the time the application is submitted.	Same as above in D. Condition #9.

