



# City of Madison

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

## Meeting Minutes - Draft COMMUNITY DEVELOPMENT AUTHORITY

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Thursday, September 12, 2019

4:30 PM

215 Martin Luther King, Jr. Blvd.  
Room 153 (Madison Municipal Bldg.)

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### CALL TO ORDER / ROLL CALL

The meeting was Called to Order at 4:32 p.m.

**Present:** 4 - Tag Evers; Gregory R. Reed; Sariah J. Daine and Claude A. Gilmore

**Absent:** 2 - Sheri Carter and Kelda H. Roys

**Excused:** 1 - Mary E. Strickland

### APPROVAL OF MINUTES

A motion was made by Daine, seconded by Reed, to Approve the Minutes of the August 8 and August 22 meetings. The motion passed by voice vote.

Kelda Roys arrived at 4:36 p.m.

**Present:** 6 - Tag Evers; Kelda H. Roys; Gregory R. Reed; Sariah J. Daine; Mary E. Strickland and Claude A. Gilmore

**Absent:** 1 - Sheri Carter

**Excused:** 1 - Mary E. Strickland

### PUBLIC COMMENT

John Jacobs spoke against approval of Item #3. Although art is good, the grant provides too much subsidy, which is unfair to similar competing venues. He is concerned that the owners are not paying their own way, providing an unfair advantage which hurts competition. There will be no taxes, and he estimates about \$1 million in subsidy over the next 20 years. The building is constructed with TIF, which should add to the tax base. Below market rent and no taxes is an out-of-hand subsidy.

Jack Kerr, of Madison, a Marquette Neighborhood Association Board Member, spoke in support of Art +Literature Laboratory. The CDA is eagerly encouraged to make that a reality. That corridor has a focus on art. There have been some great additions. This will be an anchor stone in the district and will mean a lot.

Max Puchalsky, of Madison, in support of Agenda Item #3, did not speak but was available to answer questions

Genia Daniels, of Madison, in support of Agenda Item #3, did not speak but was available to answer questions

Jolynne Roorda , of Madison, in support of Agenda Item #3, did not speak but was available to answer questions

Howard Landsman, of Madison, in support of Agenda item #3, did not wish to speak.

**Sheri Carter arrived at 4:52 p.m.**

- Present:** 6 - Tag Evers; Sheri Carter; Kelda H. Roys; Gregory R. Reed; Sariah J. Daine and Claude A. Gilmore
- Excused:** 1 - Mary E. Strickland

## DISCLOSURES AND RECUSALS

Sherri Carter is on the Arts Commission.

1. [32700](#)

### COMMUNICATIONS

- The CDA has been awarded more Section 8 Voucher for Veterans.
- Staff submitted an application to HUD for 40 mainstream Section 8 vouchers.
- The CDA has been approved to participate in HUD's ConnectHomeUSA, which is a collaborative effort with internet partners with a goal to decrease the digital divide and increase residents' access to the internet and related equipment.

## PRESENTATION OF CONSENT AGENDA

**A motion was made by Reed, seconded by Daine, to Adopt the Consent Agenda, Approving Item Item # 6, and referring Items # 5, 7, 8 and 9 to a future meeting of the CDA. The motion passed by voice vote.**

2. [57374](#)

### Presentation of the 2018 Audit

Vasvi Joshi, of Baker Tilly Virchow Krause, LLP, presented the CDA audit for 2018. She was pleased to announce the CDA received a clean audit, and encourages the CDA Board of Commissioners to:

- Review the opinions and analysis on Pages 1-3 of the Communications Report
- Review the management's discussion and analysis on Page 4-15 of the Financial Statements
- Look at activity increases and decreases in 2018 and compare to previous years
- Review schedules and statements. If the CDA was a business what are the assets, liabilities, net position, and cash flow?

Joshi also reported on the following:

- There were two (2) audit entries as misstatements. One was to record a loss on the sale of land, where the value of the asset was not accounted for correctly. The other involves a transfer in from Monona Shores on December 31st, but entered in the next year.
- There is one material weakness, with the CDA having a deficiency in its internal controls. With proper internal controls, entries would not have been missed. City Finance is working to implement CAFR for a full set of financial statements.
- The Section 8 Housing Choice Voucher program unrestricted net position includes a deficit.

3. [57356](#)

BY TITLE ONLY - Authorizing the Mayor and City Clerk to execute a lease with Art + Literature Laboratory (ALL) for the use of commercial space in the

South Livingston Street Garage, located at 111 South Livingston Street, for the operation of a non-profit arts center, together with the approval of a grant to ALL in the amount of \$500,000 from the Madison Capital Revolving Fund. (6th A.D.)

Matt Wachter, City of Madison Office of Real Estate Services Manager, and Matt Mikolajewski, Economic Development Division Director, stated the lease is funding by the Capital Revolving loan fund, which the CDA has purview of, but this is not a CDA property and the grant is not a CDA loan. The City noted a desire to use an entity who would use the whole space with a focus on art. In 2017, three proposals were received, and the Common Council selected Art + Literature (ALL). The parking structure is being negotiated as well. Lease payments will go back to pay the loan.

Karin Wolf, City of Madison Arts Program Administrator, stated that art is public health, resident attachment to place, employment, and a part of every aspect of a healthy and happy City. ALL has fit- capacity, and there are space issues in Madison with rents being out of reach for most non-profit art organizations. The facility will allow for 500 artists, art studio space, and production rehearsal and performance space. This effort will help stabilize the neighborhood and arts in the neighborhood.

CDA Board Commissioner Comments/Questions:

- The building is a shell with a dirt floor. If normally we would lease something, it would be more complete.

Wachter said the money will be used to build out the space. By upgrading, the City is investing in property they already own. Programming is very broad.

- Concerns about gentrification - want to make sure people of color have access. Will the governing body be equitable?

According to Wolf, the City has provided small grants to ALL in the past with the Art Commission looing at Board make-up and how they have addressed equity. ALL serves an entire community even though their home is on the East Side. They have paid attention to diversity and have been a model to use with other organizations. Requirements and equity goals could be added.

Jolynne Roorda, ALL's Visual & Performing Arts Director, read ALL's mission, which includes inclusion and for those with socio-economic barriers.

Rita Mae Reese, ALL's Literary Arts Director, stated that diversity is central to everything ALL does. Programs are accessible for everyone. ALL provides a platform for conversations about race. She can look into contractual obligations regarding equity.

- Who were the other proposals?

Wachter said the other two proposals came from a commercial insurance provider, and a bar entertainment concept with games.

**A motion was made to Return to Lead with the Recommendation for Approval to the FINANCE COMMITTEE. The motion passed by voice vote/other.**

4. [56845](#)

Accepting the white paper titled "Equitable Development in Madison: An assessment of factors contributing to displacement and gentrification"

(Members of the Equal Opportunities Commission (EOC) convened a meeting in Rm 153 MMB, in conjunction with the ongoing meeting of the CDA.)

Dan McAuliffe, Madison City Planner, provided an overview of the white paper:

The white paper was initiated early this year, following the Oscar Mayer Strategic Assessment. A topic that came up frequently in that report was gentrification and displacement. Increasing population and increases in housing prices (both ownership

and rental) put a lot of pressure on housing, especially in areas that have a lot of affordable housing. The white paper follows the model of Portland, Oregon to assess areas with gentrification and displacement. Using primarily census information, the data-driven analysis is based on three types of information:

- Are there populations in existing census tracts that is particularly vulnerable?
- Are we observing demographic changes over time?
- What is the housing market in those areas?

They wanted to point out areas that are in early stage of gentrification, and areas which have already experienced it.

The paper includes recommendations on what the City can do to prevent gentrification and displacement.

Some highlights:

- Displacement may have already occurred in the Atwood, Capital Square, and Bay Creek neighborhoods.
- Greatest concentration of people of color are on the outskirts, not in the central area.
- Allied Drive and South Park Street have the lowest educational attainment rates in the City.
- Demographic change measured the rate of change of persons of color (if population decreased or increased slower than city rate), and is strong in the Central, East, and West sides. There are patterns. Homeownership was hard to track, but shows that rates of persons of color decreased.
- Low- or moderate-home/rent values were looked at under housing market conditions with displacement typologies. Gentrification has occurred in the Capital Square and Atwood areas, with few remaining characteristics of the original neighborhoods. Areas susceptible include Tenney-Lapham, Emerson East, Schenk-Atwood, and Bay Creek. Levels of service fall off in areas outside of dense areas. Recommends the Commissioners think about how these areas relate to transit.
- As a case study, Sherman and Northport had a 10% increase in educational attainment, but also saw rent increases for persons of color.
- Housing prices doubled in the Capital Square and West Washington tracts, previously considered to have economically vulnerable populations.
- Hill Farms has relatively affordable apartments and is a model of how we would like to site affordable housing. That type of area is important to maintain affordable housing.
- South Park Street has increasing home values, and the highest concentration of poverty.
- Eastmorland should be in the process of gentrification, but is not because there are so few rental options.

Urvashi Martin, Madison City Planner, provided strategies currently being implemented in other cities. She noted that some strategies are prohibited by Wisconsin State law:

- Invest in neighborhoods by adding affordable housing. Strategies include housing levy property tax assessments for preservation, Housing Trust Funds dedicated to affordable housing support, developer exactions, and Tax Increment Financing (TIF).

- Preserve affordable housing through rent control, property tax relief, eviction protection laws, and by retaining units with expiring subsidy contracts.
- Stabilize neighborhoods with resources through resident ownership models, homeownership programs, stabilized commercial business development, and targeted economic development.
- Create new affordable housing through density bonuses, inclusionary zoning, land banking, zoning adjustments, impact fee waivers, and adding accessory dwelling units.
- Plan for inclusive and equitable growth with tools, such as community impact reports and community benefit agreements.

Comments and Questions from the Commissioners:

- For the definition of affordable housing, did you drill down to neighborhoods?  
McAuliffe said they tried to differentiate between neighborhoods, but did not for the census tracts. For example, in South Madison, the data suggests affordable units in that neighborhood.
- Are there any metrics around success in other cities to determine which ones are most effective?  
. Martin said no metrics were provided in connection with similar studies. Those strategies which were "pre-empted" have been the most successful.
- Did this study provide a role for the private sector, such as Microsoft pledging to address the housing crises in Seattle? Can we ask those who have succeeded to help?
- For previous generations, the only way to get out of poverty was to buy from a land owner. Because of rental costs, people cannot afford to get through that door. We need to create something on a larger impact. Strategies are nice, but capital is what will work.  
McAuliffe stated that Madison is still trying to build its way out of the recession. Madison had a lower unemployment rate during the recession, but there was a complete evaporation of capital to build. The population increased as driven by jobs. We had a 1% vacancy rate, which has a negative impact on those who need it the most. The vacancy rate is now at 3%.
- In the research, are you looking at ways to move people out of affordable housing into home ownership?  
McAuliffe stated that they are not specifically looking at home ownership in this paper.
- Did you look at any increases in flight, of people of color, to other areas like Sun Prairie, Verona, and Mineral Point? If it is increasing elsewhere, then it means we are losing it here.  
McAuliffe stated that they looked at some patterns of migration. He would be happy to follow up on this.
- There are concerns about gentrification through private sales of low cost properties in blocks in South Madison, which could be placed on hold (speculation real estate.)  
McAuliffe stated that it is real and has an additional negative side. The owner does not put any money into the property during its hold, because the end game is to sell the property. As far as a whole City block, we should make sure the right properties are being redeveloped, such as central areas with transit. There should be a main street in every area. We need additional better places throughout the City, so that residents are not priced out.
- As for Seattle housing with outcomes, there are many people living in tents and under bridges. Affordable communities are too expensive. So for

many poor people, the outcome is not there.

McAuliffe stated that the magnitude of the housing crisis is much higher in Seattle, and they are not addressing it completely. That is why it is essential for Madison to be pro-active, look at strategies, and implement strategies early on.

- Is there a way to stop real estate speculation?  
McAuliffe said changes in zoning can affect speculation.
- Are you still looking at transit data - areas outside transfer points? How are you connecting that to your paper?  
McAuliffe said he will add the transit map shown to the Commissioners during tonight's presentation to the report.
- There is a group working on transportation for the Packers/Sherman area. How are you sharing this with them?  
McAuliffe stated that he is also working on the Oscar Meyer redevelopment plan, and they work closely with Madison Metro. We want to make sure we have bus rapid transit embedded into those plans. The current transfer point makes no sense and needs to be at a different location. We do not know the answer to that just yet.
- Some cities are exploring ending single-family housing. Is that a strategy?  
McAuliffe said he is not sure how effective that would be, but it could be looked at. Density needs to be placed in a thoughtful manner and there need to be conversations with the community.

(The Equal Opportunities Commission recessed their meeting and left the room at 6:18 pm.)

**A motion was made by Evers, seconded by Carter, to Return to Lead with the Recommendation for Approval to the PLAN COMMISSION. The motion passed by voice vote.**

5. [54960](#) Report on Village on Park Leasing and Head Start

Consent Agenda

**A motion was made by Reed, seconded by Daine, to Refer to a future meeting of the CDA. The motion passed by voice vote.**

6. [57063](#) Review of 2019 Capital Fund Annual Statement

Consent Agenda

**A motion was made by Reed, seconded by Daine, to Approve. The motion passed by voice vote.**

7. [54954](#) Report of the CDA Finance Subcommittee

Consent Agenda

**A motion was made by Reed, seconded by Daine, to Refer to a future meeting of the CDA. The motion passed by voice vote.**

8. [57378](#) Recommendation of the Finance Subcommittee for Reallocation to the General Fund

Consent Agenda

**A motion was made by Reed, seconded by Daine, to Refer to a future meeting**

of the CDA. The motion passed by voice vote.

9. [57068](#)

Recommendation of the Finance Subcommittee on CDA Draft Financial Policies

Consent Agenda

**A motion was made by Reed, seconded by Daine, to Refer to a future meeting of the CDA. The motion passed by voice vote.**

10. [56774](#)

Housing Operations Monthly and Quarterly Report

Tom Conrad reported that occupancy is going down and is at 98%. Section 8 maintains a high utilization rate, with many families on the program. The CDA is hitting the target of an average of 1,700 families per month, so that it can generate enough administrative fees to support staffing patterns.

11. [57380](#)

Board Meeting Schedule

Claude Gilmore stated that there will be a meeting in two weeks to go over the financial policies and finance committee report.

#### ADJOURNMENT

**A motion was made by Evers, seconded by Daine, to Adjourn. The motion passed by voice vote, and the meeting Adjourned at 6:35 p.m.**