



# City of Madison

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

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Thursday, July 1, 2010

5:00 PM

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

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### CALL TO ORDER / ROLL CALL

**Present:** 7 -

Shiva Bidar-Sielaff; Marsha A. Rummel; Monya A. Choudhury; Charlie R. Sanders; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

**Excused:** 3 -

Ken W. Pritchard; Tim Bruer and Arthur V. Robinson

STAFF: Charnitz, Clingan, Kenny, Miller, Rood, Short, Wallinger

OTHERS: Connie Ferris Bailey (Operation Fresh Start), George Riggin (Operation Fresh Start), Lindsey Lee, Bess Hambleton, Paul Jasenski (Common Wealth Devel.), Marianne Morton (Common Wealth Devel.), Carla Fears (Ecumenical Housing Corp.), Dan Rolfs (Ecumenical Housing Corp.), Mark Olinger (City of Madison, CDA), Daniel Fitzgerald, John Faust (Horizon Devel. Group, Inc. / Burr Oaks Senior Housing), Percy Brown (Citizen), Ruth Ann Bauhs, John Bauhs, Dale Cox (Burr Oaks Neighborhood Assoc.)

CALL TO ORDER: Sanders called the meeting to order at 5:03 pm.

### APPROVAL OF MINUTES

Markofski moved to approve the minutes, Bidar-Sielaff seconded with the following corrections:

- Bidar-Sielaff left the meeting after agenda item 18608 and was not present for the rest of the meeting;
- The word "hard" in paragraph three on page three should be "hand," so that the sentence reads, "Whitesel noted that they generally would need property in hand to obtain loan";
- The word "please" should be removed from paragraph six on page nine, so that the sentence reads, "Whitesel suggested beginning with the basics."

### PUBLIC COMMENT

No Comments at this time.

### DISCUSSION ITEMS

5. [18930](#) THIRD SUBSTITUTE - Authorizing the provision of \$385,000 in Federal HOME, and

HOME Match and/or Community Development Block Grant (CDBG) funds to assist the City of Madison Community Development Authority to acquire and construct 50 units of affordable senior rental housing.

The Committee agreed to hear the Burr Oaks senior housing request first.

Percy Brown addressed the Committee as a long-time South Madison resident. He said he built his home there in 1982, raised his family there, and still lives there. He has been active on many area committees and is proud to be a member of the South Madison community.

Brown said the Burr Oaks Senior Housing project has three major strengths:

1. **Affordability:** The project provides affordable housing for low- and moderate-income individuals;
2. **Location:** The project is in the perfect location to serve all of South Madison and situated near a fire station, police station, shopping center, hospital, and other prime locals.
3. **Integral part of major revitalization effort for South Madison:** The project is an essential piece of the puzzle to revitalize South Madison.

Rummel asked what pots of money have gone to fund this project.

Brown replied that the project has leveraged multiple funding sources, including TIF and \$9 million from a private developer. He said that the CDA also sold land to the developer.

Whitesel asked about the timing of the project and the legal problems associated with it.

Dan Rolfs said that one of the previous property owners has contested the right of the CDA to condemn its property and that a judge is expected to render a ruling in the case next Friday, July 9.

Whitesel asked what the timeline is for the start of the project; and

Rolfs said that demolition of current properties should be completed by late fall with construction beginning next spring.

Markofski asked how the domain issue arose.

Rolfs said that the CDA created a redevelopment district with the condition that at least 50% of the area's properties must be blighted. The CDA used eminent domain to condemn the properties with compensation going to the property owners for the properties. The property owners then had two years to contest the amount of compensation.

Markofski asked which issue Badger Trust was disputing: the value of the property or right to condemn it; Rolfs said that they were disputing the right to condemn.

Mark Olinger, along with John Faust and Dan Fitzgerald of New Horizon, presented the project to the Committee.

Olinger said that the project will involve 50 units of affordable senior apartments. He said they have received \$7.1 million in tax credits from WHEDA and that there will be a \$1.2 to \$1.5 million mortgage on the property. Exchange funds from WHEDA will close the financing gap.

Olinger said that the request before the Committee for \$385,000 is the last piece to the funding of the project. He said their goal is to start in the fall and be done by next summer. They hope to have an answer to the Badger Trust issue on July 9. Olinger said that the CDA has committed 30 project-based vouchers to the project.

Rummel asked what New Horizon does and noted that there is no equity investment in the project.

Faust said that New Horizon brings investors to the project and will manage it when it is completed, as well.

Rummel asked what other properties New Horizon manages.

Faust said that they look after several properties in Wisconsin, including Frost Woods in Monona and a couple in Verona.

Whitesel asked why some of the application information has not been provided for the staff report.

Olinger said that the information has now been provided, but the staff report might have been written before all information was available.

Charnitz said that she had received an operating budget a while ago, but she just got a new pro-forma tonight.

The Committee will need to allow time for the pro-forma to be analyzed.

Faust said that an appraisal wouldn't be done until about a month before the closing.

O'Callaghan asked why the loan-to-value ratio is over 200%; and Charnitz said that the loan-to-value ratio includes loans for the total project cost (\$7 million) compared to assessed value of property after rehab.

Faust said that the assessed value will not include tax credits.

Charnitz said that all debt is in the property.

Faust said that \$1.2 million will be in the first mortgage with \$700,000 in exchange funds from WHEDA, which are forgivable.

Rummel wanted to know why there were so many questions in the staff review, and Charnitz said it was because a lot of the requested information was not included in the application.

Rummel moved to refer this item to the August agenda to give staff time to get answers to all the questions; Whitesel seconded.

Fitzgerald said he had concerns with the timing of the project, and referring it to the next meeting may delay the construction schedule.

Bidar-Sielaff said that, if referred to the August meeting, this item would go before the Common Council at its September 7 meeting.

Markofski asked if staff were okay with recommending this, and Charnitz said that it would be okay but that the alder was very supportive of the project and wanted to see it move forward.

Faust said they wouldn't be able to provide that much more information at the next meeting; they would have no appraisal yet.

Rummel said she would like to see all information next time.

Rummel moved to refer to this item to the August meeting. Whitesel seconded. The motion passed by the following vote:

**Excused:** 3 -

Ken W. Pritchard; Tim Bruer and Arthur V. Robinson

**Ayes:** 5 -

Shiva Bidar-Sielaff; Marsha A. Rummel; Monya A. Choudhury; Daniel A. O'Callaghan and Russ Whitesel

**Noes:** 1 -

Justin O. Markofski

**Abstentions:** 1 -

Charlie R. Sanders

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

- 18917** Accept \$172,678 in Emergency Shelter Grant (ESG) funds from the WI Department of Commerce and authorize the Mayor and City Clerk to execute agreements with specific non-profit agencies providing housing and services for homeless persons.

Bidar-Sielaff asked about eligibility for these programs with respect to citizenship. She asked whether social security numbers are required for participation.

Wallinger said that participants are not required to provide their social security numbers and that agencies are only required to note whether their participants responded to the question of a social security number. She said that citizenship is not required for shelter programs.

Bidar-Sielaff asked what kind of medical vouchers the Salvation Army provides. She said that Dane County Public Health provides funding assistance for infectious diseases and didn't want to see the Homeless Consortium duplicating those services with their sparse funding.

Wallinger said that the funds used for the Salvation Army's medical vouchers are the only funds that the Consortium has for people being discharged from hospitals. The medical vouchers wouldn't necessarily be used for infectious

diseases.

Bidar-Sielaff asked Wallinger just to have a conversation with Salvation Army about other resources available for those needs.

**Bidar-Seilaff moved to approve the whole Emergency Shelter Grant package as outlined in the resolution; Whitesel seconded; unanimous.**

2. [18935](#)

Authorizing Operation Fresh Start (OFS) to modify their program income contract to allow them to sell properties that have a Community Development Division (CDD) program income fund investment and at the time of sale secure the loan amount with an assignment of mortgage on an alternative OFS property.

Connie Ferris Bailey said that OFS and CDBG have worked together in partnership for many years and explained OFS's current request to modify their program income contract to allow them to sell properties that have a program income fund investment and at the time of sale secure the loan amount with an assignment of mortgage on an alternative OFS property. She said they currently hold approximately \$180,000 in third mortgages, and they would essentially sell CDBG these third mortgages up to an amount of \$125,000 by assigning them to CDBG.

Rummel asked staff what would happen when we take over mortgages.

Rood replied that we would lose about \$19,100 in administrative fees by taking over the mortgages.

O'Callaghan asked Ferris Bailey if these are no interest, deferred loans, and she said yes they are. O'Callaghan asked what the average amount of the third mortgages is, and Ferris Bailey said most are around \$10,000.

O'Callaghan asked whether or not any of the third mortgages had been foreclosed, and Ferris Bailey said that only one on Freese Lane had been foreclosed.

O'Callaghan asked how many total third mortgages OFS has and whether OFS will continue taking thirds.

Ferris Bailey said that they have approximately 22 third mortgages for \$10,000 or less and that they would not be taking third mortgages any longer.

Clingan gave the Committee some perspective on the relationship OFS has had with CDBG. He said that OFS has been around for decades with a model for homeownership that worked successfully before the bad economy. He said that taking their third mortgages is how we can help them without putting the City at risk.

O'Callaghan commended OFS and the City for this creative solution.

Ferris Bailey added that Forward Community Investments has also helped OFS enormously.

Whitesel thanked Barb Constans for her work on this project.

**O'Callaghan moved to approve the modification to the OFS program income contract to allow OFS to, at the time of sale of a property with program income revolving loan funds, to provide the City with an assignment of mortgage on an alternative OFS property that has built sufficient equity to cover the existing first mortgage and the one being assigned and require that assistance be limited to a maximum of \$125,000, of their outstanding program income loan balance on 5 or more properties, with a maximum of \$25,000 of assignment per property; properties to be approved by the City. Rummel seconded; unanimous**

3. [18929](#)

Authorizing the provision of \$432,000 in Federal HOME Match funds to assist Common Wealth Development, Inc. in acquiring and rehabilitating two 4-unit buildings for the purpose of providing affordable rental housing.

Marianne Morton gave a brief overview of Common Wealth's request for funds to assist them in acquiring and rehabilitating two 4-unit buildings. She said that CWD is looking to purchase and rehab two of three buildings across from Marquette Elementary School and O'Keefe Middle School. CWD will create a total of eight affordable units, with four of the units being rehabbed to accessibility standards. She said that CWD is taking two properties on the brink of foreclosure, which have also been an eyesore in the neighborhood, and turning them into affordable rental housing.

Paul Jasenski said that a judgment has been entered on the foreclosures, and they will be going to a sheriff's sale. He said that CWD will make all first floor units accessible. He also said that lead paint abatement will be required.

O'Callaghan asked what Madison Community Cooperative (MCC) will be doing with their building.

Jasenski said that they are going to provide a large house, basically, with rooms.

O'Callaghan asked if it would essentially be an eight-room housing coop, and Jasenski said yes.

Bess Hambleton said she is a member of the Marquette Neighborhood Association and expressed her delight at this project.

Lindsey Lee, who owns Ground Zero Coffee and is also a member of the Marquette Neighborhood Association, said that many of us asked CWD to look at this project. He said that the neighborhood embraces the mix of diverse homeowners and requests support of the project.

Marsha Rummel, alder for the area, said it is exciting to see CWD's partnership with MCC.

**Bidar-Seilaff moved to approve staff recommendations for \$432,000 in HOME Match funds to be provided to Common Wealth in the form of a long-term**

**deferred loan without shared appreciation or interest to complete this project.  
Whitesel seconded; unanimous**

4. [18949](#)

Ecumenical Housing Corporation requests \$53,575 to pay an unanticipated 2009 tax bill. EHC has been exempt from paying property taxes since 2000. In fall 2009, the state changed their guidelines related to non-profit property tax exemption. The new law required EHC to have 100% of their residents with documented income of 80% CMI or less and applied this requirement retroactively to January 1, 2009. EHC could not meet this requirement retroactively and lost their property tax exemption for 2009. This resulted in the agency having an unanticipated tax bill of \$53,575.

Rolfs informed the Committee that he was putting on his "citizen" hat to speak for this item and was here in his own capacity, not as a City employee. Rolfs said he is president of EHC's Board of Trustees. He said that in 2009 the state made changes to its tax-exemption laws and that EHC was unable to retain its tax-exempt status for 2009. He said this request for funds to pay the tax bill is a one-time stop-gap measure.

Whitesel said that the Committee has a dilemma in that we can't legally make tax payments and that we can't technically authorize payments from our funds.

Rummel said she had hoped to hear from the City Comptroller about the Affordable Housing Trust Fund and asked when the Committee could expect the Comptroller to appear.

Clingan said that we didn't have the ability to get them to this meeting due to vacations but that they will be on the agenda for August.

O'Callaghan asked the Committee what its appetite for lending money for taxes was.

Bidar-Sielaff said she doesn't feel comfortable with the legal standing.

O'Callaghan said that although it is not something we can do presently, he wondered if it were something we would want to change about our funding parameters.

O'Callaghan asked EHC what the debt situation was on the property and whether they could restructure the property debt to free up some capital.

Fears said that they refinanced in 2006, allowing them to save \$2,000 per month on their mortgage. Fears said that EHC's goal is also to increase occupancy.

Bidar-Sielaff suggested perhaps referring this item or placing it on file without prejudice.

Markofski suggested waiting until the Affordable Housing Trust Fund gets changed and meanwhile, approving the staff recommendations.

**Markofski moved to approve staff recommendations to fund at \$0 with a friendly amendment by O'Callaghan to act without prejudice to the merits of the application. Choudhury seconded; unanimous**

#### DISCUSSION ITEMS

6. [18967](#) Concentration Neighborhood Plan

Clingan explained the concentration neighborhood planning process, saying that every couple of years, a neighborhood is selected for the concentration planning process. He gave examples of recent concentration neighborhood planning results, including the Southwest Neighborhood Plan, for example. He said that CDBG staff has met with planning staff and recommended the Leopold School area for the next process. He said that the City of Fitchburg views this as wonderful timing because they are doing a T.I.D. in that area.

Bidar-Sielaff asked that her name be added as a sponsor for this item.

**Rummel moved to approve the selection of CT 14.02 (Leopold School Area) as the focus for a concentration neighborhood planning process and the appointment of a steering committee of residents and business representatives to help develop a neighborhood plan for the area. O'Callaghan seconded; unanimous.**

7. [18932](#) CDBG 2010 Set Aside Funds

Rood explained for the Committee that these funds were approved as part of the 2009-2010 Framework, with two percent of our anticipated 2009 allocation of CDBG funds, or \$37,380, to be set aside for use in 2010. To date, these funds have not been utilized, and staff would like to recommend that these funds be added to the Housing Development Reserve fund because it customarily receives the most requests throughout the year.

**Whitesel moved to accept staff recommendations that these funds be added to the Housing Development Reserve fund. O'Callaghan seconded; unanimous.**

8. [18933](#) CDBG 2010 June Staff Report

Clingan said that Garrison was on vacation and asked if anyone had questions about the financials.

9. **Report from committees with CDBG Committee representation and designation of Commission representatives.**

Gardens Committee: Choudhury said that although they had a number of people to speak at their last meeting, along with the media, they did not have a quorum and could not meet.

O'Callaghan asked staff to provide an email to Committee members with times and dates of upcoming summer meetings.



**ADJOURNMENT**

**Whitesel moved adjournment; Markofski seconded; unanimous.**

Respectfully submitted,  
Anne Kenny