



# City of Madison

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

## Meeting Minutes - Approved COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

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Tuesday, July 29, 2014

4:30 PM

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

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### CALL TO ORDER / ROLL CALL

**STAFF:** Mary Charnitz, Nancy Dungan, Hardy Garrison, Anne Kenny, Mike Miller, Susan Morrison, Jim O'Keefe, Linette Rhodes, Julie Spears

### CALL TO ORDER / ROLL CALL

Markofski called the meeting to order at 4:40 p.m.

**Present:** 6 - Lauren Cnare; Matthew J. Phair; Colin A. Bowden; Justin O. Markofski; Daniel A. O'Callaghan and Russ Whitesel

**Absent:** 1 - Maurice S. Cheeks

**Excused:** 2 - Ben M. Van Pelt and Monya A. Choudhury

### PUBLIC COMMENT

There was no public comment.

### DISCLOSURES AND RECUSALS

Markofski disclosed that he purchased a home at Troy Gardens from Madison Area CLT (MACLT) about eight years ago and that MACLT owns the land his house is situated on. He said he will refrain from discussion and voting on its funding to avoid a potential conflict of interest.

O'Callaghan recused himself from participation in discussion regarding Madison Black Chamber of Commerce because he provides pro bono service to them. He also recused himself from discussion of all applications under 2.2 Small Business Development.

### DISCUSSION ITEMS

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CDBG Chair report

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to them. He also recused himself from discussion of all applications under 2.2 Small Business Development.

**Ald. Cheeks arrived at 4:45 p.m.**

**Present:** 7 - Maurice S. Cheeks; Lauren Cnare; Matthew J. Phair; Colin A. Bowden; Justin O. Markofski; Daniel A. O'Callaghan and Russ Whitesel

**Excused:** 2 - Ben M. Van Pelt and Monya A. Choudhury

34968

COMMITTEE DELIBERATIONS ON 2015-2016 APPLICATIONS

The Community Development Block Grant Committee will begin its discussion of all applications. During this discussion, the Committee may discuss changes in application parameters, changes in the level of funding, or other policy related modifications. The Committee will take action on the funding of each application within a category.

The Committee may review its overall recommendations, and develop an "A" list based upon conservative estimates of revenue with a solid "B" list. The Committee will compare its preliminary list with the Program Goals and Objectives, as well as Needs and Priorities, and review the overall balance of projects within the recommended applications.

**O'Keefe expressed his appreciation to CDD staff for their work in this process.**

**Charnitz said that the results of members' ranking sheets were included in tonight's packet. Staff tried to incorporate Committee members' thoughts and assessments into the funding recommendations, which were also included in tonight's packet. Certain projects are only eligible in one source or another, so if one string is pulled, the whole thing will unravel.**

**She said there are three objectives to discuss: Housing Supply, Housing Assistance, and Economic Development Opportunities. The Framework lays out by source and objective the Committee's proposals for allocating funds.**

**Charnitz explained the funding recommendations spreadsheet and what each column represented. Staff started with the estimates of what CDD believes it will receive in funding from all sources as the base for each category. That is the basis of total dollars available. Allocations are directed by the Framework.**

**Charnitz explained the recommendations for each project in the Housing Supply Objective. Under Housing Supply, \$1.291 million is the total recommendation for 2015 for all proposed projects. The dollars available for 2015 are \$1.457 million. The difference between what CDD had available and what was recommended was \$166,500. The amount that staff recommends for the 2015 Housing Development Reserve Fund Set-Aside is \$133,000, according to percentages outlined in the Framework. If the Committee approves the funding recommendations as they are, CDD will have \$166,500 unallocated in 2015. Staff recommends applying the extra \$166,500 to the deficit under Housing Assistance.**

**Charnitz explained the recommendations for each project in the Housing Assistance category and the Economic Development category. There was a total recommended package of \$1.108 million, and there was only \$727,500 available for the Housing Assistance category. So, in this category, there is a deficit of \$381,035 because there are no reserves in this category. The only**

funds available for this category are ESG, CDBG, and City. HOME funds do not qualify for this category.

Staff is recommending the entire economic reserve allocation be applied to projects. There is \$255,000 in recommendations in this category. For Objective 2.1, the Framework allocated \$128,000, and for Objective 2.2, for which there were no proposals received, the Framework allocation was \$64,000 for a total of \$192,000 in the Economic Development and Employment Opportunities category. The difference between what staff is recommending for this category and what was available in the Framework is \$63,000. Staff had targeted \$112,000 in the Framework for the Economic Development Reserve Fund, but if that is not funded and the reserve fund amount is applied to the deficit, then what remains in the Economic Development category is \$49,000, which can be applied to another category.

Garrison explained the aggregate deficits in the budget. If all the set-asides are kept intact, then there is a deficit of \$277,535. If the Economic Development Reserve Fund set-aside is applied to the total deficit, the remaining deficit will be \$165,535. Then if the Housing Reserve Fund set-aside is applied to the remaining deficit, the end deficit will be \$32,535.

Discussion highlights:

- Staff's recommendation for the Economic Development Reserve Fund is to apply the \$49,000 to projects. The same will apply to the Housing Development Reserve Funds.
- Staff is not recommending applying current reserves to 2015 projects. O'Keefe said there are approximately \$1.0 million in CDBG reserves and \$116,000 in HOME reserves and \$50,000 in HOME Match. Program income funds will be repaid throughout the year.
- The reserve fund allocations in the 2015-2016 Framework were decided by the Committee earlier in the year.
- The other part of the budget, which is very difficult to predict from month-to-month or year-to-year, are the program income repayments. Staff chose not to draw on program income funds for the 2015 budget.

Charnitz said that when staff did the Framework recommendations, they conservatively projected that CDD would receive \$1.5 million from CDBG, and now, it looks like CDD will likely receive \$1.7 million as a current best estimate. Staff averaged the two to come up with their current estimate of \$1.6 million.

Ald. Cheeks noted that there was still a deficit of \$32,535 after reserve funds are applied and asked if staff was recommending a deficit. O'Keefe said that in going from \$1.5 million to \$1.6 million in the estimated allocation of CDBG funds, staff believes there will be an extra \$100,000 in the budget. And under the Framework, about 40% of that amount is available for uses for affordable housing and economic development proposals. The balance of that amount, so about \$60,000 of that \$100,000, is technically assigned to a number of other uses within the Framework. Staff will recommend that \$60,000, which would otherwise be scattered among projects, would be diverted to support Housing and Economic Development projects under this plan. If the Committee approves that recommendation, that will erase the deficits that are in the budget on the spreadsheet and remedy them.

Ald. Cheeks asked on whose authority the 60% was reserved in the

Framework. O'Keefe said that the Committee approves that amount.

Bowden asked where the extra \$100,000 estimate comes from. O'Keefe said that every year, staff has to guess what Congress will do with funding and tries to guess conservatively. If Congress appropriates more money to the budget, then CDD has more to spend, and likewise if Congress approves less money to the budget, then CDD has less to spend. CDD puts language in their contracts that states that funding is contingent upon what Congress does. In this case, with the extra \$100,000 in CDBG funds, staff is choosing to guess a little less conservatively than they did before.

O'Callaghan asked if staff is guessing less conservatively or if they have new information. Garrison said that in doing the Five-Year ConPlan, staff reevaluated what the percentage differences were in HUD funding over the last five years and then took an average of those differences and applied them going forward, which gave CDBG a total that was above \$1.6 for 2015 and below \$1.6 million for 2016. So, staff is aiming its dart in between those two numbers.

O'Callaghan said that the bottom line is that staff recommends that there are no set-asides.

Charnitz reiterated that under Objective 1.1, CDD has a remainder of \$299,500 if reserves aren't funded. In Objective 1.2, CDD has a deficit of \$381,035. Applying the excess in 1.1 to the deficit in 1.2 leaves \$81,535. If the \$49,000 in Economic Development Reserve left over is applied to the remaining deficit, then that leaves a deficit of \$32,535, which will be covered by 60% of the extra \$100,000 estimated in the budget. Ald. Cheeks said that once the Committee utilizes the 60% extra, then CDD will have approximately \$28,000 left for 2015.

Whitesel and O'Callaghan recommended that the funding spreadsheet be modified to show no deficit and to show \$0 under all the reserve funds.

O'Callaghan asked if the Committee required a motion to waive the current Framework allocations to accommodate the budget. Charnitz said it was not necessary to waive the projections in the Framework and that by adopting the slate of recommendations here, the changes to the Framework are incorporated in the dollars the Committee recommends.

Bowden said he would prefer that, for transparency's sake, tonight's recommendations specifically state that the Committee is varying from the Framework so that the actions of the Committee reflect its awareness of the change.

Ald. Cnare moved to adopt staff recommendations of the Affordable Housing Goal, 1.1 Housing Supply and 1.2 Housing Assistance, recognizing that some of the recommendations will, in certain instances, deviate from allocations in the Framework as approved. Whitesel seconded.

Ald. Cheeks asked staff to go line-by-line explaining the reason for the recommendations. O'Keefe explained staff's rationale for its funding recommendations for each project. Charnitz explained the process for the B-List, which is usually put together after the public hearing.

Bowden moved to amend the motion by changing recommendations for Community Action Coalition's (CAC's) Coordinated Intake, reducing their allocation by \$23,250 and increasing Tenant Resource Center's Bilingual Services allocation by \$23,250 to \$46,500. Ald. Phair seconded for the purposes of discussion.

**Discussion highlights:**

- Reducing CAC's allocation will open a hole in their budget for Coordinated Intake. The City is the only funder for this operation.
- Ald. Phair urged the Committee not to support the amendment because it would chip away at CAC's budget.
- Bowden expressed concern about underfunding bilingual specialists.
- Ald. Cheeks pointed out that CAC's Coordinated Intake was rated very high by Committee members, where as TRC's Bilingual Specialists was rated lower.
- TRC's proposed allocations come from City funds only.

Bowden's motion to amend Ald. Cnare's motion failed, with Bowden voting aye and the rest of the Committee voting no.

Bowden moved to reallocate \$23,250 from Youth Services of Southern WI's (YSOSW) 2015 Briarpatch Youth Shelter to TRC's Bilingual Housing Resource Specialist. O'Callaghan seconded with a friendly amendment to the motion to reallocate \$23,250 from any City-funded program rather than identifying the specific program from which the reallocation would come from. The motion failed, with Bowden voting aye and the rest of the Committee voting no.

The Committee voted unanimously to pass Ald. Cnare's original motion to adopt staff recommendations of the Affordable Housing Goal, 1.1 Housing Supply and 1.2 Housing Assistance, recognizing that some of the recommendations will, in certain instances, deviate from allocations in the Framework.

**O'Callaghan recused himself from deliberation on the Economic Development and Employment Opportunities proposals and left the meeting at 6:40 p.m.**

**Present:** 6 - Maurice S. Cheeks; Lauren Cnare; Matthew J. Phair; Colin A. Bowden; Justin O. Markofski and Russ Whitesel

**Excused:** 3 - Ben M. Van Pelt; Monya A. Choudhury and Daniel A. O'Callaghan

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**Ald. Cnare moved adoption of staff recommendations for the Economic Development and Employment Opportunities, 2.2 Small Business Development. Bowden seconded.**

Miller reviewed staff's rationale for its funding recommendations in this category.

Bowden made a friendly amendment to the motion to recognize that some of the recommendations will, in certain instances, deviate from allocations in the Framework. Ald. Cnare accepted the friendly amendment. The motion passed unanimously.

#### ADJOURNMENT

Whitesel moved to adjourn at 6:55 p.m. with thanks to the whole Committee for their work. Bowden seconded. The motion passed unanimously.

Anne Kenny, recorder