



CITY OF MADISON

**Community
Development
Division**

2011-2012

COMMUNITY DEVELOPMENT PROGRAM GOALS AND PRIORITIES

Adopted by the Common Council on 5/18/10

**CITY OF MADISON
COMMUNITY DEVELOPMENT DIVISION
2011-2012 COMMUNITY DEVELOPMENT PROGRAM
GOALS AND PRIORITIES**

CONTENT

This two-year Goals and Objectives document is organized into six sections:

1. 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 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).” The program will work with primarily the non-profit community and neighborhood groups, and their associated business, resident, and neighborhood partners as well as other funding partners and labor unions to plan, develop and invest in projects which contribute to the 2010-2014 objectives established by the CDBG Committee, Mayor, and Common Council in consultation with City of Madison citizens. Community Development staff and the CDBG Committee will also take into consideration the goals and objectives of the comprehensive plan and any applicable neighborhood plans.

Outcome Objectives and Funding Sources

The CDBG Committee has established five primary goals and eleven outcome objectives for the use of funds to be administered by the Community Development Division (CDD) in 2011 and 2012. 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), 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 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 by calling 266-6520; copies of the executive summary are available on the City’s website at www.cityofmadison.com/cdbg.

| Primary goals | Product (Customer Group) | Nature of Project Achievement or Outcome |
|--|---|---|
| Improve and expand affordable housing options | A. Owner-occupied housing | Housing made accessible, brought to code, or made safer or more energy-efficient |
| | B. Housing for buyers | Households become homeowners |
| | D. Rental Housing | Housing units created, renovated to code or made accessible, better managed, and affordable; “fairly” sited |
| Expand businesses to create jobs and assist with the development of small businesses (microenterprises) | E. Business development and job creation | Jobs created which meet wage standard levels or create advancement opportunities, with 51% for LMI |
| | F. Economic Development of small businesses (microenterprises) | Businesses created and viable after 3 years |
| Strengthen neighborhoods through the operation of neighborhood centers, community gardens and implementation of strategic neighborhood revitalization efforts | G. Improvement of community focal points | Centers and community gardens operated, sustained, developed as neighborhood focal points |
| | L. Revitalization of strategic 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 |
| 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 | J. Improvement of services to homeless and those with the potential of becoming homeless | Household informed, placed into housing, or helped to avoid homelessness |
| | K. Physical improvement of community service facilities | Adequate space acquired or improved for accessibility, energy, code or customer service improvements |
| | X. Expansion of individual choice and access to resources | Increase access to housing, information and other non-monetary resources and support for employment and training opportunities. |
| Administer the Community Development program to meet the community needs and funder requirements | Z. Overall program administration | 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 THE OBJECTIVES, INTERNAL PRIORITIES, AND RELATIONSHIPS TO OTHER CROSS-CUTTING GOALS

The following section describes in more detail the four funded goals and conditions associated with each major objective of the Community Development program.

GOAL ONE: AFFORDABLE HOUSING

The City goal is to improve and expand affordable housing options throughout the community.

OUTCOME OBJECTIVE A: 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 meet the City minimum housing and building codes.
- safety improvements
- energy efficiency improvements
- accessibility improvements

Conditions

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

1. 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 (excluding the state funded Home Buy program).
2. 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, Home Buy and EECBG program funds).
3. 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, asbestos mitigation and energy efficiency).

4. The CDD shall secure amounts of assistance greater than \$3,400 with a mortgage, covenant or right of first refusal on each assisted property except in the case of ADDI and Home Buy. All ADDI and Home Buy loans will have a mortgage.

OUTCOME OBJECTIVE B: Housing for Buyers

Increase homeownership opportunities 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 Committee may use a portion of the funds available from certain funding sources (ADDI, HOME, HCRI) to provide downpayment and closing cost assistance in order to promote opportunities for first-time homebuyers or longer-term affordability.

Conditions

1. 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).
2. The CDD will consider a maximum investment of \$54,000 per unit (approximately 25% of the HOME single-family value limit, a benchmark standard that will change over time). Staff will evaluate all proposals based on the project's contribution and to increase the affordable housing stock, upon project need, and availability of resources to determine the appropriate level of funding.
3. 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 the 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.
4. This maximum sum of \$60,000 per unit will include the total of all funds provided by the CDD including, but not limited to, CDBG, HOME, Housing Trust Fund, ADDI and HOME-BUY. The CDD may also offer a higher amount per unit as temporary financing to reduce housing costs.
5. 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.)
6. CDD loans retained in an assisted property for an individual household may not exceed a loan-to-value ratio of 100% from all sources (excluding the Home Buy program which may not exceed 103% loan-to-value). The CDBG Committee will establish additional policies on subordination and underwriting guidelines (except for the Home Buy program).
7. All new homebuyers receiving a CDD 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 prior to closing.
8. 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 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.
9. The CDD shall secure its funding with a promissory note and mortgage in the form of a non-recourse loan. Funds used for purchase, acquisition, or rehab. of housing will be provided as a long-term deferred loan with interest for any funds made available directly to a homebuyer. These loans will be due on sale, transfer or change of use of the property and will be payable in the amount invested plus interest unless a non-profit recipient requests that the interest rate be replaced by shared appreciation. CDD staff will set the interest rate once a year in January. This policy will only apply to homebuyer loans beginning in 2011. In the case of foreclosures, repayment shall be based on the net proceeds from the sale. A mortgage from a non-profit agency shall require repayment of the amount provided as the long term deferred loan. **Nothing in the**

Community Development Goals and Objectives 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 or below the HOME rent levels.

Conditions

1. Funds may be used only for housing units not to exceed the HOME rent levels designated by the Federal Department of Housing and Urban Development (HUD).
2. Housing (after rehab) shall comply with all applicable City minimum housing and building codes.
3. The CDD will consider an investment of up to \$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 to increase the affordable housing stock, upon project need, and availability of resources to determine the appropriate level of funding.

Projects that include accessibility or energy efficiency 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 including, but not limited to, CDBG, HOME, Housing Trust Fund, . The CDD 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.

4. Newly constructed housing projects will be:
 - a. located in areas of the city which do not have a high concentration of lower income housing (as identified on the attached map)
 - b. part of a larger neighborhood revitalization effort
5. Existing not-for-profit housing is eligible only for funds available through the Housing Development Reserve Fund (see Section 5 of this document).
6. Projects may not exceed a total secured funds to value ratio greater than 115% from all sources.
7. 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 funds received may be applied to staffing and other service delivery costs.
8. The CDD shall secure its funding for capital costs with a promissory note and 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 Community Development Goals and Objectives precludes the inclusion of specific loan repayment conditions, including a shared appreciation provision, if deemed appropriate under the circumstances.**
9. All projects must comply with the relevant funding source requirements. The CDD will require that HOME-funded projects comply with the regulations in 24 CFR part 92. The CDD will require that ESG-funded housing projects comply with ESG requirements and be designed to serve homeless individuals as defined in 24 CFR 576.

10. 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 expand businesses to create jobs and assist with the development of microenterprises.

OUTCOME OBJECTIVE E: Business Development and Job Creation

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

The 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.

Conditions

1. Projects should target the development of jobs which pay at least the City’s living wage and provide training and advancement opportunities.
2. Businesses may include not for profit entities which operate like a business and demonstrate a predictable source of revenue based upon sales or services not funded by the City.
3. The CDD 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. 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.
4. The CDD 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.”
5. 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: Economic Development of Small Businesses (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 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:

- a. 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
- b. 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

1. Assistance to any micro-enterprise is limited to a two - year period which begins with the first CDBG-funded contact with the non-profit agency funded by the CDD.

2. 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

Strengthen neighborhoods through the operation of neighborhood centers, community gardens and implementation of strategic neighborhood revitalization efforts.

OUTCOME OBJECTIVE G: Improvement of Community Focal Points

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.

Conditions

1. The Committee will consider 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 a neighborhood. The Committee shall consider the quality of the programming, resident participation and center user satisfaction in recommending funding for the centers.

OUTCOME OBJECTIVE L: Revitalization of strategic areas

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

The Committee will reserve funds solely for use within a CDD designated neighborhood/ census tract. The 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 Committee will target project funds for a 2 year period, 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.

Conditions

1. The 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.
2. 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 Madison Arts Committee projects or neighborhood park improvements.
3. 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.

GOAL CATEGORY FOUR: ACCESS TO COMMUNITY RESOURCES

The goal of the City is to increase the access of low and moderate income households and community groups to resources through the improvement of community service facilities, enhancement of informational services and employment and training opportunities.

OUTCOME OBJECTIVE J: Improvement of services to homeless and special populations.

Stabilize or improve the housing situation of homeless individuals or near homeless individuals, and develop supportive activities.

- The Committee will consider 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.
- The 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 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 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 proposals that provide support for homeless persons in becoming job ready and obtaining employment.

Conditions

1. 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.
2. 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: Physical improvement of community service facilities

Create or improve safe, accessible, energy efficient and well-maintained community and neighborhood facilities.

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.

Conditions

1. 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 will secure the loans with a promissory note and a mortgage on the property. 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.
2. 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.
3. The maximum cumulative amount that will be provided per property is \$150,000 or \$25,000 for property that is leased.
4. The City will not fund projects smaller than \$25,000, except in the case of ESG funds.
5. 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.

6. Funds to address this objective are available through the Acquisition/Rehab Reserve Fund. (See Section 5, Reserve Funds)

OUTCOME OBJECTIVE X: Expansion of individual choice and access to housing resources and employment and training opportunities.

Increase access to housing, information and other non-monetary resources and support for employment and training opportunities.

Conditions

1. 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.
2. The Committee will consider projects that equip individuals with the skills needed to improve housing tenure.
3. The Committee will consider 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.
4. The Committee will give preference to activities that connect residents to job training opportunities leading to permanent employment that offers a living wage or greater.

SECTION 3: ALLOCATION OF NEW FUNDS

The CDD and CDBG 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 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 Committee will seek to either commit projects to a two year contract for the period 2011-2012, 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 anticipates allocating new funds it receives from federal, state, and local sources as outlined on the attached chart. The CDBG Committee may alter these target allocations based on the quality of proposals received in response to request for proposals for these funds. The 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 Committee may also consider an increase or change in the 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 Committee.

In addition to the listed targeted allocation, the CDD will seek out other funding opportunities to meet the CDD outcome objectives as outlined in the Community Development Program Goals and Priorities.

| GOAL/Objective | | | RFP for 2011-2012 | | | Other Potential or Existing Funding Sources | | | |
|--------------------------------|---|--|-----------------------------------|--|---|---|-------------------------------|-------------------------------------|--------------------------------|
| | | | CDBG ¹ | HOME ² | ESG ³ | Federal | State | City | |
| HOUSING | A | Owner-Occupied Rehab | 4 % | 5 % ⁴ | | CDBG-R, EECBG | | | |
| | B | Buyer | | 8 % | 41 % (12 % ⁴ + 29 %) | | CDBG-R, EDI | HCRI, NSP | TIF |
| | | | Housing Development Reserve Fund | 3 % | 10 % | 35 % | | | Housing Trust Fund, HOME Match |
| | D | Rental | | 8 % | 29 % | | CDBG-R, HPRP, SHP | HPP, NSP | TIF |
| BUSINESS DEVELOPMENT | E | Job Creation | | 8 % | | | CDBG-R | | |
| | | | Economic Development Reserve Fund | 4 % | | | | | |
| | F | Micro-enterprise | | 2 % | | | | | |
| STRENGTHENING NEIGHBORHOODS | G | Centers / Gardens ⁵ | 15 % | | | | | City levy | |
| | L | Strategic Area Revitalization | Concentration Neighborhoods | 4 % | | | | City levy (Emerging Neighborhoods) | |
| | | | Neighborhood Strategy Areas | 2 % | | | | | |
| ACCESS TO RESOURCES | K | Facilities | Acquisition/Rehab Reserve Fund | 4 % | | | EECBG | City levy (Capital Budget projects) | |
| | J | Homeless | | | 60 % ³ (30 % essntl + 30 % prev) | HPRP, CDBG-R | ESG, THP | City levy | |
| | X | Access to Resources | | 1 % | | | CDBG-R | City levy | |
| | | | Futures Fund | 1 % | | | | | |
| OVERALL PROGRAM ADMINISTRATION | Z | Direct Administration & Support Services | | 36 % (18 % ⁶ + 18 % ⁶) | 15 % (10 % ⁶ + 5 % ⁶) | 5 % ⁶ | CDBG-R, EDI, EECBG, HPRP, SHP | ESG, NSP | |
| SUBTOTALS | | | 100 % | 100 % | 100% | | | | |

Please note that each funding source places some limits on particular types of activities and expenses. ^{1, 2, 3}

For a description of the revenue flow of both new and program income funds from all sources, please consult either the Community Development Division's current Strategic (Consolidated) Five-Year Plan or the most recently submitted Comprehensive Annual Performance & Evaluation Report (CAPER).

¹ CDBG funds are limited to 15% for "public services" and 20% for administrative/planning/fair housing activities.

² HOME funds are limited to 10% for administration. Also, a minimum of 15% of the total HOME allocation must be used for activities carried out by certified CHDOs (Community Housing Development Organizations).

³ Federal ESG funds are limited to 5% for administration, 30% for homeless "essential services" and 30% for homelessness prevention activities.

⁴ Of the City's estimated total HOME allocation, 5% is earmarked for the CED Deferred Payment Loan program and 12% is earmarked for the American Dream Downpayment Initiative (ADDI) program.

⁵ A minimum of 1/15 of the Centers/Gardens category (or 1% of the City's estimated total CDBG allocation) is earmarked for community gardens.

⁶ The Committee has reserved 18% of the City's estimated total CDBG allocation, 10% of the City's estimated total HOME allocation, and 5% of the City's estimated total Federal ESG allocation for program administration. Due to the variable nature of program income figures used in the HUD formula for calculating annual CDBG and HOME administrative caps, an additional 18% in CDBG funds and 5% in HOME funds have been set aside as part of an administrative "contingent reserve".

Contract Process

The Community Development 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 Committee will allocate all funds for this two-year period except for the reserve funds. The 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 CDD 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 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.

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

General Criteria

The CDD 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 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, and Home Reserved Funds: the Housing Development Fund, the Economic Development Fund, the Facility Acquisition/Rehab Fund, the Futures Fund, and ESG Homeless Services Fund.

Housing Development Revolving Fund

1. 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.
2. Funds are available anytime throughout the year contingent upon availability of funds. Applications should be submitted electronically to the CDD by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application. 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 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.
3. Projects that help acquire service-enriched housing in the scattered site areas, identified on the map, may be eligible for additional local funds. These funds are available to eligible non-profits for down payment and acquisition assistance up to 30% of the assessed value of a property.
4. 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.
5. 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.

Economic Development Revolving Fund

1. Funds for small business development and job creation are available anytime throughout the year contingent upon the availability of funds.
2. Projects must conform to Objectives E or F. Projects that include acquisition and rehab. of the property must also conform to Objectives E or F.
3. Funds are available anytime throughout the year contingent upon the availability of funds. Applications should be submitted electronically to the CDD by 12:00 PM on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application. 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.
4. 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.
5. The CDD 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.
6. Applications are available from the CDD.

Acquisition/Rehab Revolving Fund

1. Projects must meet Objective K.
2. The City will not fund projects smaller than \$25,000 except in the case of ESG funds.

3. Funds are available anytime throughout the year contingent upon availability of funds. Applications should be submitted electronically to the CDD by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application. 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.
4. Funds must be committed within twelve months of Council approval to a specific written agreement for acquisition or rehab.
5. Applications are available from the CDD.

Futures Fund Reserve Fund

1. 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. Funds can be applied toward the capitalized costs of a feasibility study, or the project costs of an experimental or project pilot implementation phase
2. Funds will be limited to \$20,000 per project and are provided in the form of a one-time grant.
3. Funds are available anytime throughout the year contingent upon availability of funds. Applications should be submitted electronically to the CDD by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application. 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.
4. Applications are available from the CDD.

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 objectives D and J.

Other Funding Sources

The City will also seek funds from sources other than those enumerated above and welcome suggestions or the opportunities to co-sponsor or develop and administer those applications.

CONCLUSION

Questions or comments and suggestions about these Goals and Objectives are always welcome.

Mail: Community Development Division
 Department of Planning and Community and Economic Development
 Room 225, Madison Municipal Building
 215 Martin Luther King Jr. Blvd.
 P.O. Box 2985
 Madison, WI 53701-2985

Phone: (608) 266-6520
 TDD: (608) 267-0744
 Fax: (608) 261-9661
 E-Mail: cdbg@cityofmadison.com
 Web: www.cityofmadison.com/cdbg

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

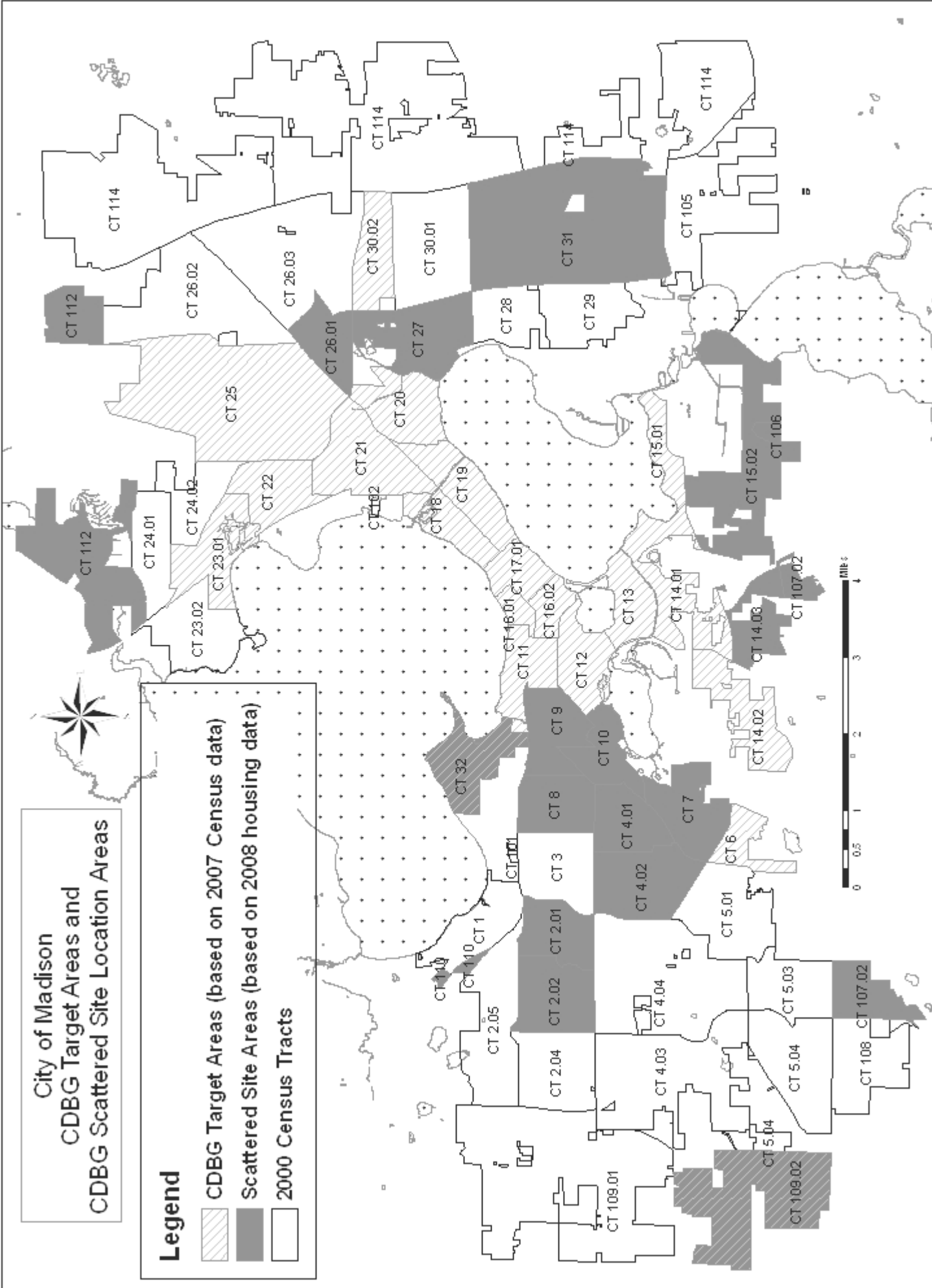
FUNDING PATHS:

| APPLICANT'S NOTES | MAJOR STEPS | PATH 1: 2 YEAR FUNDING PROCESS FOR 2011 -2012 | PATH 2: NON-2 YEAR FUNDING PROCESS FOR RESERVE FUNDS: Acquisition/Rehab, Housing Development, and Futures Funds |
|-------------------|--|---|--|
| | Agency observes community needs and explores best methods to address those opportunities | Spring 2010 | |
| | Agency develops proposal concept, explores capacities to manage project, discusses concept with its governing board and potential partners | | Two months prior to application |
| | Agency discusses concept with staff of funding sources | | |
| | Agency determines funding and project schedules | | |
| | Agency decides to apply, if appropriate and ready | May, 2010 | One month prior to application |
| | | | |
| | Agency submits proposal to CDD | June 25, 2010 | First Friday of the month by 12:00 p.m. |
| | CDD staff reviews written application | July – August 2010 | The last week of each month |
| | Committee reviews written application | | The first Thursday of each month |
| | Committee determines its recommendation. | | |
| | Council determines its approval | October | Generally 5-6 weeks following the Committee, on either the first or third Tuesday of the month |
| | CDD staff develop the contract | November and December, 2010 | Three weeks after approval by the Council or the Mayor |
| | Program begins after written contract is executed | After January 1, 2010 | After contract is executed. |

City of Madison
 CDBG Target Areas and
 CDBG Scattered Site Location Areas

Legend

-  CDBG Target Areas (based on 2007 Census data)
-  Scattered Site Areas (based on 2008 housing data)
-  2000 Census Tracts



TARGET AREA = at least 51% of individuals in census tract have income of less than or equal to 80% of area median income
 SCATTERED SITE AREA = the census tract contains less than 1% of designated subsidized housing units