



City of Madison

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

Thursday, January 6, 2011

5:00 PM

215 Martin Luther King, Jr. Blvd.
Room LL110 (Madison Municipal Building)

CALL TO ORDER / ROLL CALL

- Present:** 5 -
Shiva Bidar-Sielaff; Marsha A. Rummel; Charlie R. Sanders; Daniel A. O'Callaghan and Justin O. Markofski
- Absent:** 2 -
Tim Bruer and Russ Whitesel
- Excused:** 3 -
Robert M. Hunter; Monya A. Choudhury and David A. Smith, Sr.
- STAFF: Clingan, Kenny, Rood, Studesville, Cato, Grimyser, Erdman
OTHERS: Todd Conkey

Sanders called the meeting to order at 5:04 p.m.

APPROVAL OF MINUTES

O'Callaghan moved to approve the November 4, 2010 minutes. Rummel seconded. Unanimous approval

ROLL CALL

Bruer and Whitesel arrived at 5:08 PM.

- Present:** 7 -
Tim Bruer; Shiva Bidar-Sielaff; Marsha A. Rummel; Charlie R. Sanders; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel
- Excused:** 3 -
Robert M. Hunter; Monya A. Choudhury and David A. Smith, Sr.

PUBLIC COMMENT

There was no public comment.

DISCLOSURES AND RECUSALS

Committee members had no disclosures or recusals to make.

REQUEST FOR FUNDS OR MAJOR CHANGES IN CURRENTLY FUNDED PROJECTS

1. [20859](#) Authorizing the City of Madison to accept a grant from the State of Wisconsin Department of Commerce in the amount of \$200,000 to provide downpayment assistance to low and moderate-income homebuyers and authorizing the Mayor and the City Clerk to enter into an agreement with the State of Wisconsin Department of Commerce to accept the funds and implement the program.

A motion was made by Markofski to approve the resolution authorizing the City of Madison to accept a grant from the State of Wisconsin Department of Commerce in the amount of \$200,000 to provide downpayment assistance to low and moderate-income homebuyers. Rummel seconded – unanimous. The motion passed by voice vote/other.

Absent: 3 -
Bruer; Choudhury and Whitesel

Excused: 2 -
Hunter and Smith, Sr.

2. [20858](#) Framework revision to replace homebuyer interest rate language with loan fee
- Rood explained the memo sent to Committee members with their monthly packets. She said that the staff is requesting that Framework language be changed from “interest rate” to “loan fee” because HUD recently waived the Good Faith Estimate requirement on all 0% interest loans.
- O’Callaghan asked how this would work in practice. Would the “loan fee” be like points?
- Rood said, yes, essentially, and that the fee would be paid when a borrower repays their loan. The CDD staff has set the fee at 2.5% for 2011.
- O’Callaghan asked if the interest rate would be compounded, and Rood said no. O’Callaghan noted that an interest rate is easier for the buyer to work with than shared appreciation. He said that he would rather have the interest rate compounded over the years of the loan.
- Rood said that we would have to call it an interest rate in that case.
- Whitesel asked if it would be easier to do it cumulatively so that we add the fee to the loans every year.
- Markofski said it would still be easier for non-profits with an annual fee.
- O’Callaghan said we could make it a fixed, not variable interest rate, for the life of the loan.
- The Committee discussed charging an interest rate on loans versus requiring shared appreciation and the difficulties shared appreciation presents for non-profits.

Markofski said that a fluctuating interest rate would be difficult to estimate for non-profits.

O'Callaghan asked if we would compound the fee annually. He said he would be happy with just annualizing interest.

Rood noted that CDD has two different loan participants: homebuyers and non-profits. For homebuyers, the Committee took away shared appreciation and added an interest rate; for non-profits, the Committee eliminated shared appreciation and added no percentage rate to the loan. However, the Committee still has the option to include shared appreciation on loans to non-profits in cases they deem appropriate. For this loan fee, we're talking strictly about homebuyers.

A motion was made by O'Callaghan that the CDBG Office interest rate on individual loans would be set annually by staff based on the City's borrowing rate to which the Comptroller adds 1% and then rounds up to the nearest quarter percent; the interest rate would be a simple fixed rate for the life of the loan not compounded annually, and payment of the interest rate would be deferred until the time the loan is paid off. Whitesel seconded. Unanimous. The motion passed by voice vote/other.

3. [20856](#) Homebuyer loan fee rate

Rood said that this item was necessary merely to inform the Committee of the 2011 loan fee rate.

REPORTS

4. [20860](#) Allied Phase II update

Natalie Erdman of the CDA gave the Committee background on the City's involvement with Allied Drive redevelopment. She said that in 2005 and 2006, the City bought 11.5 acres on Allied Drive, which was transferred to the CDA in 2008 via resolution. The CDA received tax credits in 2009. In the first phase of Allied redevelopment called "Revival Ridge," 49 units were completed. They began renting out in 2009 with the rent range being between \$480 and \$900 per month. Seventy-three percent of the renters have Section 8 vouchers. Revival Ridge was very successful, leased up quickly, and is now fully rented.

Erdman said that the Allied Second Phase is zoned a PUD. She said whereas the first phase was rental, the second phase is owner-occupied housing. CDA is doing 24 single-family homes with the goal of accomplishing stability and diversity in the neighborhood. One-third of the homes will be sold to households at or below 50% AMI, one third to households between 50 and 80% AMI, and one third to at or above 80% AMI. CDA has determined the architectural guidelines for homes, in terms of colors, alleys, materials, etc.

Erdman said that Phase II affordability will be achieved by coupling downpayment assistance with the purchase price of the lot. She said Habitat has two families at less than 50% that would like to buy homes. CDA will work with partners on homebuyer education and credit repair to assist families in readying to buy homes. She said that Section 8 vouchers would also be used to help some buy homes. CDA is also concerned with long-term affordability. They hope to have four or five families in homes this year.

Rummel asked how the CDA thinks it will find four lower-income families who are qualified to buy in this market.

Erdman said that CDA will set up programs that ensure families can maintain success in their homes.

Rummel said she was concerned about Habitat's operating plan and that it might not be flexible enough.

Erdman said these were valid concerns, but Habitat is a little more flexible in their process lately. They're also more focused on doing homes that are energy efficient.

Bruer said that Habitat has improved significantly. He said that as we go forth with Allied, we have greater sensitivity to families.

Whitesel asked about neighborhood support and how homeownership will work. He asked if the homeowner will own the title.

Erdman said that the homebuyer will own the title. She said they won't sell speculative homes through developers and that all the homeowners would pay property taxes.

Markofski asked if there are other non-profits involved besides Habitat.

Erdman said CDA would be happy to partner with other non-profits. Erdman said that the quality of the homes would be the same regardless of income. She said that lots would be sold on a first-come, first-served basis and that CDA would not designate who gets which lot.

O'Callaghan noted that CDA is not placing resale restrictions on lots, and there will be no condition that properties be maintained as affordable. He asked Erdman whether she had looked at the Lindsey Heights project in Milwaukee.

Erdman said they have not researched other communities' experiences but that she would look into getting that underway.

O'Callaghan asked what CDA's relationship is with potential builders. He asked if there was support and whether the CDA had builders it is working with.

Erdman said that CDA will pre-qualify a set of builders and architects who've worked with similar projects.

Rummel said that idea of a pattern book of differing housing styles intrigues her.

Erdman said they hope to achieve a variation of styles in the neighborhood. She said that there would be a neighborhood association that will review plans for conformity to guidelines.

Bruer said that Indian Springs is an excellent example of such a project doing successful entry-level housing. Waunona Woods is another example.

Erdman thanked Rood and Clingan for the helpful CDBG loan in Burr Oaks, which will provide 50 units of affordable housing for seniors.

5. [20861](#)

BetterBuild update on the \$7.2 competitive grant program and status of the formula grant

Clingan noted that the CDBG Committee has oversight of EECBG, which is why they're coming forth with this update.

Studesville passed around updated materials and reviewed the BEEP summary first. He reviewed the chart of BEEP awardees. Next, Studesville went over the reusable 2009 EECBG funds from the formula grant. He said that REEIP returns funds on a 2% max and estimated that loans will be paid back over seven years. BEEP has a 0% return, but we will get \$187,762 back. He estimated that \$70,000 will be accumulated from the City Engineering hold-back. He said that at the end of seven years, they will have a return of \$569,481 from the program, of which DOE will not have oversight. He said they could put it back out there as either loans or grants.

Whitesel asked why BEEP has a 0% return.

Studesville said that was how the program was designed.

O'Callaghan asked Studesville to talk about the anaerobic digester.

Studesville said it was a pilot program and that they came up with \$35,000 to do the study. He said that George Dreckmann just finished the report on the study. He also said that Streets was doing a waste-sort project.

Rummel asked if the residential program dollars are all committed.

Studesville said that they've had 24 applications and 23 have passed the process.

Grimyser said that applicants are required to pass a credit score and not test out of the initial audit. They can't have recent bankruptcies or more than \$1,000 in judgments against them. Pay back will be a little quicker, he said.

Studesville reviewed the last page of their report, which showed percentages spent so far. He said they will have spent 90% by June, 2011, which is a year ahead of the DOE schedule. He said that 40% of communities have not even started to spend their money.

O'Callaghan asked if they were taking mortgages to secure the loans.

Studesville said no, they're just doing signature loans with promissory notes.

Todd Conkey of WECC reviewed the Green Madison program and handed out a report of their progress. He went over the timelines and said that they would roll out by the end of March.

Conkey reviewed their marketing plan and collateral. He said that they want to use paper products to promote this program and want to get a sense of where to target the program. He said they're developing a really aggressive outreach plan, and they will be working with a number of folks to get information out there.

Conkey said that creating jobs is one of the issues they must address, and he described the Energy Advocate Position. He said they need to get more contractors involved in this program. He said they would start to meet with contractors to bring them into the fold and enroll as many as they can. Conkey said they are working with ULGM to get underemployed and unemployed into green market trades.

He said their program will require four individuals as Energy Advocates and that Energy Advocates will help through the whole process. He reviewed the Energy Advocate job description and said that Affirmative Action is assisting them in the hiring process.

Conkey said that their website is under construction.

Regarding the financial update, Conkey said WECC is working very closely to review financials. They are doing an open RFP in the City of Madison dealing with residential, which is due on January 21. The pre-bid conference is tomorrow.

ROLL CALL

Alder Bidar-Sielaff left the meeting at 6:30.

Present: 6 -

Tim Bruer; Marsha A. Rummel; Charlie R. Sanders; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

Excused: 4 -

Shiva Bidar-Sielaff; Robert M. Hunter; Monya A. Choudhury and David A. Smith, Sr.

20861

BetterBuild update on the \$7.2 competitive grant program and status of the formula grant

He said they will do unsecured credit on the residential side and focus on credit scores rather than appraisals. Credit enhancements will take risk off loans.

Clingan clarified that the relationship will be between WECC and the financial institution, not between the City and the financial institution.

Conkey said the non-residential, commercial side is different and that education outreach is very important.

Rummel asked how many Energy Advocates they would hire. Conkey said four, with the potential for one more.

O'Callaghan asked when the program will be up and running, and Conkey said the residential would be done by February 1. The commercial program would be ready between March and April, 2011.

6. [20862](#)

CDBG December 2010 Staff Report

Clingan reviewed the monthly financials. He said we don't have as much money as we'd like to have due to funding the two-year process out of reserves. He said that we will probably have a timetable in February for the Affordable Housing Trust Fund.

Markofski asked about the \$200,000 for Scattered Site and whether Goodwill has received this funding.

Rood said the site was still pending.

Rood noted that the financial report for December laid out all the work the Committee has done over the year.

Clingan said that with the recent two-year process, we created a Conference Committee. One of the proposals this group funded was the Urban League of Greater Madison partnerships with MAPS and the YWCA. Since the funding allocations took place, the parties involved have decided to dissolve that relationship. As a result, we will need to do three different contracts to divide the money between ULGM, YWCA, and MAP.

Clingan said that Goodwill has come back saying that \$10,000 isn't enough, so they're returning it. He said we will add that \$10,000 to MAP and YWCA. He said there would be a substitute resolution going to BOE on Monday.

Whitesel asked about contracts with neighborhood centers and core versus facility use.

Clingan said that Lorri Wendorf will be handling neighborhood center contracts for the Division. He said that all neighborhood center contracts were changed to service contracts from core and facility use. Clingan said that we would talk further about the amount of funding rationale to the various centers and that both CDBG and CS Committees would be involved in the discussion.

Whitesel said he would like the centers not to be exclusionary in their services to very limited neighborhoods.

Bruer reviewed the history of the Bridge Lake Point Waunona Center and its growth and the necessity for a new center. He said that BLW has reached beyond its borders to include the LaFollette area and the area south of Highway 51.

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

Sanders said the Gardens Committee talked about putting gardens on top of parking ramps.

ADJOURNMENT

Markofski moved adjournment at 7:30 PM. Bruer seconded. Unanimous approval.

Anne Kenny, recorder