



CITY OF MADISON

**Community
Development
Program**

2009-20102011-2012

Program Funding

FRAMEWORK

**FOR COMMUNITY AND
NEIGHBORHOOD DEVELOPMENT
PROGRAM GOALS AND PRIORITIES**

Adopted by the Common Council on April 8, 2008.

Department of Planning & Development
Community Development Block Grant

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**CITY OF MADISON
COMMUNITY DEVELOPMENT DIVISION**

**2011-2012 2009-2010 COMMUNITY DEVELOPMENT PROGRAM FRAMEWORK
GOALS AND PRIORITIES**

CONTENT

This two-year Program Framework is organized into six sections:

1. A summary of the community/neighborhood development program mission and major objectives Executive Summary
2. A narrative explanation of the objectives, priorities, and fundamental conditions
3. A table of target allocations, and a two-year implementation method
4. A description of the principal cross-cutting goals
5. A description of reserve funds and the Housing Trust Fund for certain housing, recreation/service facilities and experimental projects, and separate processes for State ESG-funded homeless services
6. A description, roadmap and checklist of the two major paths to apply for funds

SECTION 1: EXECUTIVE SUMMARY, MISSION, AND CHART OF MAJOR OBJECTIVES

The purpose of the community and neighborhood development program is to help make Madison “a more viable urban community by providing decent housing and a suitable living environment and by expanding the economic opportunities for low- and moderate-income persons (defined as individuals/households whose income does not exceed 80% of the area median income).”¹ The program will work with primarily the non-profit community and neighborhood groups,² and their associated business, resident, and neighborhood partners to plan, develop and invest in projects which contribute to the 2005-2009-2011-2012 objectives established by the CDBG-Commission Committee, Mayor, and Common Council in consultation with City of Madison citizens.

Outcome Objectives and Funding Sources

The CDBG Commission Committee has established four-five primary goals and eleven-nine outcome objectives for the use of funds to be administered by the Community Development Division (CDD), CD Office in 2011 and 2012, 2008 and 2010. These funds include three major Federal programs administered through the Department of Housing and Urban Development (Community Development Block Grant, HOME, and Emergency Shelter Grant) several State-funded or administered programs (Department of Commerce Division of Housing), and local City of Madison funds. The goals and objectives for this two-year period were established through the development of the 2010-2014 HUD Consolidated Plan are derived from the CD Office’s Community and Neighborhood Development Community Five-Year Plan and support other Department and Citywide strategic goals, objectives and allocation processes.

Copies of the Five-Year Consolidated Plan, or its summary, may be obtained from the Community Development Division, CD Office by calling 266-6520/267-0740; copies of the executive summary are available on the CD Office City’s website at www.cityofmadison.com/cdbg.

¹ Low- and moderate-income persons are defined as individuals/households whose annual income does not exceed 80% of the area median income. For Madison in 2008, 80% of median income for a family of 4 is \$61,500.

² The City may approve CDBG, HOME and ESG funds for a group registered with the State of Wisconsin as a not-for-profit, but may only contract for those funds with an organization with Federal tax-exempt status, generally a 501(c)(3) or 501(c)(4) organization. The City may use Housing Trust Fund funds for both non-profit (tax-exempt) organizations and for-profit businesses including LLC’s.

Primary goals	Product (Customer Group)	Nature of Project Achievement or Outcome
<u>Improve and Expand affordable housing options</u> Housing	A. <u>Owner-occupied housing</u> (Owner-occupant)	Housing made accessible, brought to code, or made safer or more energy-efficient
	B. <u>Housing for buyers</u> (First-time homebuyer)	Households become homeowners
	D. <u>Rental Housing</u> (Renter)	Housing units created, renovated to code or made accessible, better managed, and affordable; "fairly" sited
<u>Expand businesses to create jobs and assist with the development of microenterprises</u> Business Development	E. <u>Business development and job creation</u> (creating jobs) (people seeking jobs)	Jobs created which meet wage standard levels or create advancement opportunities, with 51% for LMI
	F. <u>Economic Development of small businesses</u> (Micro-business) (small-business entrepreneur)	Businesses created and viable after 4 years
<u>Strengthening Madison's Neighborhoods</u> <u>neighborhoods through the operation of neighborhood centers, community gardens and implementation of strategic neighborhood revitalization efforts</u>	G. <u>Improvement of community focal points</u> (Civic places) (Neighborhood residents)	Centers and community gardens operated, sustained, developed as neighborhood focal points
	L. <u>Revitalization of strategic areas</u> (Comprehensive Revitalization) (Residents and businesses of selected "higher-need" areas)	Priority projects completed effectively in a three-year period in ways which support healthy neighborhoods; other activities may include a 4-5 year effort in areas which need a longer period of revitalization
<u>Increase the access of low and moderate income households and community groups to resources through the improvement of community resources through the improvement of community service facilities, enhancement of informational services and employment and training opportunities</u> Access to Community Resources	M-2 (J) <u>Improvement of services to homeless and special populations</u> Access to resources Low/moderate-income persons seeking housing	Household informed, placed into housing, or helped to avoid homelessness
	K. <u>Physical improvement of community service facilities</u> (Capital facilities) (Agencies with capital facilities serving LMI)	Adequate space acquired or improved for accessibility, energy, code, or customer service improvements, plus a setaside for repayment of the Warner Park Center loan
	M-1 (X) <u>Expansion of individual choice and access to resources</u>	Increase access to housing, information and other non-monetary resources and support for employment and training opportunities.
<u>Administer the Community Development program to meet the community needs and funder requirements</u>	Z. <u>Overall program administration</u>	Develop, guide and manage activities which generate long term impact and self-sufficiency, including the provision of fair housing services. Achieve National and local cross-cutting objectives.

SECTION 2: A NARRATIVE EXPLANATION OF THESE OBJECTIVES, INTERNAL PRIORITIES, AND RELATIONSHIPS TO OTHER CROSS-CUTTING GOALS

The following section describes in more detail the four goals, preferences and funding conditions associated with each major objective of the neighborhood and community development program.

GOAL ONE: AFFORDABLE HOUSING
 The City goal is to maintain and expand the supply of safe, affordable housing throughout the community.

OUTCOME OBJECTIVE A: Existing Owner-occupied Housing

Improve the quality of existing owner occupied housing stock to support community stability and neighborhood revitalization efforts

Funds will be targeted to:

- housing stock in need of repair or rehab, ensuring that homes then meet the City minimum housing and building codes, or provide
- accessibility improvements or are
- safety improvements or
- more energy efficiency improvements.

Preferences

* The Commission will give preference to projects which focus at least 60% of all repairs or rehab activities to homes in neighborhoods within the CDBG Target Area. The CDBG Target Area includes all Madison census tracts where 51% of the individuals meet the HUD low/moderate income standards of 80% or less of the area median income, and include the census tracts identified on the map on page 14.

Conditions

<u>*</u>	<u>Minimum Repair Requirement Per Unit</u>	<u>Maximum Limit Per Unit</u>	<u>Funding Time Period</u>
<u>Subsidized Repair Projects</u>	<u>\$300</u>	<u>\$3,400</u>	<u>A maximum of \$3,400 per 10 year period</u>
<u>Rehab. Loan Assistance</u>	<u>No minimum</u>	<u>\$19,000 (approximately 10% of the HOME single-family value limit)</u>	<u>One time loan</u>
<u>Rehab. Loan Assistance to include energy efficiency repairs</u>	<u>No minimum</u>	<u>\$272,000 (additional \$4,000 \$8,000 for energy efficiency repairs)</u>	<u>One time loan</u>
<u>Rehab. Loan Assistance to include lead hazard and/or asbestos reduction</u>	<u>No minimum</u>	<u>\$27,000 (additional \$8,000 for lead hazard and/or asbestos reduction)</u>	<u>One time loan</u>

* Funds may be used only for housing units which do not exceed the HOME assessment limit designated by the Federal Department of Housing and Urban Development (HUD). CD staff may allow for individual exceptions in cases involving hardship.

For subsidized repair projects * Funds applied to a property shall require a minimum of \$300 in subsidized repair assistance per unit is required. The per property limit is \$3,400 for each ten year period of time, and be limited to \$3,400 per property per ten year period for subsidized repair projects; or

For rehab loan assistance the maximum loan assistance available is \$19,000, \$22,000 \$19,000 in rehab loan assistance for each house (approximately 10% of the HOME single family value limit). An additional \$4,000 is available for energy efficiency repairs resulting in a \$22,000 loan limit.

For rehab. projects involving

- ~~• The limit for rehab involving lead hazard and/or asbestos reduction may be increased up to \$27,000, based on actual cost projections for the lead or asbestos mitigation work.~~

- * Funds may not be used to repair or rehab a home in which the owner has previously received assistance through CDD-funded ownership assistance programs (excluding the ADDI and EECBG program funds).
- * CDD staff may allow for individual exceptions to this one-time use restriction in circumstances where the repair is for accessibility improvements or for unforeseen repair needs, if deferral would result in further damage to the property and/or noncompliance with City housing codes, or would cause undue hardship. In instances where rehab or repair funds are provided to previously assisted homeowners, the total amount of the combined assistance shall not exceed \$54,000 (up to \$60,000 for cases involving lead paint, or asbestos mitigation and energy efficiency.)
- * The CD Office CDD shall secure amounts of assistance greater than \$3,400 with a mortgage, or a covenant or right of first refusal on each assisted property except in the case of ADDI. All ADDI loans will have a mortgage.

OUTCOME OBJECTIVE B: Housing for Buyers

Increase opportunities for homeownership for low and moderate income households

Funds will be targeted to the acquisition, construction or renovation of housing that will be made available to eligible households for purchase of the housing units. The Commission Committee may use a portion of the funds available from certain funding sources (ADDI, HOME, HCRD) to provide downpayment and closing cost assistance in order to promote opportunities for first-time homebuyers or longer-term affordability.

The CD Office will consider investment in an inclusionary zoning project if the project provides enhancements in a project beyond those that would normally be expected under the inclusionary dwelling unit ordinance. The CD Office will limit its aggregate investment of CD funds that may be used within inclusionary zoning units (IZ) projects in any one year to not more than 20% of its total estimated CDBG, HOME, EDI, Housing Trust fund, or program income budgeted for objectives A, B, and D of this Funding Framework.

Preferences

- ~~• The Commission will give preference to homeownership projects that are designed to assure a period of housing affordability that is greater than HOME affordability requirements, or create new units through new construction or conversion of commercial or rental property to homeowner units.~~
- ~~• The Commission will give preference to homeownership projects that provide for some level of pre-purchase and post-purchase homebuyer counseling.~~

Conditions

- * Funds may be used only for housing units which do not exceed the HOME purchase price or value limit designated by the Federal Department of Housing and Urban Development (HUD). For non-HOME funded projects, CD staff may recommend and the Commission may approve individual exceptions in cases involving hardship or in cases involving housing built as part of the City's Inclusionary Zoning requirements.
- * The CDD Office will consider a maximum an investment of up to a level of \$54,000 per unit, (approximately 25 % of the OME single family value limit, a benchmark standard that will change over time), and Staff will evaluate all proposals based on the project's contribution and "value-added" to increase the affordable housing stock, upon project need, and availability of resources to determine the appropriate level of funding. The CD Office will give consideration to the higher end of this \$54,000 limit per unit when the proposal meets the preferences stated above (creates new units through construction or conversion of commercial or rental property to housing).
- * Projects which incorporate accessibility or energy efficiency into the design or involve lead paint reduction or asbestos mitigation or assure housing affordability that is greater than HOME affordability requirements shall be considered for amounts greater than \$54,000 per unit based on increased costs to provide these features, up to a maximum total of \$60,000 per unit.
- * This maximum sum of \$60,000 per unit will include the total of all funds provided by the CDD Office including, but not limited to, CDBG, HOME, Housing Trust Fund, EDI, and HOME-BUY, and TIF 10% setaside. The CDD Office may also offer a higher amount per unit as temporary financing to reduce housing costs.

- * ~~Funding provided through the American Dream Down payment Initiative will be administered according to the loan terms established for those funds.~~
- * Projects may not exceed a total secured funds-to-value ratio greater than 115% from all sources. (Projects where a community land trust serves as owner of the underlying land will be permitted to meet a higher ratio of 125% secured funds-to-value ratio for the entire project of land and property, or 150% of secured funds-to-value ratio for the land alone if the ground lease meets the conditions of affordability and 100% of the full value of the land is secured by a mortgage to the City.)
- * CDD Office loans retained in an assisted property for an individual household may not exceed a loan-to-value ratio 100% from all sources. The CDBG ~~Commission~~Committee will establish additional policies on subordination and ~~sales to second generation buyers of CD funded properties underwriting guidelines.~~
- * All new homebuyers receiving a CD Office loan will be required to attend a homebuyer education class. Homebuyers will be required to submit a homebuyer education certificate of completion to the CDD Office prior to closing.
- * A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs, rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CDD Office funds received may be applied to staffing and other service delivery costs. Projects involving the training of lower income individuals and which lead to employment or higher education may apply up to 50% of funds to staffing, legal, or other development associated costs.
 - ~~The CDD Office shall secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long term deferred loan payable upon sale of the property or change in the use of the property. The mortgage will require a repayment equal to the amount of CDD Office funds invested plus interest. The interest rate will be determined by the CDD staff on an annual basis or the percent of appraised value which the CD funds represent in the value of the property, whichever is higher, except in the case of foreclosures the where repayment shall be based on the net proceeds from the sale.~~
 - The CDD shall secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer or change in the use of the property. The mortgage from a homebuyer will require a repayment equal to the amount of CDD funds invested plus interest. The interest rate will be determined by the CDD staff on an annual basis. In the case of foreclosures repayment shall be based on the net proceeds from the sale. The mortgage from a non-profit agency shall require repayment of the amount provided as the long term deferred loan.
 - Nothing in the CDBG Program Funding Framework precludes the inclusion of specific loan repayment conditions, including a shared appreciation provision, if deemed appropriate under the circumstances.

OUTCOME OBJECTIVE D: Rental Housing

Expand the number of affordable housing rental units and/or improve the quality and/or diversity of units available to lower income individuals (primarily less than 50% of AMI) throughout the community.

- * Funds will be applied to the acquisition, construction or rehab of permanent, or transitional rental housing with rents at HOME rent levels.

Preferences

- * ~~The Commission Committee will give preference to projects which provide housing for households with incomes less than 50% of the area's median income, or create new affordable units through new construction or conversion of commercial properties to rental units.~~

Conditions

- * Funds may generally be used only for housing units that do not to exceed the HOME purchase price or value rent levels limit designated by the Federal Department of Housing and Urban Development (HUD). For non-HOME funded projects, CD staff may recommend and the CDBG Commission Committee may approve individual exceptions in cases involving hardship (staff added).
- * Housing (after rehab) shall comply with all applicable City minimum housing and building codes.
- * The CD Office will consider an investment of up to a level of \$54,000 per unit (approximately 25% of the HOME single-family value limit, a benchmark standard that will change over time), and will evaluate all proposals based on the project's contribution and "value added" to increase the affordable housing stock, upon project need, and availability of resources to determine the appropriate level of funding. ~~The CD Office will give consideration to the higher end of this \$54,000 limit per unit when the proposal meets the preferences stated above (provides housing for households with incomes less than 50% of median, and offers new rental units through construction or conversion of commercial property to housing).~~

~~Projects which incorporate that include accessibility or energy efficiency into the design improvements, involve lead paint reduction or asbestos removal, or assure a period of housing affordability that is greater than HOME affordability requirements shall be considered for amounts greater than \$54,000 per unit based on increased costs to provide these features, up to a maximum total of \$60,000 per unit.~~

The maximum sum of \$60,000 will include the total of all funds provided by the CDD Office including, but not limited to, CDBG, HOME, Housing Trust Fund, EDI, and TIF 10% set-aside. The CDD Office may also offer a higher amount per unit as temporary financing to reduce holding costs. Projects meeting the criteria of the Scattered Site Fund may be eligible for an additional subsidy (see Section 5 for additional information) as an incentive to locate particular types of housing in areas of the city that do not have a high concentration of lower income housing.

- * ~~Newly constructed housing projects will be limited to the development of a total of 16 or fewer units unless, 1) located in areas of the city which do not have a high concentration of lower income housing (as identified on the attached map), 2) are part of a larger neighborhood revitalization effort, or 3) the housing developer demonstrates that a smaller scale project that otherwise meets the objectives within this Framework would not be economically feasible.~~
- * Existing not-for-profit housing is eligible only for funds available through the Housing Development Reserve Fund (see Section 5 of this document).
- * Projects may not exceed a total secured funds to value ratio greater than 115% from all sources.
- * A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs, rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CDD Office funds received may be applied to staffing and other service delivery costs.

~~* The CDD Office shall secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long term deferred loan payable upon sale of the property or change in the use of the property. The mortgage will require a repayment equal to the amount of CDD Office funds invested or the percent of appraised value which the CDD Office funds represent in the value of the property, whichever is higher.~~

The CD Office shall secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer, or change in the use of the property. Nothing in the CDBG Program Funding Framework precludes the inclusion

of specific loan repayment conditions, including a shared appreciation provision, if deemed appropriate under the circumstances.

- * All projects must comply with the relevant funding source requirements. The CDD Office will require that HOME-funded projects comply with the regulations in 24 CFR part 92. The CDD Office will require that ESG-funded housing projects comply with ESG requirements and be designed to serve homeless individuals as defined in 24 CFR 576. ~~Projects must be designed to contribute a 50/50 in-kind or cash match for all ESG funds awarded~~
- * ~~The Commission will assist ESG projects which support a continuum of care strategy, and give priority for ESG funds to those projects which help expand the supply of transitional housing. Buildings using ESG funds for minor rehab must be maintained as transitional housing or as a shelter for the homeless for not less than a three-year period; if the funds are used for major rehab, for not less than a ten-year period. The Committee will assist projects funded with ESG which support a continuum of care strategy. Preferences will be given for projects that include rehabilitation of emergency shelter and transitional housing.~~

NOTE FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATION HOUSING: 15% of the aggregate HOME funds available to the City are reserved for projects administered by agencies which meet the HUD definition of a Community Housing Development Organization (CHDO), as defined in 24 CFR Part 92. The City may consider appropriate CHDO-sponsored, managed or owned projects for predevelopment or technical assistance loans.

GOAL CATEGORY TWO: BUSINESS DEVELOPMENT

The goal of the City is to help businesses grow in ways that create employment opportunities for lower income persons.

OUTCOME OBJECTIVE E: Business Growth for Job Creation

Help businesses and non-profits create new employment opportunities for lower to moderate income persons

- * The ~~Commission~~Committee will primarily fund non-profits which provide loans or equity funds or other support, such as incubator space, to businesses to expand in order to create new positions.

Preferences

- * ~~The Commission will give preference to projects that target the development of new full time jobs which pay at least two times the City's living wage rate or provide training and advancement opportunities.~~

Conditions

- * Projects should target the development of jobs which pay at least the City's living wage or provide training and advancement opportunities.
- * Businesses may include not for profit entities which operate like a business to serve a fee-paying market and demonstrate a predictable source of revenue based upon sales or services not funded by the City.
- * The CDD ~~Office~~ will require the recipients of loans or equity investments or other support to agree to create, at a minimum, one full time job at a living wage rate for every \$25,000 of CDBG funds received, ~~and one full time job at two times the living wage rate for every amount between \$25,001 and \$50,000 of CDBG funds received.~~ At least 51% of the jobs created must be taken by low or moderate income persons. Positions need to be created and filled within 1-2 years.
- * The CDD ~~Office~~ may approve the provision of up to 10% of a funded program's amount to provide loans to businesses to retain existing positions held by income-eligible persons. These projects must be able to meet the HUD requirements for "retention."
- * Projects funded must have a well developed business plan that considers among other things: focus of the business and intended customer base, expected costs and revenues, a particular sector of the economy ("green" jobs, etc.), a particular stage of development (start up business, second stage business, etc.), size of business (number of employees), and whether it is part of a larger neighborhood strategy.

OUTCOME OBJECTIVE F: Micro-enterprises

Assist micro-enterprises which are the principal occupations of their owners or which create new job opportunities for low or moderate income persons (HUD defines a micro-enterprise as a business with 5 or fewer full time employees, one of whom owns the business.)

- * The ~~Commission~~Committee will fund non-profits which provide technical assistance, or appropriate space for nascent businesses, or loans to individuals starting or operating micro-enterprises where:

- * ~~The low or moderate income owner's job within the business is expected to become that individual's principal occupation within three years of provision of assistance, or~~

- * ~~The micro-enterprise is expected to create at least one full time equivalent position for a low or moderate income person, other than an owner, within four years.~~

Conditions

- * Assistance to any micro-enterprise is limited to a ~~two four-~~ year period from the first CDBG-funded contact with the non-profit agency funded by the CDD-~~Office~~.
- * Projects funded must have a well developed business plan that considers among other things: focus of the business and intended customer base, expected costs and revenues, a particular sector of the economy ("green" jobs, etc.), a particular stage of development (start up business, second stage business, etc.), size of business (number of employees), and whether it is part of a larger neighborhood strategy.

GOAL CATEGORY THREE: STRENGTHENING MADISON'S NEIGHBORHOODS

The goal of the City is to expand opportunities that promote neighborhood cohesion, stability, and sustainable development.

OUTCOME OBJECTIVE G: Community Gardens and Neighborhood Centers

Create, enhance, or sustain the operation of neighborhood centers and community gardens that bring people of diverse backgrounds together, serve as neighborhood focal points, or provide residents with skills or opportunities that will lead to stronger neighborhoods

- * Projects must demonstrate coordination with other community groups and the support and participation of neighborhood residents.
- * Projects must demonstrate that their service area contains a minimum of 51% lower income individuals, or at least 51% of their participants are lower income individuals.

Preferences Conditions

The ~~Commission~~Committee will ~~consider give preference to~~ funding centers, community gardens or other focal points in a manner that contributes to the predictability of funding and stability of centers, gardens or other facilities while still recognizing that over time the needs change within in a neighborhood. The Committee shall consider the quality of the programming and resident participation and center user satisfaction in recommending funding for the centers.

Conditions

- * ~~Each assisted neighborhood center shall be required to adopt a policy to encourage resident participation in its major policy making and operational decisions, such as representation on the Board of Directors, involvement in a center's program planning committee, participation in a center's hiring committee or the use of customer feedback surveys. The CD Office shall review these activities with each center as part of their biennial assessment, and the CDBG Commission shall consider the quality of the resident participation and center user satisfaction in recommending funding for the centers.~~

OUTCOME OBJECTIVE L-1: Targeted Neighborhoods

Assist residents of designated Neighborhoods in identifying opportunities and promoting sustainable revitalization efforts

- * The ~~Commission~~Committee will reserve funds solely for use within a CDDBG designated neighborhood/ census tract. The ~~Commission~~Committee will target planning funds for up to a one-year period for each designated neighborhood/census tract, to include appropriate technical assistance for increasing the capacity of the neighborhood, and planning assistance for preparation of an updated neighborhood plan followed by a period of project funding.
- * The ~~Commission~~Committee shall make available project funds only for proposals submitted by a qualified entity -sponsored by a City designated steering committee in the designated census tract(s) with a Council-approved updated plan. ~~Planning funds for 2009 and 2010 will be targeted to the ??????Brentwood Sherman area (census tract 22) with a second neighborhood to be designated by the CDBG Commission Committee for planning assistance in 2010.~~

Conditions

- * The ~~Commission~~Committee will provide funds to capitalized projects which are either one-time or will demonstrate self-sufficiency after the period of CDBG assistance. Projects categorized by HUD as planning/administrative or "public service" are not eligible.
- * Capital and infrastructure projects normally funded by the City as part of the capital budget process are not eligible except for projects addressing accessibility or provide the neighborhood share of CitiArts projects or neighborhood park improvements.
- * Projects must be consistent with the neighborhood plan or update developed by the Steering committee and approved by the Common Council. Neighborhoods will be encouraged to recommend projects that address interrelated issues within a comprehensive strategy and which generate a long-term positive impact on the neighborhood.

OUTCOME OBJECTIVE L-2: Neighborhood Strategy Areas

Encourage sustained, complementary and comprehensive revitalization efforts in selected neighborhoods
(Funds are only available for these City-designated Neighborhood Strategy Areas, and will be limited by the amount of special City funds designated by the Mayor for these activities.)

* The ~~Commission~~Committee will give preference to activities that connect residents to job training opportunities leading to permanent employment that offers a living wage or greater.

~~• For the years 2009-2010, the CommissionCommittee has designated Census Tracts 6 (Allied-Dunn's Marsh) and the areas described as part of the South West Neighborhood Plan as a Neighborhood Strategy Area (parts of C.T. 4.01, 4.02, and 5.01.)~~

GOAL CATEGORY FOUR: ACCESS TO COMMUNITY RESOURCES

The goal of the City is to expand opportunities for low- and moderate-income persons to access self-help activities in friendly, safe, accessible, and well-maintained civic spaces.

OUTCOME OBJECTIVE M-1: Information Services

Increase access to housing resources that provide individuals with information, skills and abilities to obtain and/or retain housing

- * Funds will be targeted to the operating costs of projects which provide information or other non-monetary resources to low and moderate income persons, such as housing counseling, training, or mediation.

Preferences

- * ~~The Commission Committee will consider give preference to projects that equip individuals with the skills needed to improve housing tenure.~~
- * ~~The Commission Committee will consider give preferences to projects which either address broader housing opportunities for people of all races, non-english speakers and other protected classes, fair housing goals, or activities which support the expansion of affordable housing opportunities throughout the community.~~

OUTCOME OBJECTIVE M-2: Homeless Services

Stabilize or improve the housing situation of homeless individuals or near homeless individuals

- * ~~The Commission Committee will consider fund proposals which strengthen the area's continuum of care for homeless people, which prevent homelessness, or which move people into more stable or permanent living arrangements.~~

Preferences

- ~~The Commission Committee will give preference to service proposals designed to develop longer-term solutions that assist homeless individuals in gaining the skills necessary to live independently, improve housing tenure and reduce future homeless episodes.~~
- ~~The Commission Committee will give preference to proposals that address issues related to people living in public places or parks, and seek to connect these people with more permanent living arrangements and services.~~
- ~~The Committee will consider fund proposals that seek to move homeless persons into stable housing as quickly as possible while providing a full complement of support services and treatments.~~
- ~~The Committee will give preference to proposals that use the Housing First Model.~~
- ~~The Committee will consider give preference to proposals that provide support for homeless persons in becoming job ready and obtaining employment.~~

Conditions

~~* All ESG funded projects must comply with ESG requirements outlined in 24 CFR 576. All ESG funded projects must be designed to contribute a 50/50 in kind or cash match for all ESG funds awarded.~~

~~* All SHP funded projects must be designed to comply with SHP match requirements and other regulations outlined in 24 CFR 583.~~

*All ESG funded projects must comply with 24 CFR 576 and SHP funded projects must comply with 24 CFR 583 including, but not limited to, program design, eligible recipients, documentation standards and match requirements.

* Preference will be given to projects designed to serve homeless persons or those persons at risk of homelessness that include a case management component. The purpose of the inclusion of these services will be to help recipients find and maintain stable, affordable housing.

OUTCOME OBJECTIVE K-1: Community and Neighborhood Facilities

Create or improve safe, accessible, energy efficient- and well-maintained environments for the delivery of human and recreational services to the CDBG target population

- * ~~The Commission Committee will target its funds towards the capital expenses of acquisition of property, and/or renovation of the facilities of agencies which can document that a minimum of 51% of their customers are low and moderate income persons and that a minimum of 51% of their customers are city of Madison residents. The acquisition or rehab may lead to lower longer term space costs, energy efficiency, the improvement of physical accessibility, the encouragement of service coordination or may improve environments for the delivery of service.~~
- * ~~Funds will be used for the acquisition and/or rehabilitation of the nonresidential facilities of agencies that can demonstrate that a minimum of 51% of their customers are both low and moderate income persons and City of Madison residents.~~

Preferences

- * ~~The City will provide funds only for the following activities: accessibility, new construction, acquisition, expansion of existing buildings, or rehab/renovation. Rehab shall include replacement of major items such as roof, furnace or energy improvements, rather than ordinary maintenance items. The amount of assistance may vary. The City may vary the amount of assistance based upon project need, agency capacity, degree of relationship to Community Development goals and priorities Framework objectives and the availability of resources.~~

Conditions and Terms

~~For agencies acquiring or renovating their own property, the The City will provide assistance in the form of a non-recourse, deferred payment loan that will be due and payable upon the sale, transfer, or change in use of the property. The CDD Office will secure the deferred loans with a promissory note and a mortgage on the property, with repayment to be equal to the amount of CDBG (or ESG) funds invested or the percent of appraised value which the CDBG funds represent in the property, whichever is higher. Repayment will be equal to the amount of CDD funds invested. Deferred payment loans to neighborhood centers shall include a City option to purchase the property or to find another agency to operate the project.~~

For agencies renting space, the City may provide up to \$25,000 as a ten-year forgivable loan, (the approximate period of depreciation for many improvements) unless the property owner will secure the loan with a mortgage on the property. Agencies renting space will be asked to provide a ten-year lease from the owner instead of a mortgage on the property.

- * ~~The maximum cumulative amount that will be provided per property is \$150,000 or \$25,000 for property that is leased. Funds for owner agencies are limited to a cumulative outstanding total secured CDBG/ESG assistance of \$150,000 per property. Agencies renting space are limited to a cumulative total of \$25,000. Assistance provided prior to January 1, 1999 will not be counted toward the maximum secured amount.~~
- * ~~The City will not fund projects smaller than \$25,000 \$10,000, except in the case of ESG funds.~~
- * ~~In the interest of promoting longer-term maintenance and planning, the City will limit agencies to one application per property in a 3-year period.~~
- * ~~Funds to address this objective are available through the Acquisition/Rehab Reserve Fund. (See Section 5, Reserve Funds.)~~

SECTION 3: ALLOCATION OF NEW FUNDS

~~The CDD Office and CDBG Commission Committee intend to continue to explore longer term funding arrangements with agencies to provide a source of stability to long term, well-working establish projects, and to reduce the level of annual proposal writing. To this end, the Commission Committee will continue to capitalize and recommend the establishment of long term revolving funds where appropriate or will continue to seek and commit funds on a one-to-five year basis where the funding source or the nature of the project will permit such a commitment. For new funds committed for this next two year period, the Commission Committee will seek to either commit projects to a two year contract for the period 2011-2012 2009-2010, subject to a review of effective performance and continued~~

external (HUD or State) funding, or designate some project funding on a year by year basis when the nature of the project or the project context is undergoing transition.

The CDD Office anticipates allocating new funds it receives from federal, state, and local sources as outlined on the attached chart. The CDBG ~~Commission~~Committee may alter these target allocations based on the quality of proposals received in response to request for proposals for these funds. The ~~Commission~~Committee also reserves the right to reject or amend or negotiate specific terms on individual projects to strengthen its effectiveness with regard to City goals.

The ~~Commission~~Committee may also consider an increase or change in the ~~preferences,~~ conditions or funding limitations on specific projects which it determines may contribute substantially to a neighborhood revitalization or redevelopment strategy adopted by the Council or the CDBG ~~Commission~~Committee.

In addition to the listed targeted allocation, the CDD Office will seek out other funding opportunities to meet the CDD Office outcome objectives as outlined in the Community Development program goals and priorities.~~the~~ framework.

GOAL/Objective		Summer RFP for 2009-2010		Reserve Funds	Other sources or processes
		CDBG	HOME		
HOUSING	A – Owner-occupied	5%	26%		
	B – Buyer	7%	26%	Housing Dev. Fund: CDBG 4% HOME 12% HOME MATCH Housing Trust Fund 100% ESG	HCRI, TIF, EDI
	D – Rental	7%	26%		Scattered Site Housing, SHP, HCRI, Wisconsin Homeless Prevention Program, and TIF
		Plus ESG HUD 35%			
BUSINESS DEVELOPMENT	E – Job Creation	14%		Econ. Dev. Fund: 5% CDBG	
	F – Micro-entreprise	2%			
STRENGTHENING NEIGHBORHOODS	G – Centers/Gardens	15% **			
		CITY			
	L – Strategic Area Revitalization	5%			
		Concentration Neighborhood 2%			
	Neighborhood Strategy				
ACCESS TO RESOURCES	M-1 – Access to Resources	1%			
		CITY***			
	M-2 – Homeless	CITY HUD ESG: 60%			WI-ESG
	K-1 – Facilities	See Reserve Funds.		Acq/Rehab Fund: CDBG 12%	
K-2 – Facilities	%				
		Reserved for Section 108 loan repayment.			

RESERVES ()	CDBG 2% for new in 2010		Futures Fund: CDBG 1%	
Z. OVERALL PROGRAM ADMINISTRATION	18%	10%		HCRI, SHP, other
	ESG 5%			
SUBTOTALS:	CDBG 78% CITY 100% ESG 100%	HOME 88% HOME MATCH	CDBG 22% HOME 12% HOME MATCH	
* 26% of the estimated total City HOME allocation is earmarked for the CED Deferred Payment Loan program.				
** A minimum of 1/15 of this Centers/Gardens category or 1% of the total is earmarked for community gardens.				
*** City funds in this area reserved for current projects.				
The anticipated total new funds available in CDBG in 2009 is \$1,900,000; in HOME, \$1,700,000. For a description of the revenue flow of both new and program income funds from all sources, consult either the Five Year Plan, pages 18-19, the Comprehensive Annual Performance and Evaluation Report for the most recent year, or check the CD Office website at www.cityofmadison.com/cdbg .				

Note: The Commission/Committee has reserved 18% of the estimated CDBG Entitlement funds, 10% of the HOME funds, and 5% of the Federal ESG funds for program administration. Please note that each funding source places some limits on particular types of activities and expenses. CDBG is limited to 15% for "public services" and 20% for administrative/fair housing activities; HOME is limited to 10% for administration; ESG is limited to 5% for administration, 30% for prevention services, and 30% for "essential services."

Contract process

The CD program will issue two-year projects a contract for a two-year period contingent upon successful performance and receipt of similar funding from HUD for year two. The CD program may also issue certain projects contracts for a one-year period.

Fund allocation

The CDBG Commission Committee will allocate all funds for this two-year period except for the reserve funds. The Commission Committee will reserve sufficient funds to allow for emergency or short-lived opportunities that arise during the year. Reserve funds will include a portion of funds to be set aside for new projects during year 2.

Inclusionary Zoning

The CD Office will consider investment in an inclusionary zoning project if the project provides enhancements in a project beyond those that would normally be expected under the inclusionary dwelling unit ordinance. The CDD Office will limit its aggregate investment of CD funds that may be used within inclusionary zoning units (IZ) projects in any one year to no more than \$540,000 (10 units remaining x \$54,000 per year) in CDBG and HOME funds budgeted for objectives A, B, and D of the Community Development program goals and priorities. Funding Framework.

SECTION 4: GENERAL CRITERIA AND CROSS-CUTTING POLICY AND GEOGRAPHICAL GOALS

General Criteria

The CDD Office will require projects to meet these national, state and local cross-cutting regulatory requirements:

1. Serve low and moderate income persons
2. Utilize minority business enterprises.
3. Promote affirmative action, non-discrimination and equal opportunity in each of its assisted programs.
4. Comply with physical accessibility standards.
5. Minimize negative environmental impacts, and meet environmental goals.
6. Reduce lead paint hazards.
7. Comply with Federal Fair Labor Standards, and local Living Wage requirements.
8. Minimize displacement in acquisition or rehabilitation projects.
9. Promote the goal of fair housing, housing diversity, and housing choices.
10. Minimize both the direct and indirect displacement of persons. Where appropriate, the Office will adhere to the state and federal benefit levels and procedures. The CDD Office will also use its funds only in projects that minimize the demolition or conversion of affordable housing units to another use.
11. Avoid conflict of interest situations, and comply with anti-lobbying requirements. Note: If a group is seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if a group is seeking assistance from the city with a value of over \$10,000 (this includes grants, loans, TIF or similar assistance), then the group is likely to be subject to Madison's lobbying ordinance, sec. 2.40 MGO. The group is required to register and report its lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.
12. Adhere to the constitutional and regulatory provisions of separation of church and state and avoidance of public funding of inherently religious activities.
13. Design program operations to safeguard vulnerable populations, such as young children and frail elderly people.

SECTION 5: FUNDS AVAILABLE OUTSIDE OF THE SUMMER PROCESS

CDBG, HOUSING TRUST FUND, ESG, SCATTERED SITE, TIF 10% SET-ASIDE, AND HOME RESERVE FUNDS: THE HOUSING DEVELOPMENT FUND, THE ECONOMIC DEVELOPMENT FUND, THE FACILITY ACQUISITION/REHAB FUND, THE FUTURES FUND, AND ESG HOMELESS SERVICES FUND

1. Housing Development Revolving Fund

- * Projects must meet either outcome objective B or D, and the relevant funding conditions of the particular funding source, such as the Housing Trust Fund.
- * Funds are available anytime throughout the year contingent upon availability of funds. ~~Twenty-four (24) copies of the Applications~~ are due to the CDD Office by 4:30 p.m. on the 15th of the month and will be reviewed by the CDBG ~~Commission~~Committee on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$25,000 to be assisted with Housing Development Funds (except for the Scattered Site assistance); the Mayor shall determine final approval for all recommended projects \$25,000 or less. The CDBG ~~Commission~~Committee shall determine final approval of all Scattered Site funds. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property to allow time for orderly decision making.
- * Projects that help acquire service-enriched housing in the scattered site areas, identified on the map, may be eligible for additional local funds. These ~~Scattered Site~~ ~~Scattered Site~~ funds offer to ~~are available to~~ eligible non-profits down payment and acquisition assistance up to 30% of the assessed value of a property. ~~Properties must be used for supported living arrangements defined as housing where eligibility for residency is based on aging, physical disabilities, developmental disabilities, chronic mental illness or drug/alcohol dependencies, or where residency is greater than three months but no more than 24 months, and intended to move people into more independent living arrangements, and which contain no more than eight complete living units (as defined by IRS tax codes) or eight shared living units.~~
- * Proposals for this Housing Development Fund must identify a specific site address and be able to commit all funds within twelve months of Council approval. The City will provide assistance to properties that are or will be owned by the applicant.
- * Applications for all funds within the Housing Development Fund (CDBG, HOME, ESG-Federal, Affordable Housing Trust Fund, and Scattered Site) are available from the CDD Office.

2. Economic Development Revolving Fund

- * Funds for small business development and job creation are available anytime throughout the year contingent upon the availability of funds.
- * ~~Projects must conform to meet Objectives E or F. Projects that include acquisition and rehab. of property must also conform to Objective E or F of this Framework through the acquisition or rehab of real property.~~
- * Funds are available anytime throughout the year contingent upon the availability of funds. ~~Twenty-four copies of the Applications~~ are due to the CDD Office by 4:30 PM on the fifteenth of the month and will be reviewed by the CDBG ~~Commission~~Committee on the first Thursday of the following month. The Common Council shall determine final approval for all recommended projects over \$25,000 to be assisted with Economic Development Funds; the Mayor shall determine final approval for all recommended projects of \$25,000 or less. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property in order to all time for orderly decision-making.
- * Proposals for this Economic Development Fund must identify a specific site address and be able to commit and expend all funds within twelve months of Council approval. The City will provide assistance solely to properties that are or will be owned by the applicant.
- * The CDD Office will secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon the sale, transfer, or change in use of the property. The mortgage will require a repayment equal to the amount of CDBG funds invested or the percent of the appraised value which the CDBG funds represent in the value of the property, whichever is higher.
- * Applications are available from the CDD Office.

3. Acquisition/Rehab Revolving Fund

- * Projects must meet ~~Objectives E or F~~Objective K of this Framework.
- * Project request must be a minimum of \$25,000. The City will not fund projects smaller than \$25,000 except in the case of ESG funds.

* Funds are available anytime throughout the year contingent upon availability of funds. ~~Twenty-four (24) copies of the Applications~~ are due to the CDD Office by 4:30 p.m. on the 15th of the month and will be reviewed by the ~~CDBG Commission~~Committee on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$25,000; the Mayor shall determine final approval for all recommended projects \$25,000 or less. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property.

* Funds must be committed within twelve months of Council approval to a specific written agreement for acquisition or rehab.

* Applications are available from the CDD Office.

4. Futures Fund Reserve Fund

* Projects must help a non-profit community agency develop a prototype or conduct a feasibility study or address a short-lived revitalization opportunity or develop a new method or approach while also addressing one of the Community Development objectives articulated in this Framework. Funds can be applied toward the capitalized costs of a feasibility study, or the project costs of an experimental or project pilot implementation phase

* Funds will be limited to \$20,000 per project and are provided in the form of a one-time grant.

* Funds are available anytime throughout the year contingent upon availability of funds. Twenty-four (24) copies of the application are due to the CD Office by 4:30 p.m. on the 15th day of the month and will be reviewed by the ~~CDBG Commission~~Committee on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$20,000; the Mayor shall determine final approval for all recommended projects \$20,000 or less. Applications should be submitted four months prior to the planned project.

* Applications are available from the CDD Office.

5. ESG/Homeless Services Funding Process

* The City will facilitate an annual process with community services providers to develop and administer State ESG funds which meet the objectives, preferences, and conditions of M-2 and D.

6. Other Funding Sources

* The City will also seek funds from sources other than those enumerated above and welcomes suggestions or the opportunities to co-sponsor or develop and administer those applications. ~~During the next two years, for instance, the City anticipates that this Office will administer the 10% set aside for affordable housing from newly created Tax Incremental Financing Districts, and will administer additional special funds earmarked during the Congressional budgeting processes.~~

CONCLUSION

Questions or comments and suggestions about this Framework are always welcome.

Mail: Community Development ~~Division~~Office
Department of Planning and Community and Economic Development
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P.O. Box 2985
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Phone: (608) ~~266-6520~~267-0740

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IF YOU NEED SPECIAL ACCOMMODATIONS SUCH AS A TRANSLATOR OR MATERIALS IN AN ALTERNATE FORMAT, PLEASE CALL THE CD OFFICE AT 267-0740 (267-0744 - TDD).

SECTION 6: CHECKLIST AND ROADMAP FOR APPLICATIONS TO THE CDD OFFICE

FUNDING PATHS:

APPLICANT'S NOTES	MAJOR STEPS	PATH 1: 2 YEAR FUNDING SUMMER PROCESS FOR FUNDING YEARS 2009-2010 2011 - 2012	PATH 2: NON-2 YEAR FUNDING SUMMER PROCESS FOR RESERVE FUNDS: Acquisition/Rehab, Housing Development, and Futures Funds
	Agency observes community needs and explores best methods to address those opportunities	Spring, 2008 Summer 2010	Two months prior to application
	Agency develops proposal concept, explores capacities to manage project, discusses concept with its governing board and potential partners		
	Agency discusses concept with staff of funding sources		
	Agency determines funding and project schedules		
	Agency decides to apply, if appropriate and ready	May, 2008 10	One month prior to application
	Agency writes draft proposal; it is advisable to review this draft with the potential funding source.	May, 2008 10	One month prior to application
	Agency submits proposal 24 copies to CDD Office	June 4, 2008 (noon) TBD	Fifteenth of any month except June and July
	CD staff review written application; may discuss details and rationale with applicant	June and July, 2008 TBD	Generally the last week of each month, except July or August
	Commission Committee reviews written application		Generally the first Thursday of each month, except June or July
	Applicant agency makes oral presentation to Commission Committee; Commission Committee determines its recommendation.		Generally 5-6 weeks following the Commission Committee, on either the first or third Tuesday of the month
	Council determines its approval	TBD October and November, 2008	Three weeks after approval by the Council or the Mayor
	CD staff negotiates with agency for contract.	November and December, 2008 10	After contract is executed.
	Program begins after written contract is executed	After January 1, 2008 10	

