



# City of Madison

City of Madison  
Madison, WI 53703  
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## Meeting Minutes - Approved COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

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Thursday, May 7, 2009

5:00 PM

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

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### CALL TO ORDER / ROLL CALL

- Present:** 6 -  
Shiva Bidar-Sielaff; Marsha A. Rummel; Arthur V. Robinson; Steven C. Bartlett; Justin O. Markofski and Charlie R. Sanders
- Absent:** 2 -  
Tim Bruer and Daniel A. O'Callaghan
- Excused:** 1 -  
Monya A. Choudhury
- Staff: Bill Clingan, Community Development Director, Sue Wallinger, Anne Kenny CDBG  
Others: Eileen Mershart, Executive Director of YWCA; Steve Schooler, Executive Director of Porchlight

Call to order: Sanders called the meeting to order at 5:00 p.m.

### APPROVAL OF MINUTES

**Bartlett moved approval of the March 5, 2009 minutes/Rummel seconded.  
Unanimous approval**

### Change to Quorum

Bruer arrived after the vote on the minutes.

- Present:** 7 -  
Tim Bruer; Shiva Bidar-Sielaff; Marsha A. Rummel; Arthur V. Robinson; Steven C. Bartlett; Justin O. Markofski and Charlie R. Sanders
- Absent:** 1 -  
Daniel A. O'Callaghan
- Excused:** 1 -  
Monya A. Choudhury

### PUBLIC COMMENT

None

## CHAIR REPORT

Rummel asked about the status of the LURA's and requested an update from Barb Constans regarding the resolution pertaining to the LURA's.

## Change to Quorum

O'Callaghan arrived at 5:09 pm.

**Present:** 8 -

Tim Bruer; Shiva Bidar-Sielaff; Marsha A. Rummel; Arthur V. Robinson; Steven C. Bartlett; Daniel A. O'Callaghan; Justin O. Markofski and Charlie R. Sanders

**Excused:** 1 -

Monya A. Choudhury

## REQUEST FOR FUNDS OR MAJOR CHANGES IN CURRENTLY FUNDED PROJECTS

- YWCA requests a consolidation of all existing CDBG office loans for their property at 101 E. Mifflin St. and a waiver of the Program Framework requirement that the loan repayments included a share of appreciation**

Wallinger explained the YWCA's request to consolidate six of their existing promissory notes with a new one issued earlier this year when the Commission approved allocating \$250,000 in HOME funds to the YWCA for acquisition and/or rehab of up to 11 units at 101 East Mifflin Street. She also explained about shared appreciation as it is written into YWCA's promissory notes per the Framework, and said that YWCA is requesting a waiver of the shared appreciation on the new promissory note that would combine all their loans into one. She said that eliminating the shared appreciation formula would improve the sale of Section 42 tax credits to investors, as the shared appreciation presents income tax problems in tax credit projects.

Discussion highlights:

- Bruer asked about the debt load on the building; and Clingan stated there is no debt load on the building, other than the deferred loans.
- Clingan said that it makes a lot of sense to combine all the YWCA's notes, especially with the new loan done in January.
- Referring to the last paragraph in the staff review, Markofski noted that every non-profit would prefer not to have shared appreciation on their loans.
- Bruer observed that if we approve this waiver and we have other shared equity agreements in our portfolio, then we're out of sync with our policy right away. Bruer said he would like to see staff discuss the policy issue before removing shared appreciation from the Framework.
- Clingan said that from talking to staff, the Framework waivers are not uncommon, but wondered whether or not we would be setting policy with this recommendation.
- O'Callaghan asked if tax credits had been approved for the YWCA. Mershart said yes and that Tim Radelet is the go-to guy on Section 42

tax credits.

- Bartlett asked if shared appreciation would pose a problem for the purchaser.
- Mershart said it makes it much harder because of the tax credit laws.
- Bartlett asked how much of the \$127,000 in loans to YWCA had shared appreciation as a condition, and Wallinger stated that approximately \$70,000 does.
- O'Callaghan asked why three of their loans had no shared appreciation. Wallinger said it was because those were done in late '80s or early 90s before shared appreciation became the standard practice.
- Rummel suggested having a policy discussion.
- Wallinger noted that policy would not be reviewed until the Framework is reviewed at the end of the year, which is why we're asking for a waiver now. Clingan stated he would like to discuss it before the end of the year, however. He said that for tonight's discussion, policy work and analysis would take time.
- Rummel suggested referral until we discuss the policy, especially since all items on the agenda ask for waivers.
- Mershart said it would be helpful to the YWCA's project if the Commission could approve the request tonight.
- Bartlett asked why the Commission should consider giving up the appreciation now. He suggested waiting to have that discussion whenever the building is sold.
- Bartlett noted that shared appreciation is necessary so that we have a basis to build wealth for the office.
- O'Callaghan felt it was important to be sensitive to the need for uniformity, but also said he realizes the need for flexibility.
- O'Callaghan suggested considering the Framework exceptions to ease the YWCA's issues with Section 42 tax credits because the project is viable and is before the Commission now.
- Steve Schooler, Executive Director of Porchlight, said he would support the YWCA's project with a shared appreciation waiver. He noted that most of Porchlight's loans have shared appreciation written into their promissory notes and that he would like to have a policy discussion sometime in the near future, but he said he would not blame the Commission for waiving shared appreciation on YWCA's project.
- Clingan asked if the Commission would act on this item and have the discussion next month.
- Bruer commented that not all non-profits are of the same mindset as Porchlight. He said the Commission should go forward and approve consolidating the loans and set aside the shared appreciation policy discussions for next month.

Rummel moved approval of staff recommendations with a notation made that this is a viable project before the Commission now and waiving the shared appreciation would greatly improve YWCA's sale of Section 42 Tax Credits to investors. O'Callaghan seconded.

Bidar-Sielaff said she supported Rummel's motion.

Further discussion:

- Bartlett noted this could have been addressed sooner than now.
- Clingan stated that shared appreciation has been policy for years, but two things have changed: 1) his presence and 2) the economy.
- Bruer said he was concerned about the policy shifts. He stated that 30 days isn't going to make a huge difference to the YWCA's project, though he noted that he did not wish to undermine support for it.

The motion failed with 4 no votes: Bartlett, Bruer, Robinson, Markofski and 3 aye votes: Bidar-Sielaff, O'Callaghan, Rummel

### Change to Quorum

Bidar-Sielaff left the meeting at 5:40 pm.

**Present:** 7 -

Tim Bruer; Marsha A. Rummel; Arthur V. Robinson; Steven C. Bartlett; Daniel A. O'Callaghan; Justin O. Markofski and Charlie R. Sanders

**Absent:** 1 -

Shiva Bidar-Sielaff

**Excused:** 1 -

Monya A. Choudhury

### **Continued discussion: YWCA requests a consolidation of all existing CDBG office loans for their property at 101 E. Mifflin St. and a waiver of the Program Framework requirement that the loan repayments included a share of appreciation.**

Bartlett moved to consolidate the YWCA's notes, but not to remove shared appreciation. Bruer seconded.

Bartlett accepted a friendly amendment from Rummel who suggested that the Commission draft a letter to WHEDA on the YWCA's behalf stating that it is planning to pursue future policy discussions concerning shared appreciation.

Bartlett withdrew his motion.

Rummel moved to refer the shared appreciation waiver portion of the staff recommendations to the next meeting. Bartlett seconded.

1 no vote: O'Callaghan

4 yes votes: Rummel, Markofski, Bruer, Bartlett, Robinson

**14606**

Approve satisfying six existing mortgages and promissory notes in the amount of \$127,956.50 that represent CDBG Office financed improvements at 101 E. Mifflin,

create a new mortgage and promissory note for a combined \$377,956.50 to reflect the value of the old notes and the new \$250,000 loan approved by the CDBG Commission on 1/6/2009; and approve a waiver of the 2009-10 Program Funding Framework to reflect no shared appreciation on the new note.

**Rummel moved to refer shared appreciation portion of waiver to next meeting; staff may go ahead with loan consolidations but without waiver of shared appreciation; Bartlett 2nd;**

**Absent:** 1 -

Shiva Bidar-Sielaff

**Excused:** 1 -

Monya A. Choudhury

**Ayes:** 5 -

Tim Bruer; Marsha A. Rummel; Arthur V. Robinson; Steven C. Bartlett and Justin O. Markofski

**Noes:** 1 -

Daniel A. O'Callaghan

**Abstentions:** 1 -

Charlie R. Sanders

2. **Porchlight is requesting funds to acquire a property at 519 Johnson St., currently owned by ARISE, Inc., for 6 units of permanent housing for persons with incomes less than 50% of the Area Median Income (AMI).**

Discussion highlights:

- Schooler said he doesn't care about shared appreciation with this deal.
- Bartlett noted that appreciation dollars are involved with this deal.
- Sale of the Henry St. property.
- Markofski noted a correction to the numbers involved in the closing. He suggested that the Commission note that closing costs included different numbers; the correct sales number is \$515,000.

**14518**

Approve Porchlight's request for \$234,255 in Home Match funds for 6 units in the form of a deferred loan secured by a mortgage, promissory note and Land Use Restriction Agreement (LURA) with a 15-year affordability requirement; authorize the Mayor and City Clerk to sign any agreements to effect such a change; agree to waive the CDBG Office 2009-2010 Program Funding Framework per unit limit and the loan-to-value ratio; and approve a 15-year forgivable loan with Porchlight for the outstanding CDBG Office investment \$214,590. The total CDBG Office investment in this property will be \$448,845.

**Bruer moved adoption with friendly amendment from Markofski to remove shared appreciation waiver but keep everything else (including shared appreciation); Bartlett 2nd; MOTION PASSED - Unanimous**

3. **Porchlight is requesting funds to acquire a property at 324 E. Mifflin St., currently owned by ARISE, Inc., for 7 units of transitional housing for would be adult homeless men and women.**

Discussion highlights:

- Schooler said he doesn't care about shared appreciation with this deal.
- Bartlett noted that appreciation dollars are involved with this deal.
- Sale of the Henry Street property.
- Markofski noted a correction to the numbers involved in the closing. He suggested that the Commission note that closing costs included different numbers; the correct sales number is \$515,000.

**14516**

Approve Porchlight's request for \$239,255 in Home Match funds for 7 units in the form of a deferred loan secured by a mortgage, promissory note and Land Use Restriction Agreement (LURA) with a 15-year affordability requirement; authorize the Mayor and City Clerk to sign any agreements to effect such a change; agree to waive the CDBG Office 2009-2010 Program Funding Framework per unit limit and the loan-to-value ratio; and approve a 15-year forgivable loan with Porchlight for the outstanding CDBG Office investment \$200,200. The combined CDBG Office investment in the property will be \$439,455.

**Bruer moved adoption with friendly amendment from Markofski to remove shared appreciation waiver but keep everything else (including shared appreciation); Bartlett 2nd; MOTION PASSED - Unanimous**

**CONTINUE BUSINESS**

**4. STIMULUS UPDATE**

Clingan reported that the ESG resolution was approved by the Common Council and the substantial amendment to the Action Plan will soon go off to Washington and that staff are developing RFP's that will come back to the Commission.

Clingan noted that the energy dollars amendment resolution gave some direction to approve how to spend the money.

Clingan said the energy application is due by late June and that we hope to start the RFP planning process in the meantime.

Clingan noted that CD received an award letter for NSP funds, and the NSP contracts will be going out soon. Regarding the NSP "two," HUD will be making a decision as to the areas where the money will be spent.

Clingan said that guidelines for CDBG monetary spending came out yesterday.

**STAFF REPORT**

Bartlett asked for an update concerning Allied to be included in the next agenda and suggested making arrangements so the meeting could be held out there.

Members of the Consolidated Plan Subcommittee will meet to discuss issues related to the Consolidated Plan. Rummel, Sanders, and Robinson are members of that subcommittee. Bruer noted that the Five Year Plan needs to reflect changes in the economy.

Clingan also noted that the State convened their meeting today on energy dollars and showed a great amount of interest in transparency, accountability, and getting money out the door ASAP.

Bruer reported that the CDA is moving forward regarding looking at tax credits at Truax Apartments.

Bruer also said that the DOT referenced Hughes Place as a safety issue. He said that The DOT is thinking about doing a complete reconstruction South Park Street, including this intersection. He said that leveraging CDBG funds for Hughes Place helped raise that discussion.

#### **OTHER REPORTS**

#### **ADJOURNMENT**

**Bruer moved adjournment/ Markofski seconded. Meeting adjourned at 6:10 pm.**

Respectfully submitted,  
Anne Kenny, recorder.