



City of Madison

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

Thursday, January 17, 2013

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room 300 (Madison Municipal Building)

CALL TO ORDER / ROLL CALL

Present: 8 -

Tim Bruer; Matthew J. Phair; Ben M. Van Pelt; Monya A. Choudhury; Liz Dannenbaum; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

Excused: 1 -

Lauren Cnare

Also Present: Ald. Clausius, Ald. Subeck, Ald. Weier
STAFF: Charnitz, Kenny, O'Keefe, Spears

Markofski called the meeting to order at 5:05 p.m.

APPROVAL OF MINUTES

Ald. Bruer moved to approve minutes from the December, 2012 meeting; Ald. Phair seconded. Choudhury asked to have her status in the minutes changed from "Excused" to "Present" because she was at the meeting. Aids. Bruer and Phair accepted the friendly amendment.

PUBLIC COMMENT

Markofski said that the Occupy Madison item on tonight's agenda would most likely be referred to a later meeting and said that the most appropriate time to make comments on Occupy Madison might be at that meeting, though anyone who wishes to speak tonight is welcome to do so.

Mike Kenitz of Center for Families spoke in opposition to the proposal and said he emailed the Committee earlier in the day and asked that it be made part of the official record. From the perspective of the Center for Families, which is a licensed childcare facility and an emergency respite center for children, they have a tremendous amount of responsibility for safety. Anything that impinges on their facility, parking lot, playground, and immediate neighborhood safety is important to them. Their understanding of the proposal was that it would be a day center for homeless, which would serve as a magnet for drawing an unknown, transient population next door to their facility. He said that inviting

unknown people and activity into the neighborhood jeopardizes the safety of the Center for Families' clients.

Allen Barkoff said he advocated support of the Occupy Madison proposal. He said he had been a teacher at MATC and that he has been involved with the Occupy Madison movement since 2011. He has become acquainted with many homeless persons, camping out with them and participating in meetings with them. He said he felt safe with them. He said they are folks down on their luck and not dangerous people. They are people in need. All they are asking for is a chance, and this building represents a chance for them to have a place to live and store their belongings. It would be based on a cooperative housing model.

Jim Schuler spoke in opposition to the Occupy Madison proposal. He said he is a citizen of Maple Bluff and serves on the Maple Bluff Board of Trustees, though he isn't speaking for the Board and they haven't taken an official stance on the matter. He submitted written comments for the official record. He said that Maple Bluff is currently involved with many agencies in the neighborhood, including DAIS, the Center for Families, and Oxford House. He personally thinks the idea of a transitional house for homeless can work in the neighborhood. However, he doesn't think this particular building can do the job. They need to pick a more appropriate site. The building is 60% commercial space, so financial viability is going to depend on renting out commercial space. He would ask the Committee to look at the financial viability of the building.

Edward Kuharski spoke in support of the Occupy Madison proposal. He said he is the architect for the project and that the building is very well located and suited to the purpose of the project, as well as being financially feasible. He said Occupy residents are currently living in Token Creek and that they come to Madison during the day by van. He said that the public needs to get over the idea that homeless people should have housing but not in residential areas. He said, these are not serial killers or drug dealers. Transit is a huge issue for homeless.

Alder Weier said she is not speaking for or against the Occupy Madison proposal at this time. Occupy's plans are too nebulous to allow a reasoned judgment. The decision on funding should be delayed until there is a detailed and verifiable financial plan and management plan that's workable.

Kathy Cawary registered in opposition to the Occupy Madison proposal but did not wish to speak.

Michael Matty registered in opposition to the proposal but did not wish to speak.

Brenda Konkel spoke in support of the Occupy Madison proposal and asked for clarification as to when the proposal would be voted on.

Ald. Bruer said he would recommend by motion that the item be referred until the Chair and staff wish to post it on the agenda.

Konkel said she would advocate for it being on the next agenda. She handed out several documents explaining the proposal in more detail. Konkel said that Occupy has been searching for a place since last May. There is no legal place

for people to camp in the city of Madison. This is one of the few locations where they think they can make the coop model work. She said that they are working very fast to make things happen quickly. She said the staff report asked for a series of things, and she believes she could accomplish all of them by the next meeting. They have five different options for fiscal agents. They have had two developers review the plan. Bachman Construction is helping them with a lot of things. She said a referral to next month is better than a referral to May.

O'Callaghan moved to allow Konkel an additional three minutes to speak; Bruer seconded. The motion passed unanimously.

Konkel said they have a team of people assembled to work on everything. She also said she thought the specific purpose of the project is clear by submitting the floor plans. She said staff would need to tell them more of what they want as far as the operational plans go. She said they plan to do their due diligence by the next meeting. She said their fundraising efforts were up to \$39,410.

Leigh Mollenhoff registered in opposition to the Occupy Madison proposal but did not wish to speak.

Harry Richardson registered in support of Occupy Madison but did not wish to speak.

Ronnie Barbett spoke in support of the proposal. He said he is homeless and goes to the daytime warming center, which is a success. He said that the day shelter provides space for people during the daytime and that at night they go back into the shelter system. He said Occupy Madison would be like living in a house, with everyone having duties and looking out for each other. The other part of it would be a center to assist people with transitional housing. He said there's a lack of affordable housing in Madison, and many agencies are working on it. People will be camping out in parks and around the square again when the weather warms up without the Occupy Madison site.

Bruce Wallbaum said that Brenda Konkel said most of what he wanted to say. There are going to be more meetings with opportunities to meet the people who are going to live there. People are very invested in building this model, but they are held to a higher standard than others. The process is very tedious. He said there are those who assume that everyone who is homeless is a criminal, and he would like to argue against that assumption.

Markofski said that the Committee also received letters from Rhonda Thornton, Sally Martiniak, and Susan Won regarding Occupy Madison, which will be entered into the permanent record.

Care Net

Ann Flynn registered in support of the Care Net proposal but did not wish to speak.

Nelson Flynn spoke in favor of the Care Net proposal. He said this is a very good site for housing, providing infill housing and workforce and family housing. He disclosed he's married to a Care Net board member. In terms of location, the site is close to transportation and other services. He's very

familiar with the Section 42 program from his experience at WHEDA. He said the Section 42 program is very clear on what are impermissible actions. He never ran across any instance of a problem with proselytizing or lobbying of the people who apply to live there or who live there. What WHEDA does is to strongly encourage that outside independent management be added to the team, such as Care Net is doing with Meridian Group. Meridian is very professional and will have no part in proselytizing in the project.

Megin McDonell spoke in opposition to the Care Net proposal. She said she is on two boards of pro-choice organizations. She is opposed to the project because Care Net relies on deception in order to advance their mission. They provide medically and scientifically inaccurate information to women to manipulate and advance their own agenda. She doesn't think that public money should go to an organization that relies on deception. Personally, as a city resident, she doesn't think the money should go to Care Net.

Carousel Bayrd spoke in opposition to the Care Net Proposal. She said she is the Vice Chair of the Dane County Board, and she is also Chair of NARAL Pro-Choice Wisconsin Foundation, although the Foundation has not officially taken this issue up, so she is here representing only herself. She has a number of concerns with the purpose of this housing. The application says in several places it provides affordable housing for those who partake of Care Net services. They say they will target women who previously lived in Elizabeth House. Care Net says that Eagle Harbor Apartments is being developed as a means to provide safe, affordable housing to graduates of Elizabeth House, as well as others seeking affordable housing. It also says it is intended to provide quality, affordable housing to new or soon-to-be mothers and help them avoid homelessness and improve their lives. Care Net provides health care services to pregnant women, but they lie, deceive, and trick women who seek information on abortion by providing false information. They say that abortion causes cancer, infertility, and mental health problems. She said that we should not give government funding to this organization. They are not a housing provider who provides housing to the general population. They're doing this to provide housing to people who partake of their program.

Ald. Bruer asked for a one-minute extension of time for the speaker.

Bayrd said that Care Net's mission is religious-based and should not receive government funding. There is also a history of denying City funding to this organization. She said the minutes of the January 8, 2004 CDBG Commission meeting state that the Commission recommended no funding for the Care Net Elizabeth House.

Mike Quieto registered in opposition to the Care Net proposal but did not wish to speak.

Edward Kuharski registered in support of the Care Net proposal but did not wish to speak.

Harry Richardson registered in opposition to the Care Net proposal but did not wish to speak.

Ald. Joe Clausius said the Care Net people approached him via their developer/realtor back in late October with the idea that they wanted to expand

their building, and they were very much concerned about affordable housing. Some neighbors were concerned about the project, not because of Care Net, which they have always loved, but because of the density in the neighborhood. The site is situated on an unimproved street, and the neighborhood was concerned with parking, traffic, storm water collection, etc. They had two neighborhood meetings, and basically it came down to the fact that Care Net needed a conditional use permit from the City to proceed. The City approved the conditional use, and Ald. Clausius felt there was no reason to oppose the project. Care Net is a religious-based organization, and he felt it would be discriminatory to oppose it. However, in the last few days, grave concerns have come to light about their mission and their orientation as to pregnancy. He said Ald. Subeck alerted him to their mission. He is a life-long pro-choice person himself and is very concerned with Care Net's tactics toward pregnant women. He said that he can't support tax payer money going toward this project. The neighborhood said they love Care Net, but he said he would not support the \$550,000 in funding and encouraged the Committee to reject it.

Markofski noted that correspondence from Susan Lund, Maria Montello, Ald. Shiva Bidar-Sielaff, and Patrick from Freedom from Religion. has been entered into the record.

DISCLOSURES AND RECUSALS

There were no disclosures or recusals.

BUSINESS ITEMS

1. [28644](#) SUBSTITUTE - Authorizing the provision of \$550,000 from the Affordable Housing Trust Fund and the Housing Development Reserve Fund to Care Net Pregnancy Center of Dane County, Inc. (Care Net). The loans will partially finance the development of 36 units of multi-family rental housing.

No Recommendations

NO Recommendation

Markofski asked Spears to give an introduction to the proposal. Spears asked everyone from the Care Net project to introduce themselves.

Spears said that this is an application to partially finance the construction of a 36-unit, mixed-use affordable housing development at 1350 MacArthur Road next door to Care Net's office and Elizabeth House. It's a total development of \$6 million. They've requested \$550,000 in City funding as a combination of Affordable Housing Trust Fund (AHTF) dollars and Reserve Funds. The proposal is for a mix of 1-, 2-, and 3-bedroom units. Six of those units would be supportive housing units, and six would be market rate. Thirty of the 36 would be targeted to households at or below 60% AMI. Because they are applying for tax credits, they will be required to establish a separate single purpose LLC, which will be 99% owned by the tax credit equity investors, and Care Net will own effectively less than 1% of the project. Also, Meridian Group has entered into an agreement to be the property management agency for this project. All parties are aware of local, state, and federal requirements to adhere to fair

housing laws. The CDBG Office would review and approve both their Tenant Selection Plan and Affirmative Marketing Plan both at the outset and annually thereafter. Staff's recommendation is to fund the project with a combination of HOME and AHTF dollars. Specifically, staff would allocate \$150,000 in HOME reserve funds with a long-term deferred loan with 0% interest and shared appreciation and then \$400,000 in AHTF dollars as an installment loan with a 16-year term set at below market interest, which is currently at 2.31%. So, this request comes with a request for a waiver of the terms in order to work with the tax credit requirements. There are a number of contingencies, such as getting the 2013 tax credits, environmental assessment, post-construction appraisal, and approval of the property management team. The CDD Office will require that the tenant selection be based on a lottery system rather than a first-come, first-served basis from their clientele to allow a fair shot for anyone in the general population to apply for and receive housing.

Kevin Page said that their application for WHEDA tax credits is due on February 1 and will be a major portion of their funding. This will be a completely separate operation from their Care Net pregnancy center, similar to other Section 42 projects. It's in compliance with HUD fair housing requirements. Meridian Group will be the property management team. Care Net is the owner, and Kothe Real Estate Partners is helping out with the overall development. Landgraf Construction will be the contractor, and Baker Tilley has really helped out with the assessment of the market for affordable housing and helping out with the WHEDA application. There is really high demand for affordable housing in the city of Madison. He reviewed Baker Tilley's market assessment of affordable units available. The site is well located with proximity to public transportation services and grocery and retail stores along the East Washington corridor.

Rodney Tapp of Meridian Group said they've provided property management for over 35 years and have worked with a diverse set of clients. He said their usual process is to have a waiting list based on date and time of receipt of applications. He said he has questions about the lottery system. More discussion will be needed to produce a fair process with the lottery system.

Choudhury asked about the concept of the lottery. She said that the application reads like a second-tier transitional living program from Elizabeth House. She asked how the lottery would affect the program model.

Tapp said the lottery is new to him, but as it relates to tenants qualifying for this development, anyone can apply.

Choudhury asked if Care Net had attended any Continuum of Care (COC) meetings and asked how this program will integrate with other housing services COC provides.

Julie Bennett of Care Net explained the Elizabeth House project Care Net as one where homeless or near-homeless single, pregnant women stay at for six to nine months during their pregnancy and then following their pregnancy while they work on specific program goals. She said Annetta Wright, Director of the Elizabeth House program, is a member of the Dane County Housing Consortium and works closely with them, as well as connecting with CAC to help residents with housing searches.

Ald. Subeck asked where the revenue earned will go, whether it was Care Net, the LLC owner, or someone else.

Adam Templer of Baker Tilley said the earned money will go to the LLC. The cash flow available will pay regular operating expenses, a fee to the investor, a management fee to Meridian, and to repay the AHTF funds until it's repaid.

Ald. Subeck asked if at any point in the future when all the AHTF funds are repaid, could the cash flow go to pay for any Care Net services, and Templer said there is the possibility that it would go back to Care Net through various fees.

Ald. Subeck asked about referrals to the housing project through Care Net, especially regarding women who seek help from Care Net but choose not to carry their pregnancies to term. She asked if the Eagle Harbor Apartments' housing resources would still be offered to them.

Liz Osborn of Care Net said that Care Net does not refer women to or provide abortions for them, as clearly stated on their website. Their policy is always compassionate, non-judgmental counseling. All they want to do is refer people with housing as an issue to Meridian to get their application approved. Care Net would not coerce any woman into any decision.

Tapp said there is no preferential list at Meridian for those who are referred by Care Net.

Ald. Subeck said she is confused as to how Care Net will provide unbiased counseling if they will not refer women for abortions as an option. She also said she was concerned with references on their website to post-abortive syndrome that the American Psychological Association says does not exist and the connection between abortion and breast cancer and infertility, both of which have been shown not to exist. She asked if women seeking counseling will receive information that dissuades them from abortion or gives them inaccurate information on the risks of abortion. The nurse with Care Net said that they abide by best practices and have no literature in their center that hasn't been approved by their medical director and that can't be backed up by medical literature.

Templer said that the six supportive care units can be for anyone in the community who meets the income requirements and are not geared for Care Net clients.

Ald. Phair asked why Care Net wanted to get into the business of affordable housing, and wondered if other Care Net centers from around the country are getting into affordable housing also.

Osborn said that their interest in affordable housing stems from the fact that they've heard from clients that affordable housing can be very challenging to obtain with waiting lists as long as 18 months. She said she is not aware of any other Care Net center providing affordable housing.

Ald. Bruer asked who their consultant is with respect to their Section 42 Tax Credit application with WHEDA.

Templer said that Baker Tilley was the consultant.

Don Bernards of Baker Tilley said that they have been involved in 60 to 70% of the successful applications submitted to WHEDA. WHEDA has a scoring system with 18 scoring categories.

Ald. Bruer asked how this application would score favorably.

Bernards said the application would score well based on the type of project it is, the funding that's available, and the population it serves.

Whitesel asked for clarification of the connection between Elizabeth House and Care Net's proposal, and Bennett said there was not a direct connection between the two. Their hope is that as residents graduate from the Elizabeth House program that there be another safe, affordable place for them to go. Bennett explained the program that Elizabeth House provides to its residents. Bennett said that most residents move into Elizabeth House in the second trimester of pregnancy and stay with them for six to nine months.

Whitesel asked how clients get into Elizabeth House.

Bennett explained their screening process and said that they abide by all the fair housing requirements for non-discrimination against protected classes, with the exception of gender because it is a maternity home.

Charnitz said that Care Net services are not part of the housing project. Care Net is just the parent organization, and Eagle Harbor will be a separate LLC not connected to the services provided by Care Net. Elizabeth House is operated by Care Net and has Care Net's philosophy embedded in their program. Meridian is being brought in to provide equal opportunity housing.

Bennett said that residents leaving Elizabeth House would complete a separate, new application for Eagle Harbor, as would any resident of Madison. No units at Eagle Harbor are specifically set aside for residents of Elizabeth House. Bennett said that Care Net is a 501(c)(3) non-profit religious organization and that because they have fewer than 50 employees, they can legally have a religious requirement for their staff.

O'Callaghan said that it's important to understand that there is no connection between Care Net and the Section 42 Tax Credit application. He said there can't be any overlap between Care Net's mission and the Section 42 application. By law, they have to be completely independent of each other. He said he received 59 emails in opposition to the proposal because of a perceived connection between Care Net's mission and Eagle Harbor Apartments. Residents of Madison have said they don't want any public dollars going to an organization that conducts its business as Care Net does with respect to giving false or misleading information to a vulnerable population in crisis.

Osborn said that Care Net does not operate in that fashion.

O'Callaghan asked again for clarification as to why Care Net was proposing this housing facility.

Kevin Page said that perhaps there was some information in the application

that was confusing. He said that what Care Net saw was that they had some clients of Elizabeth House who had need for affordable housing and that this was a potential way of helping them. But they also mentioned in their application that their marketing plan would be in compliance with HUD's affirmative fair housing marketing requirements.

O'Callaghan said that Eagle Harbor is really separate from Care Net and is not mission-driven housing.

Tapp agreed that mission-based housing operations rarely involve a third party property management team such as Meridian.

O'Callaghan asked how soon it would be leased up, and Templer said that it would likely be leased up within five months. O'Callaghan asked what the average tenancy of their renters was.

Tapp said it depends on the situation, with some renting for a couple of years and other renting for 30 or more years, especially seniors.

O'Callaghan said there's a great concern about compliance and asked what would happen if there were a violation of the low income tax credit program regulations.

Tapp said Meridian manages over 1,000 tax credit units, so they have learned the significance of complying with the tax credit regulations.

Bernards said that if there's willful, fraudulent non-compliance with the regulations, the IRS will take your tax credits back, and the investors don't like that and the project owner would have to pay the investors back out of their own pocket.

Ald. Phair said that the perception is that there's a connection between Eagle Harbor and Care Net, and that's what people are concerned with.

Bennett said that Meridian would be handling the marketing. Bennett said the other underlying question here concerns the wait list for Eagle Harbor. She said that typically they have eight clients from Elizabeth House in various stages of preparedness to go out on their own, so even if they put their name on the waiting list, there might not be a place for them at Eagle Harbor. Also, residents at Elizabeth House might not qualify for housing at Eagle Harbor.

Ald. Phair said he was concerned with spending tax dollars indirectly on Care Net's mission and asked what information they give on abortion.

Osborn said that the main book that they use is the book put out by the state of Wisconsin that is the Informed Consent Booklet, which goes through fetal development and the different types of abortions and the risks of abortions and pregnancy risks also.

Charnitz said she and O'Keefe met with the City Attorney's Office, which informed them that the City can't discriminate against Care Net based on their religious or political beliefs or their medical philosophy as long as they don't impose that upon the housing. What they choose to do in their practice is not related to their housing proposal.

Ald. Subeck asked if the cash flow going back to Care Net in the future would have any bearing on the issue.

Charnitz said she wasn't sure but that the Committee could put a contingency on the project that the cash flow stay with the project and not return to Care Net for the 30 years of affordability.

Choudhury asked Care Net to speak to the environmental efficiency of the project because that is a requirement of the AHTF funds.

Templer said it would comply with the highest Wisconsin green build standard.

Mark Landgraf of Landgraf Construction said that they're building better buildings than they were 20 years ago due to efficiency.

Ald. Subeck reiterated her concern with the funding eventually being funneled back to Care Net. She's not concerned about it from the standpoint of Care Net's religious beliefs, but because of the deceptions of Care Net related to abortion. She gave examples of the deceptions from their brochure.

Whitesel said he is concerned about the narrowness of the population being served.

Markofski asked for clarification of Whitesel's comment.

Whitesel said that what we have is a narrow population rather than a broad population.

Osborn said that she didn't think that's a correct assumption.

Bernards said that about two-thirds of the units are set aside for people earning 60% or less of AMI, so that's a pretty broad base.

Whitesel said it was the condition of the people seeking the housing that concerned him, and Templer clarified that there was no condition for the people seeking housing other than income limits. They do not have to be former residents of Elizabeth House.

Whitesel asked what the name of the LLC is, and Osborn said the Care Net board still had to decide on the name. Whitesel said he was having trouble believing that Care Net and the LLC would be totally independent of one another.

Charnitz said that Care Net can do a housing project, and the City can't discriminate against them by not funding them just because of their religious affiliation. However, Care Net cannot bring their religious affiliation into the project. The operations of the LLC will be totally separate from Care Net because of Meridian. Care Net can't have their services in the housing development, and they can't proselytize.

Dannenbaum said it would be hard to vote for a project that so many people are against based on emails she has received, but she would defer to Charnitz and Spears' expertise in the matter.

O'Callaghan said he had concerns with the cash flow, because there is no cash flow to be had based on their pro forma. He said this was a concern because of the desire to have the AHTF grow with a max term of 10 years and an interest rate set by the City, while the Care Net application asks for a 16-year term and an interest rate lower than the City's.

Templer said the requirements were based on the tax credit requirements.

Ald. Bruer asked what the development fee that's being paid on this.

Templer said it was about \$585,000 total. Ald. Bruer asked what the tax credit rate was, and Templer said it was about 85 to 88 cents, which is about market right now.

Bernards said there is about a 6 to 6.5% return for investors. Ald. Bruer asked how many points WHEDA gives for local municipal participation.

Templer said it's a point for every percentage of the development costs provided, which would be about 9 points.

Ald. Bruer asked how critical that was to the scoring process, and Bernards and Templer said every point is critical.

Charnitz said staff encouraged Care Net to come in for AHTF money in addition to the Reserve Funds to maximize the return on the project and it fit the objectives of the AHTF and the project could support repaying the AHTF loan. This is a way to get the AHTF into housing projects but still revolve the funds.

Choudhury asked what happens to the project if the Committee gives funding from only one of the sources.

Templer said it would directly affect the scoring of the project.

Page said it was a huge piece of the funding. Bernards said it was critical to the project.

Ald. Weier asked about the waiting list, and Tapp said it would be time and date stamped on a first come, first served basis. Spears said that in the resolution, the City required a contingency in the tenant selection plan for a lottery system for tenants similar to the CDA's lottery for Section 8 vouchers.

O'Callaghan moved to approve staff recommendation, for discussion purposes. Choudhury seconded.

Ald. Subeck urged the Committee to reject the proposal because she has concerns that this will become a funding mechanism for Care Net and will become part of the agency's portfolio. She doesn't think we should deny this because it's a religious organization or that she disagrees wholeheartedly with the agency's mission and their stance on abortion. The reason she thinks the City should deny beyond the funding concerns is based on the quality of Care Net as the provider. She said the provider uses deceptive practices in their mission. If the Committee doesn't deny the project, she would ask that they defer it until further answers can be had.

Choudhury said she wasn't comfortable giving out AHTF dollars when the return on the investment isn't going to be as timely as the Committee had hoped and with a lower interest rate. She asked if this was one of the road blocks the Committee would continue to run into with respect to the trust fund dollars.

Charnitz said the City has put out two RFPs, and some of the reasons we've been hearing that people can't access the money include the term of the loan and the interest rate. The terms certainly don't work with tax credit projects. They work with only a very limited slice of construction financing. At next month's meeting, the Committee will be taking another look at the terms of the AHTF at the Mayor's Office request. Charnitz said the AHTF funds don't work well with tax credit projects because of the tax credit project loan terms.

Ald. Bruer asked why the City didn't focus on changing the terms of the AHTF before putting out another RFP. He also said the terms of this proposed loan are not what the City signed on for with respect to the AHTF. This is putting the cart before the horse.

Ald. Clausius complimented the Committee on their civil process, and though the project is good to go from a conditional use standpoint, he would oppose it.

Whitesel said his preferences were based on the appearance of the relationship between Care Net and the LLC to be formed.

O'Callaghan said he agreed that a lot of the confusion tonight is based on the application's reference to the Elizabeth House and the Eagle Harbor project. The conclusion he's come to through all the discussion is that there is no connection between the Eagle Harbor project and the crisis pregnancy counseling. This is a request to fund 36 units of affordable housing and a request for dollars to be spent on bricks and mortar. It is not a request to fund a crisis pregnancy center (CPC) because it can't be such a request. The Committee can't spend dollars to fund CPCs. The affordable housing is the only issue the Committee is being asked to vote on and whether it's a good affordable housing project. Certainly by everyone's acknowledgement, a really good team has been put together to develop this affordable housing project. He said though there are lots of concerns about the owner of the project, that is not the issue before the Committee. The issue is the affordable housing project that the city greatly needs.

Ald. Phair said that initially he thought it was a good project that fits the Committee's mission for affordable housing, but as he looked further at it, he began to see it as indirectly funding an idea that is based on misconception and lies. Using federal and city dollars to do that is not responsible.

Markofski restated that the funding is for 36 units of affordable housing and not for a mission or an idea associated with Care Net.

Whitesel said that the application gives the impression that it's an integrated project, but that's not solely why he's voting on the issue. He's also taking into account the AHTF terms.

Dannenbaum asked if we as Committee members can vote on something based on the suggestion of an idea, as Ald. Phair suggested. She said she was swayed by what Ald. Phair said.

O'Callaghan said he wanted to be very careful with where the Committee is at right now with talking about perceptions and ideas. He said the Committee has a duty to scrutinize applications and look at them objectively. He's concerned that the Committee not vote based on the perception of an idea. These are dollars that are going to build apartment units, which are going to be managed in a way that ensures impartiality and not helping a CPC. For him, this is not an endorsement of Care Net; what the Committee is voting on is dollars to build apartments.

Ald. Subeck said that the perception is based on what Care Net said in the application. She also said that the pro forma does come out in the black to the tune of \$30,000 every single year. This could potentially be a money-maker that will bring dollars into the pregnancy center.

Spears clarified said that Ald. Subeck was probably referring to the original pro forma. The pro forma in the amended packet projects cash flow in year eight to start repaying the trust fund.

O'Callaghan and Van Pelt voted aye. Choudhury, Whitesel, Dannenbaum, Ald. Bruer, and Ald. Phair voted no. The motion failed by two yeases to five nos. This would result in not providing funding for this organization.

Ayes: 2 -

Ben M. Van Pelt and Daniel A. O'Callaghan

Noes: 5 -

Tim Bruer; Matthew J. Phair; Monya A. Choudhury; Liz Dannenbaum and Russ Whitesel

Abstentions: 1 -

Justin O. Markofski

Excused: 1 -

Lauren Cnare

2. [28645](#) BY TITLE ONLY - Authorizing the provision of funds to Movin' Out, Inc. to assist with construction of mixed-income rental units, for households that include a member who has a permanent disability, located in the Greenbush neighborhood.

Staff provided information tha Movin' Out had withdrawn their application as the agency no longer had a viable site. However, Movin' Out asked to be allowed to return to the committee if their site became viable again.

Ald. Bruer moved to place the resolution on file without prejudice. Ald. Phair seconded to the BOARD OF ESTIMATES

3. [28646](#) BY TITLE ONLY - Authorizing the provision of funds to Dane County Development Group to assist with the acquisition and rehab of two buildings located in the Burr Oaks neighborhood to be used as affordable rental housing.

Staff had provided information that Dane County Development Group

withdrawn their applicaiton.

Ald. Bruer moved to place the resolution on file. Choudhury seconded.

Ayes: 7 -

Matthew J. Phair; Ben M. Van Pelt; Monya A. Choudhury; Liz Dannenbaum; Daniel A. O'Callaghan; Tim Bruer and Russ Whitesel

Abstentions: 1 -

Justin O. Markofski

Excused: 1 -

Lauren Cnare

4. [28647](#)

BY TITLE ONLY - Authorizing the provision of funds to Occupy Madison, Inc. to assist with the acquisition and rehab of a property located on Fordem Avenue, to be used for affordable Single Room Occupancy units.

refer the resolution to the call of the Chair.

Staff provided information to the Committeee identifying shortfalls of the proposal and recommended Occupy Madison fleshout the project and return to the Committee when staff identifiyed information would be provided.

O'Keefe said that he talked that Brenda Konkel, who said Occupy Madison would not be ready by the next meeting on February 7.

Ald. Bruer moved to refer the resolution to the call of the Chair. Choudhury seconded.

REPORTS

5. [28762](#)

Neighborhood Center Plan update

O'Keefe said that when the Committee last met in December, staff was preparing to hold what they thought was a final meeting with center directors to discuss in particular the financing issues in the report. That meeting did not go an planned, and it became apparent that staff needed to take a step back and have a conversation with center directors again and establish a firm foundation for the recommendations around the financing issues. O'Keefe stated centers need not accept or agree with the recommendations in the report, but he said he believed the City owed it to the directors that they understand the rationale behind the recommendations. So, the Committee won't be having the discussion on the report at their February meeting. He said perhaps by March it will be ready.

Ald. Phair updated the Committee on the process with Theresa Terrace. He said the resolution for the purchase of the property will be introduced at the next Council meeting and then go to the Community Services Committee on January 23 and to the CDBG Committee on February 7. It'll then go back to the Council on February 26. He said a decision had to be made by the option date of February 28. The Committee will hear much more about the operating plan at the February meeting. This is just the resolution for the purchase and not the operating costs of the center.

O'Keefe said he wanted to manage expectations about the report, saying that he's not sure that the neighborhood study will be all that helpful with respect to the process about funding future neighborhood centers. In that respect, he said he's a little disappointed with it.

Ald. Phair said the funding formula has been the major sticking point and asked if anything else had changed.

O'Keefe said that the sole focus has been on the funding issues with no significant changes to other portions of the study.

6. [28764](#) CDBG 2013 January Staff Report

1. Financials

Markofski said financials were available in the packet.

2. Movin' Out, Inc., Harbor House update

Charnitz said that legistar #28843 is going before the Council on January 22 with a recommendation to be approved that night. It didn't come back to the CDBG Committee due to the timing requiring decision before the closing date. Approval will allow Movin' Out to create a single purpose entity instead of an LLC as the structure for the ownership of the housing.

7. [28765](#) Report from committees with CDBG Committee representation.

1. Gardens Committee (Markofski)

Markofski said that he did get approved to be appointed to the Gardens Committee and will attend the next meeting on January 22.

2. Martin Luther King, Jr. Humanitarian Award Committee

Charnitz said there were three applicants for the adult Humanitarian award and one application for the youth award. The youth that was nominated was selected. Two of the three adult applicants were selected because the Committee felt that their applications were very equal. The winners will be announced on January 21 at the Overture Center.

3. Community Development Authority (Bruer)

Ald. Bruer said there was growing pressure from the CDA to work with CDBG on a proposal for the homeless. He mentioned that work was being done to assist disabled veterans with transportation and bus passes.

ADJOURNMENT

Whitesel moved adjournment at 9:30 p.m., and Choudhury seconded.

Unanimous.

Anne Kenny, recorder