



City of Madison

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

Tuesday, July 10, 2012

5:00 PM

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

CALL TO ORDER

STAFF: Charnitz, Kenny, Miller, Rhodes, Spears, Wallinger

Present: 7 -

Lauren Cnare; Matthew J. Phair; Robert M. Hunter; Liz Dannenbaum;
Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

Absent: 2 -

Tim Bruer and Monya A. Choudhury

APPROVAL OF MINUTES

Phair moved to approve the June 7, 2012 minutes. Hunter seconded.
Unanimous.

PUBLIC COMMENT

No one registered to speak.

DISCLOSURES AND RECUSALS

Hunter disclosed that he has his mortgage through Summit Credit Union.

Markofski said he owns a home at Troy Gardens, developed by MACLT, so he would be recusing himself from their presentation and asking Whitesel to chair while Markofski steps out of the room.

Dannebaum said she filled out a form because her partner volunteers at Habitat and they both donate money, but Charnitz said volunteering wasn't a problem and their financial donations weren't substantial enough to require recusal.

DISCUSSION ITEMS

[26984](#)

2013 - 2014 AGENCY QUESTIONS AND ANSWERS (CDBG COMMITTEE).

Markofski said Whitesel sent out a question for agencies to address regarding homeownership and rental, if it's relevant to what they're doing.

Whitesel said he would like to have each agency to answer how best to

balance rental with homeownership.

Markofski said that Charnitz indicated that some of the agencies responded to that question in writing for the Committee.

Markofski said there would be five minutes for each agency to present their proposals, followed by ten minutes for the Committee to ask questions about what they've heard and read. Tonight will not be a time for discussion amongst Committee members of the proposals, as that will happen next week.

26809

2013 - 2014 CDBG FUNDING PROCESS-PRESENTATION FROM APPLICATIONS
MEETING OBJECTION A - OWNER OCCUPIED HOUSING APPLICATIONS

Independent Living, Inc. (ILI) – OT/Home Safety Modification

Linda Lane thanked the Committee and handed out paper copies of her presentation this evening. ILI has been working with the community for almost 40 years. ILI proposes to modify 100 homes each year for home safety and modifications. ILI's occupational therapist goes into homes and does an assessment. They make sure that equipment is appropriate to meet the individuals' needs. The OT makes sure the client is educated and understands how to safely use each piece of equipment received. Lane said they also do modifications of rental housing.

ILI is applying for funding under Objective A, with an identified outcome of "housing made accessible or made safer or energy efficient." She said ILI can absolutely meet this objective as they have been for over 15 years. ILI collaboratively works with partners in the community, such as Home Health United and United Way. United Way has a fall prevention program and works with Home Health United to identify clients at risk in their homes and refers low and moderate income households to ILI for modifications.

Lane explained that there was a typographical error on their application and that their corrected demographics should say that 53% of clients earned between 50% and 80% of CMI, 11% of clients earned between 30% and 50% CMI, and 36% of clients earned less than 30% CMI.

She addressed the question of access and cost of services. She said they charge a small, sliding scale assessment fee based on income from \$20 to \$70. She said that 56% of modifications done in 2011 were for rental housing and 44% for owner occupied housing. She said that rental housing modifications are not permanent and can be taken with the tenant if they happen to move.

She said that they were only able to do 101 homes in 2011 instead of 135 because the per home cost was higher than originally budgeted due to the increased complexity of modifications in some of the homes.

Whitesel asked about the increase in their request for funding, and Lane explained that it was due to the increase in costs of modifications and not increased staff costs.

Dannenbaum asked about barriers to service.

Lane said ILI has about 7 different programs and that they have materials in Spanish but not in other languages yet.

O'Callaghan asked how they measure their performance and outcomes and what would happen if they didn't receive City funds.

Lane said that funding that they receive from the City is to help those who can't afford the modifications. Without the City's funding the program would continue for those able to afford modifications. One of the things ILI does for measurement is that they track people who've had modifications and ask them how they're doing and what difference the equipment makes for them in their home.

ROLL CALL

Ald. Bruer arrived at 5:20 p.m.

Present: 8 -

Tim Bruer; Lauren Cnare; Matthew J. Phair; Robert M. Hunter; Liz Dannenbaum; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

Absent: 1 -

Monya A. Choudhury

26809

2013 - 2014 CDBG FUNDING PROCESS-PRESENTATION FROM APPLICATIONS
MEETING OBJECTION A - OWNER OCCUPIED HOUSING APPLICATIONS

Project Home (PH) – Minor Home Repair Program

Jan Reek passed out a document summarizing her comments tonight. She said PH is requesting funding for its Minor Home Repair program, which it has operated for many years. They serve households at or below 80% CMI, with many of them at or below 50% CMI. The project budget is \$160,000 of entitlement funds, plus \$27,000 of revolving program income funds. They collect a \$10/hour subsidy on labor along with the cost of materials, which homeowners pay. They help homeowners repair and maintain their homes hoping to avoid deferred work, which could turn into much more serious repairs. They provide general carpentry, minor plumbing, door and window installations, drywall repair, plaster repairs, structural repairs, minor electrical repairs, energy efficiency measures, and accessibility modifications. Labor is performed by our employees. CDBG funds subsidize the actual cost of the work at roughly \$25/hour. The program also provides free smoke alarms and carbon monoxide detectors, for which people pay the installation. New last year is that PH provides a subsidy for replacing water heaters up to \$1,000, and PH actually has a plumber on staff now.

Their program addresses the goal of improving and expanding affordable housing options by maintaining owner-occupied housing before it falls into severe disrepair, as well as making it safer, more accessible, bringing it up to code, and offering the homeowner the option of making it more energy efficient. PH has a long-established track record of serving those most in need. Last year, of the 82 households served, 52 were female headed households, and 31 were below 30% of CMI. In a 2011 customer survey, 100% of clients who responded said they would recommend the Home Repair program to a friend or neighbor.

Reek went over the answers to questions submitted by the Committee prior to the meeting that were on the back of the sheet that she handed out to members. She said the changes in their budget are due to the American Recovery and Reinvestment (AARA) funds that were available for their state-funded Low Income Weatherization Assistance Program during the past two years. The “stimulus” funding was only meant for a limited time, and the period ended June 30, 2012.

Ald. Cnare asked if they could take a small subset of their customers and monitor their energy bills as a follow up to the energy efficiency programs.

Reek said that in their weatherization program, they do get fuel records, so we could also get electricity bills and monitor those as well. She said she was sure they could come up with a general assessment of how much energy is saved.

Whitesel asked how PH coordinates with ILI so that they're not duplicating programs. Reek said that if PH gets a request from someone wanting only accessibility improvements, then they refer them to ILI. If they also need other home repair items, then PH would serve them.

Whitesel asked if PH ever coordinated with other work study or job creation groups. Reek said that PH only utilizes its own employees. The only time we hired anyone to do work outside of PH's employees in the past was when plumbing repair was needed, but now PH has a plumber on staff.

Ald. Bruer asked if Reek had a sense of which census tracts PH's program participants live in, and Reek said she did not but could obtain that information. Ald. Bruer asked if she could also give information on how participants coincide with targeted neighborhoods and neighborhood planning districts.

Markofski asked where PH derived the payment scale of \$35 per hour, with \$25 per hour being paid by PH and \$10 per hour by the client. He wondered if that were an industry standard. Reek said no, that's it's based on what their wages and fringes are, plus a share of the overhead.

Hunter asked if PH employees were unionized, and Reek said no.

ROLL CALL

Choudhury arrived at 5:40 p.m.

Present: 9 -

Tim Bruer; Lauren Cnare; Matthew J. Phair; Robert M. Hunter; Monya A. Choudhury; Liz Dannenbaum; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

26810

2013 - 2014 CDBG FUNDING PROCESS PRESENTAION FROM APPLICATION MEETING OBJECTIVE B - HOUSING FOR BUYERS APPLICATIONS

Habitat for Humanity – Program A

Jeff Boudreau, Amy Good, and Angie Grim introduced themselves. Good reviewed the Habitat model, saying they were designed to accomplish three

fundamental goals through a volunteer-driven approach. They create simple, affordable housing, provide low income families with access to capital, and break down social barriers by bringing volunteers together. She said they have just started construction on their 200th home. It took them 20 years to build the first 100 homes and six more years to build the next 100, so they have really ramped up their construction efforts. People who apply are reviewed by the family selection committee and then forwarded to the Board of Directors for approval. They already have most of their families for 2013, so their demand is extremely strong. They select families first before construction begins, which wasn't always the case, but the "families first" philosophy allows them to tailor homes to the needs of the families, whether that's accessibility or number of bedrooms, etc.

ROLL CALL

Choudhury arrived at 5:40 p.m.

Present: 9 -

Tim Bruer; Lauren Cnare; Matthew J. Phair; Robert M. Hunter; Monya A. Choudhury; Liz Dannenbaum; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

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2013 - 2014 CDBG FUNDING PROCESS PRESENTAION FROM APPLICATION MEETING OBJECTIVE B - HOUSING FOR BUYERS APPLICATIONS

Good said that their proposal was for 12 homes in 2013 and 12 in 2014 for families at 30-60% AMI. They build their homes to Energy Star specifications.

Ald. Bruer asked to what extent Habitat recruits from the actual neighborhoods themselves.

Grim said that they have open enrollment, and they post posters in local stores, libraries, etc., to let people know about their program. They are in the process of hiring someone part-time in the family service department to focus on marketing.

Ald. Bruer asked if they had tracked where their families have settled, and Grim said they had that information. Ald. Bruer asked Habitat to provide that information to staff.

Boudreau said that one good thing about the program is its flexibility in allowing families to move where they want to move.

Ald. Phair asked about the unsold condos on Russett Road and asked Habitat to explain the grant that would help them to market those units.

Good said they have found that Habitat families aren't that interested in condo units, especially families with kids whose dream includes a yard for their family. On Russett Road, two of the units are fully accessible, and Habitat recognizes the need for housing for low-income elderly. So, Habitat actually got the grant from a foundation that is interested in housing solutions for low-income elderly. Ideally, Habitat would find people from that neighborhood to move into those units through outreach and marketing.

Ald. Phair asked if they would talk with Joining Forces for Families (JFF), and Grim said they would definitely check into that resource.

Whitesel asked how Habitat sees itself relating to the fact that there are more houses to live in than there are apartments in an economy that has shifted toward rental from homeownership because people can't afford to own. He asked if Habitat would stay with its standard model.

Grim said that most buyers who come to Habitat could get their loans through a bank, but the amount they could qualify for and what their payments would be would not get them the homes that they want. The nice thing with Habitat's loans is that families don't pay interest on their mortgages, so families have a lot more discretionary income.

Whitesel asked what would happen in the event that people couldn't afford homeownership. He asked if Habitat would consider rehabbing apartment buildings and renting those out.

Grim said that's been an internal discussion that Habitat has been having, but we really haven't moved forward on that idea.

Boudreau said that Habitat is bound by its charter to operate in a homeownership framework. To operate as a rental housing provider, Habitat would have to form a separate agency that's a CHDO, which would fundamentally change who they are.

Madison Area Community Land Trust (MACLT) – Buyer-Initiated Homeownership

ROLL CALL

Markofski stepped out of the room to recuse himself from the discussion.

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2013 - 2014 CDBG FUNDING PROCESS PRESENTATION FROM APPLICATION MEETING OBJECTIVE B - HOUSING FOR BUYERS APPLICATIONS

Andy Miller, Manager of MACLT, introduced Marianne Morton, Executive Director of Common Wealth Development (CWD) and thanked the Committee for its support throughout the years. He also passed out some materials. Miller described the affiliation between MACLT and CWD, saying that they are separate organizations on paper, though they share some common staff. The Land Trust is able to draw from the years of experience CWD has in working with the community, which has strengthened the work that MACLT does and increase our capacity.

He said that in their current proposal, they're asking for funding to do 3 homes in 2013 and 4 homes in 2014. MACLT will purchase the property and rehab it to bring it up to standard and then sell the improvements only to an income-qualified buyer, and MACLT will retain ownership of the land, which is where HOME funds will be invested. There's a ground lease that balances the interests of the homeowners and the Land Trust and provides for long-term affordability. MACLT will market affirmatively and target neighborhood resource team areas. Once MACLT finds a suitable applicant, they will figure out what they can afford and shop for a suitable house for them. MACLT will use the buyer-initiated model it's used for a couple years because it minimizes the time from when they acquire a property to when they sell it. It's also a good opportunity to educate homebuyers.

Morton added that a couple of other housing development projects that MACLT completed this year were the two Hoboken properties where there was land donated for construction of housing, which Operation Fresh Start crews did. They're very energy efficient houses, and MACLT was on a tight timeline to get these completed. Another property completed is on Gammon Road. MACLT is up to 68 units total.

Morton said that though the affiliation between MACLT and CWD took a lot of work, it has really stabilized the Land Trust and increased their capacity.

Whitesel asked if they were concerned about meeting the timelines or the site-specific requirements that HUD requires. Morton said it's not ideal, but they can meet it.

Whitesel asked about their thoughts on rental housing versus homeownership and noted that they provided a written response to the Committee. He asked if this were a necessary project given homeownership's issues these days.

Morton said that what's needed is a balance of both homeownership and rental opportunities. Both stabilize communities and provide affordability. What's unique about the Land Trust model is that it provides permanent affordability.

Miller said that the long-term aspect is a very positive part of MACLT's model. Though sometimes there may be a stronger demand for rental housing, it's important to have homeownership in the mix as well.

Ald. Bruer asked what MACLT learned from the Hoboken experience, which properties are in his district.

Miller said it was challenging to transition. He said he learned a lot about details in the construction process and with the budget.

Morton said the partnership between MACLT and CWD was wonderful and worked very well. The units were not hard to market at all. Miller said that it was great to work with CWD and to have the land donated.

ROLL CALL

Markofski returned to the meeting after MACLT finished their presentation.

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2013 - 2014 CDBG FUNDING PROCESS PRESENTATION FROM APPLICATION MEETING OBJECTIVE B - HOUSING FOR BUYERS APPLICATIONS

Movin' Out, Inc. (MOI) – Program B (Housing for Buyers)

Howard Mandeville said that this is the development project where MOI will build one unit of housing. He said this project hits a number of bells in terms of providing affordable housing to their constituency, which are low income households with disabilities. The project also features a partnership with Operation Fresh Start (OFS) pending the funding decisions for their application. OFS will be the construction contractor and provide training for youth. This is MOI's first opportunity to build a home with virtually no energy costs over time and would be the first house of this type built in Wisconsin.

Ald. Cnare said she was really skeptical of this project. She asked Mandeville to describe the marketability of a house this small.

Mandeville said their marketing will be tailored to households where the size makes sense and where they would fit into the house. He said there's a lot of space in typical houses that people with mobility disabilities aren't able to use, for instance a basement. Also in terms of household management, such as keeping it clean, having less space is actually beneficial. So there really is a market for households this size. He said MOI works with a household sometimes for a couple of years before sale, so they will find a household for whom this house is a perfect fit. There's a lot that's attractive about this home.

Ald. Cnare asked if MOI had spoken with the manufacturers of the home's components whether or not they would make the materials available at cost or even free. Mandeville said that's definitely part of the plan.

Mandeville addressed a written question about who MOI is aiming at in terms of affordability. He said in partnering with the CDA, their first marketing focus will be on clients who currently have a Section 8 rental housing voucher and who could be participants in converting their rental vouchers into homeownership vouchers.

O'Callaghan said it's a really intriguing concept in terms of the size of the house and asked Mandeville to speak to the large size of the lots in question. Mandeville said MOI has been following the guidance of the CDA, but he doesn't have a good rationale for the size of the lots.

Choudhury had asked in the written questions about the non-standard toilet.

Mandeville said the toilet in the house would use less water with higher pressure.

Whitesel asked whether zoning and codes will be approved.

Mandeville said he anticipates some issues with zoning that will have to be worked out. He said the developer, consultant, and architect seemed confident that MOI could move forward with the project.

Ald. Phair asked if MOI is out of the picture after the client purchases the home.

Mandeville said that most of their time with clients is spent prior to sale but that they do maintain contact with them after sale and are available to provide answers about finances or home maintenance.

Ald. Phair clarified that his question was really about how MOI markets the home to the next customer at resale.

Mandeville said that one of the ways MOI would like to address this issue with CDA and CDBG is to have an understanding that should this home become available for resale, MOI would have the option not only to find another homebuyer for it, but also to hold it as a rental property if necessary. Mandeville said that MOI homeowners are among the most stable

homeowners. The turnover rate is miniscule, around 1% and usually results from illness or death.

Movin' Out, Inc. (MOI) – Program A (Down Payment Assistance)

Mandeville said that the focus of this program is to prepare MOI's clients for homeownership and make it possible economically for them by providing deep subsidy so that the homes are affordable. He said that homeownership not only provides stability for the homeowner, but it also strengthens neighborhoods, communities, and schools. For 2013, MOI is already working with clients who are ready for home purchase next year. The extent to which MOI can cobble together various income sources makes the homes affordable to low and very low income households. Subsidies include not only HOME and Home Buy funds, but also private funds.

Choudhury asked how MOI knows which families can live unassisted and maintain their housing, such as home maintenance problems.

Mandeville said that the home maintenance issue is part of the housing counseling issue, and MOI starts that counseling at the very beginning. Sometimes the solution to that question is to aim toward condos, which address the bulk of the maintenance concerns.

Mandeville said that MOI has a homeownership rehab program that provides financing in terms of a forgivable loan to replace items in the home because often, the most affordable housing is the most run down housing. Mandeville said the worst outcome for MOI would be to have people in a homeownership situation that they couldn't maintain because of maintenance issues or affordability.

Wisconsin Partnership for Housing Development, Inc. (WPHD) – WPHD/OFS Lease Purchase

Greg Markle of OFS thanked the Committee for the opportunity to speak and explain OFS's part in this proposal. He said that OFS has been providing housing in partnership with the City for 40 years. Over that time, OFS has provided over 250 owner-occupied units to the city's affordable housing stock. Also over that time 7,000 people who would've needed substantial assistance with housing have gone into homeownership. This is the first year that OFS hasn't submitted a housing application for the Summer Process. Instead, OFS is partnering with WPHD in their application. He said that affordable housing still remains a high priority for OFS, and with the partnership with WPHD, OFS is able to focus on both the supply and demand for housing.

Bill Perkins of WPHD explained that they are a non-profit that will have been in operation for 27 years come October. Development is one of the things WPHD does, and they have done three projects with the City, such as Coachyard Square and the beginnings of a project in Twin Oaks. WPHD is also working with NSP funds to provide affordable housing. Besides development, WPHD does technical assistance and has created and managed a series of financing programs across the state. WPHD has helped to deliver affordable housing to about 18,000 households in a variety of ways.

The partnership with OFS is a new one and came out of the NSP program. They

sought out a partnership with OFS because of the confidence in the quality of work they do and the affordability of their work. The proposal that WPHD has made with OFS has made him very happy because it represents new solutions that represent a middle ground between conventional homeownership and conventional rental. Lease-purchase represents one possible arrangement for the middle ground by allowing people to be renters for a period of time during which they can save for a down payment and repair credit problems they may have, as well as learn more about the responsibilities of homeownership. Perkins spoke about an article he read which said that lease-purchase hasn't been done that often because it's hard to do. It is more complicated than selling homes outright and more complicated than owning and managing conventional rental housing.

Perkins said there are three stages WPHD is putting together with the partnership with OFS. The first one is the feasibility study to make sure that we know how to do this in a financially feasible way and a responsible way. There will be a market analysis done as a part of the study. WPHD wants to make sure there is a demand for lease-purchase housing. The second stage of the partnership is to purchase the existing inventory of OFS houses and to convert them to lease-purchase housing. The third stage is to produce additional houses that will become part of the lease-purchase package. The fourth piece is the proposal to do additional homes in 2013 and 2014.

Whitesel asked about the list of WPHD's board members. He said there aren't a lot of Madison residents on the board; it's really statewide.

Perkins said that was by intent because the Partnership from the beginning has been a statewide organization. WPHD works statewide, and the board reflects that. Whitesel asked why there was not a board list provided for OFS, and Charnitz said it's because the contract would be with WPHD and not OFS.

Ald. Cnare asked about the unsold OFS homes and how they will be marketed differently and whether there are sufficient buyers for the homes with the lease-purchase methodology. Markle said that OFS is down to four homes left unsold. He said the big thing that appeals to him about this project is that an organization with extreme expertise in affordable housing will be running the affordable housing component of this project, rather than with just OFS whose expertise is with developing young people into good citizens, with affordable housing as a platform to get there.

Perkins said he could empathize with Markle on the unsold homes because WPHD has two unsold condos in Twin Oaks. Nobody is financing condos these days, so nobody is buying them. WPHD also started a subdivision in Sun Prairie with 19 lots unsold because nobody is building new homes. He said the lease-purchase model allows people to be really sure they want to be homeowners, as well as save for a down payment and repair credit problems.

Markofski asked what happens if the renter decides they don't want to purchase a couple of years into the program.

Perkins said it depends on the funding source. With HOME funds, there is a maximum of three years to complete the lease-purchase. Two years in is too late to really pursue the lease-purchase unless the lessee has substantial money saved for a down payment. If a client leaves the program, the hope is

that one would be able to find an outright buyer for the property. If that's not possible, then the property becomes a rental home.

O'Callaghan asked at what point WPHD would decide to proceed with the project if they were awarded the funds.

Perkins said the feasibility study will be done by the time the contracts are written and the funds are distributed.

[26811](#)

2013 - 2014 CDBG FUNDING PROCESS HOUSING - PRESENTATION FROM APPLICATIONS MEETING OBJECTIVE D - RENTAL HOUSING APPLICATIONS

Common Wealth Development (CWD) – Affordable Rental Housing

Marianne Morton introduced herself and Paul Jasenski. She said that CWD has a successful 29-year track record managing rental housing, both rehab and new construction, but most of CWD's work has been acquiring and rehabbing properties for rental and managing the units themselves. She said what CWD proposes to do is to purchase and renovate eight units of rental housing in the Southwest Madison NRT area and then another eight units in 2014 again in the Southwest Madison NRT area. All of these units will be rented to households at or below 60% AMI. Morton said CWD is making a big shift in leaving the Williamson Marquette Neighborhood, but prices are getting more expensive there. Thanks to the generosity of the Orchard Ridge United Church of Christ, which has given a two-year grant to hire a housing community organizer focused on that area, CWD is working with Orchard Ridge, Joining Forces for Families (JFF), Public Health nurses, and NRT staff. Morton said they are excited to be partnering with those groups and the organizing component, which is key. CWD will be leveraging HOME/CDBG dollars by securing first mortgages of about \$386,000 for each of the eight unit properties and will also be looking for other funds, such as energy efficiency funds. Morton said that CWD has been very busy this year with the Jenifer / Cantwell / Thornton rental rehab project. OFS has done a lot of the work on the project with CWD as the general contractor. They expect the Thornton Avenue property to be ready on August 1 and have renters ready to move in. The other two properties are expected to be ready by September 1. They are planning a grand opening in August. The buildings provide 1-, 2-, and 3-bedroom apartments.

Whitesel asked for clarification on the number of units.

Morton said for 2013 they are planning to do a total of eight units, either in one building or multiple buildings, but no sites have been chosen yet. They have done some market research of the area, and they are looking for sites. She said it's easier to manage one eight-unit or two four-unit buildings than it would be to manage four two-units, but they are open to two-unit buildings if need be.

Ald. Phair said that Southwest Madison Community Organizers (SWMCO) also supports the hiring of the housing community organizer and has been part of that process.

Choudhury asked them to talk about the response CWD has received from the Southwest neighborhood.

Morton said they don't just go into a community. They were actually invited to be a part of the proposal to Orchard Ridge Church, as well as having been encouraged by the nurses and other organizers to get involved and address some of the housing stock issues. The full time staff person will be located at the JFF offices.

Housing Initiatives, Inc. (HII) – Rental Housing

Dean Loumos said that HII's application is the same application they've been giving CDBG for the last 16 years. His strategy is to ask for what you want, as much as you could get, and take what you can get. The allowable per unit limit is \$54,000, and HII can do eight units a year, which is where he arrived at his figure for the application. He wants to be able to know how much money he has up front to search for properties. Their strategy has included foreclosed units, and this month they will close on their sixth foreclosed property, which represents 24 units. They offer intense property management and present a scattered-site model.

Whitesel asked if they ever assist people who are facing foreclosure and help them to avoid foreclosure.

Loumos said no. HII's clients would not be able to afford homeownership.

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2013 - 2014 CDBG FUNDING PROCESS PRESENTATION FROM APPLICANT'S MEETING OBJECTIVE F - ECONOMIC DEVELOPMENT APPLICATIONS

Latino Chamber of Commerce (LCC) – Program A

Julia Arata-Fratta introduced Juan Jose Lopez, Monica Gonzales, Maria Gualda Garcia, and Antonio Molina. She passed out a document summarizing her statement and thanked the Committee for the opportunity to speak. She said that the purpose and goals of the proposal they have submitted is to seek funding for Latino businesses to provide one-on-one consultation, technical assistance, and educational workshops / training to their targeted population; to provide information and referral services to their members and non-members; to provide networking events for their current and prospective members in order to promote the Chamber's services and benefits; and to advocate on behalf of and act as a clearing house of information for Latino businesses and prospective businesses in the Madison area. If there are any new tax updates, we send that information to businesses.

The expected outcomes for the LCC are to create job opportunities; expand the level of business opportunity for Latinos businesses and prospective businesses; assist Latino businesses to become certified as minority business enterprises (MBEs) in order to compete and bid for government grants; maintain and expand LCC's financial resources; seek out other funding opportunities both in the private and public sector; continue to expand the partnership with Wisconsin Women's Business Initiative Corporation (WWBIC), the Latino Academy, Madison Development Corporation, and Centro Hispano of Dane County; continue to market and refer "seed loans" from WWBIC to Latino businesses and starting businesses in the City of Madison with the assistance from WWBIC; and diversify LCC's revenue stream by working with the surrounding cities and towns in Dane County, the Wisconsin Hispanic

Chamber of Commerce, to increase LCC's exposure and consequently acquire more members and sponsorship opportunities.

In closing, Arata-Fratta said that the LCC strongly believes they are thriving as a Chamber mainly because of the support from the City of Madison, the CDBG staff, and the CDBG Committee. As the need for assistance and support continues to grow with their Latino businesses and entrepreneurs, the LCC has the momentum and expertise that will provide the support that Latino businesses need to grow and prosper. Their partnership with WWBIC is strong and the partnership is critical in contributing to the success of their Latino businesses. Technical support and assistance are vital factors for Latino businesses in Madison. They feel that CDBG funding is a smart investment by the City that will return many dividends in expanded employment, more services, and an increased tax base in the city. The continued support of the Committee will help expand this effort.

Whitesel asked why they were asking for twice as much money as they got before, but he doesn't see an increase the outcomes for the proposal.

Arata-Fratta said one of the main reasons is to increase their office hours to more than 20 hours a week. They also want to increase the level of service they're providing, for example they want to provide Quick Books in Spanish. This is a very important tool for a small business owner to know how to use this software. She said they need to buy more laptops and licenses to provide the training.

Lopez said LCC also wants to expand the workshops that they offer and that they're more thorough and more extensive. They want to assist Latino businesses to become MBEs so that they can build capacity. They have been also been working with Dr. Floyd Rose of Madison Black Chamber of Commerce, formerly AABBA. He said there is a new group of ambitious Latino citizens who want to open businesses in Madison and not necessarily just restaurants either.

Ald. Bruer asked Mario Mendoza of the previous mayoral administration about the growth of LCC and to the importance of capacity building for the organization.

Mendoza said he had the pleasure of being a part of the creation of LCC several years ago. The organization continues to grow in members, reaching 100 members last year. The leadership of the organization has been a good steward. He said the Latino entrepreneurial population is going through the same transitions as other immigrant entrepreneurial populations have gone through from retail and grocery sales to other services and even manufacturing. This is a really critical time for Latinos. Precisely because LCC is on the cusp of making that transition into a more diversified entrepreneurial community, the building of capacity has become all the more important.

Ald. Bruer asked Mendoza to describe performance outcomes with respect to LCC's proposal.

Mendoza said they are very disciplined at what they're doing, and the participation among Latino businesses in the process is explosive at this time. He expects the numbers of new businesses and new jobs created will bear that

out.

Lopez said that if LCC can get three to five businesses to become MBEs in a year, that's a big success because they'll be able to compete for public and private dollars and build the capacity to buy the equipment and compete further and create more jobs.

Choudhury asked what about specific barriers to different business owners achieving capacity and becoming MBEs.

Arata-Fratta said that one of the biggest barriers that the typical Latino business owner has right now is lack of access to capital and to improve their credit. Seed loans from WWBIC of \$5,000 to \$10,000 over five years at five percent allow them working capital.

Lopez said that immigration is also an issue, especially when they can't hire people because they're not here legally or don't have the proper documentation. Lopez said language is another big issue. People feel comfortable in accessing workshops in their native language. Another barrier is that there too much red tape with the City.

Molina said that cultural barriers present another problem for Latino businesses. LCC tries to connect people cross culturally.

Whitesel thanked the group for the enthusiasm of their presentation. He suggested another outcome for them to think about, which is becoming members with the Greater Madison Chamber of Commerce (GMCOC).

Arata-Fratta said they have a very good relationship with GMCOC, so they try to collaborate with them with the business expo and marketing.

Madison Black Chamber of Commerce (MBCC) (formerly AABBA) –
Entrepreneur Technical Assistance

Milele Chikasa Anana introduced herself as one of the original founders of the MBCC and thanked CDBG and its staff for helping MBCC to flourish.

Aaron Perry said he is the secretary of MBCC.

Lori Mann Carey said she is also a founding member and the treasurer of MBCC.

Camille Carter said she is an advisory member of the MBCC.

Mann Carey gave some background to the MBCC and said MBCC was established in May 2012 and evolved from the work and goals of the African American Black Business Association. Adopting the name of the Madison Black Chamber of Commerce, the organization achieves instant recognition of its intended purpose to support and promote commerce, specifically Black businesses, as well as its instant affiliation to other local and/or national Chamber of Commerce organizations. As a result, we are confident that our members will be better served with this name change.

Mann Carey read their mission statement, saying that the MBCC will empower

and engage greater Madison's Black community in the region's economic development by supporting the establishment and growth of Black businesses and Black leadership through the employment of Black people and promoting the power and impact of Black commerce.

She said they are requesting a total of \$65,000 in their proposal, \$32,500 for each year in 2013 and 2014 to support their mission of economic development by providing technical services to support the establishment and growth of Black businesses. They are requesting \$13,000 to fund a business coordinator at 50%.

They have identified three program needs:

- 1) The Black community represents 7.3% of the Madison population; however, Black owned businesses represent less than 1% of the 18,693 businesses in Madison.
- 2) MBCC is positioned to provide technical assistance to support the establishment and growth of Black businesses to raise the percentage of Black owned businesses in Madison from the 1% level to the 7% level to become more in proportion to the percent of the Black population in Madison.
- 3) Increasing the level of commerce within the Black community provides many additional benefits, including the positive impact on Black youth and youth in the majority community as they witness successful Black owned business and learn they too can have success as an entrepreneur; the recognition that Black businesses are a major partner in fulfilling Madison's and Wisconsin's goals to grow businesses and increase jobs which will contribute to a healthy tax base, infrastructure, and human services; the potential to decrease unemployment as members within the Black unemployed community are more likely to investigate the possibility of becoming a Black entrepreneur.

Mann Carey said MBCC has five program goals in its proposal:

- 1) Serve 20 Black businesses in 2013 and 2014;
- 2) Service includes technical assistance in areas typically required for businesses to operate successfully;
- 3) Offer six information sessions annually in areas typically required for businesses to operate successfully;
- 4) Update and distribute Black Business Directory annually;
- 5) Hire Program (Business) Coordinator (.50 FTE) to support mission of the MBCC

She said their six areas for service are to develop the website, offer networking events, provide workshop seminars and business retreats, assist with supplier diversity programs, encourage leadership development, and campaign to promote Black businesses. MBCC has identified areas that they feel are typically required for businesses to operate successfully, including legal services, access to capital, accounting, payroll services, business plan development, website development, advertising, marketing, mentoring, and industry trends and advancements.

Ald. Cnare asked about some of the partners MBCC is working with, for example the McFarland Bank.

Chikasa Anana said that Urban League of Greater Madison (ULGM) helped them develop their mission statement and is providing staff support for MBCC. MBCC meets there, and ULGM is helping them develop their business development plan. The McFarland Bank sat down with MBCC's president and is willing to work with some of MBCC's small entrepreneurs and give them loans. Summit Credit Union is willing to do the same thing. They presented at MBCC's last business retreat. She said they also seek out the help of the GMCOC and Jennifer Alexander. MBCC invited LCC specifically as an outreach effort to come to their business retreat, though they didn't get any participants. WWBIC came to MBCC's business retreat and spoke about their small business loans.

Ald. Bruer asked them to speak to the experience.

Mann Carey said that MBCC and the entrepreneur technical assistance program staff, (who are members of the board of directors and also Black business owners), have a total of over 160 years of business experience.

Ald. Bruer asked them to speak more about their partners.

Mann Carey said that MBCC used to have zero partners, but they have brought that number up to eleven and will continue to try to expand those partnerships in the future.

Mann Carey said that the second handout outlined the organization's accomplishments as follows:

- Organized and sponsored 2012 Black Business Retreat attended by over 40 business owners
- Organized and sponsored 2011 Black History Month Membership and Recognition Reception featuring role-model entrepreneurs who started locally and grew into international entities
- Organized and sponsored 2008 highly successful two day Business Boot Camp with nationally know marketing specialist Gerry Foster for 33 Black Businesses
- Sponsored seminars on funding, legal entities, credit scores, marketing and investments
- Surveyed Black businesses to assess general needs and emerging trends
- Provided financial technical assistance grants to Black businesses
- Featured in local media such as the Wisconsin State Journal, Madison times, and UMOJA Magazine on several occasions for events or other positive coverage
- Purchased tile at Urban League of Greater Madison in support of building campaign
- Referred loan clients to an approved SBA lender
- Scheduled businesses for legal counsel paid for by MBCC.
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Chikasa Anana introduced Aaron Perry as one of their most successful entrepreneurs and is now on their board of directors.

Perry said MBCC organized the Youth of Color Rally. He said that right around March and April, many kids mentally check out of school, so they had this dynamic speaker to speak at La Follette High School, which agreed to let them use the building. They had over 65 kids come for that presentation on a Saturday morning. Of the 65 kids that showed up, 60 are the most dangerous kids in this community, so the kids that needed to hear the presentation heard it.

**Wisconsin Women's Business Initiative Corporation (WWBIC) –
Micro-enterprise Development Continuum**

Julann Jatczak thanked the Committee for letting WWBIC speak and handed out some documents pertaining to their presentation. She introduced Fausto Rivera, who is their loan officer, Michelle Anich who is their business assistance counselor, and Laura Devries who is one of their clients and owner of Cupcakes A-Go-Go. Jatczak said that they are here to talk about their Micro-Enterprise Development Continuum, which has been a very successful model for WWBIC. They've had that model in Madison for several years, and it includes everything from soup to nuts that an entrepreneur would need. They help entrepreneurs to write a business plan, fix credit issues, and provide access to capital and ongoing assistance. She said WWBIC is looking to increase their level of services for 2013 and 2014, particularly as their loan portfolio with the City of Madison grows. She said they fit into the small business development / micro-enterprise category. Not only does WWBIC help with services, but also with job creation. Everything they do leads to job creation. Last year with City of Madison funding, they created 14.5 jobs.

Rivera said that 2011 was a very busy year for WWBIC. They exceeded last year's goal by helping approximately 17 new businesses either acquire working capital or helped them with expansion. He said that 2012 is trending great. They have met their first phase and have closed four new loans. They have assisted Sacred Rhythms, Epanadas, and Testudo LLC. They just approved two new loans last week. Businesses WWBIC assisted in 2011 are coming back for more funding to meet the increased demand and capacity, such as Popular Snacks.

Devries said that being able to partner with WWBIC at the start of her business was invaluable. Continued technical support along the way has been critical. Cupcakes A-Go-Go started out as more of a hobby, baking in someone else's bakery until they could move into their own retail shop. They started out with one employee and now have 11 FTEs, and sales have increased over 500%. They are looking to expand and find they need additional capital for that and intend to partner with WWBIC once again. Without the resources of WWBIC and the City of Madison, it would be a difficult path for us.

Ald. Cnare asked why they had so few board members from Madison.

Jatczak said it was because they are a statewide organization. She said they had four Madison individuals serving on their loan committee, and in addition to that, WWBIC has a local advisory team of 25 members who are

community members or business owners from Madison.

Markofski asked about their booklet of classes offered and asked if what they are offering now is similar to what they offered in the past. He also asked about Spanish workshops.

Jatczak said they offer bilingual services, which are actually growing. They are doing several things with the LCC. As far as classes offered, Jatczak said they are offering many more second stage classes because their loan portfolio has grown so much. There's more demand now for Quick Books and social media marketing.

Markofski said that tonight's presentations were concluded and that there were just a few housekeeping items that the Committee had to take care of.

Charnitz asked members to turn in their project ranking sheets either tonight or tomorrow morning first thing.

ADJOURNMENT

Ald. Bruer moved adjournment, and O'Callaghan seconded. Unanimous.

Anne Kenny, recorder