



Department of Planning & Community & Economic Development

Community Development Division

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Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

Memo

To: CDBG Committee and Common Council
From: Jim O'Keefe, Community Development Division Director
Julie Spears, Grants Administrator
Date: March 19, 2014
Re: Proposed 2015-2016 Community Development Program Goals & Objectives

The proposed **2015-2016 Community Development Program Goals & Objectives** sets forth the three primary goal areas and eight objectives upon which available funds will be focused for the next two years. Together, they address community needs related to affordable housing, economic development and employment, and neighborhood assets.

A. Proposed Streamlining of Goal Areas

One of the goals of this document is a simpler and more streamlined presentation of the Goals and Objectives. Toward that end, the previous four goal areas (1. Affordable Housing, 2. Business Development, 3. Strengthening Madison's Neighborhoods, and 4. Access to Community Resources) have been reduced to these three:

1. Affordable Housing
2. Economic Development and Employment Opportunities
3. Strong & Healthy Neighborhoods.

The objectives identified under each goal area are similarly modified in an attempt to more clearly describe what the Program seeks to achieve. Thus, there is no intent to alter the range of activities eligible for support; activities that had been eligible under the previous goal areas continue to be eligible in the proposed 2015-2016 document. Each objective also includes a set of Priorities and Strategies indicating the City's emphasis for that objective area.

B. Overview of Proposed Changes to Funding Conditions

The 2015-16 Goals and Objectives document proposes a number of changes to the funding conditions that were contained in the 2013-14 version. The more substantive changes within each goal area are described below:

Goal 1: Affordable Housing

1.1 Housing Supply

Owner-occupied Rehab

- Increased the amount of additional loan funds available for substantial rehabilitation projects that involve energy efficiency improvements from \$5,000 to \$8,000; reduced the combined maximum loan amounts from \$36,000 to \$32,000. This change better reflects program experience with respect to typical costs for energy efficiency-related rehabilitation projects and the overall amount needed for substantial rehabilitation loans.

Owner-occupied Housing Development

- Added the following— "leverage of other resources, developer capacity and project readiness" – to the list of factors to be considered in evaluating development projects. This language reflects recent changes made by HUD to the HOME Program regulations affecting the funding of development projects.

Rental Housing Development

- Added the following – “leverage of other resources, developer capacity and project readiness” – to the list of factors to be considered in evaluating development projects. This language reflects recent changes made by HUD to the HOME regulations affecting the funding of development projects.
- Raised the level of available assistance by up to \$10,000 per unit for the construction of new units of affordable rental housing. This change aims to provide additional incentive, and financial support, to increase the supply of new affordable rental units.
- Increased the allowance of secured loan-to-value ratios from “up to 115%” to “up to 125%” in designated areas of priority to the City. This change recognizes the impact that deferred maintenance of properties and depressed appraisal values can have on loan-to-value ratios in distressed neighborhoods. It seeks to adjust that financial standard, under certain circumstances, in order to make funds available to help stabilize property values and support those neighborhoods.

1.2 Housing Assistance

Homebuyer Assistance

- Adjusted the formula for calculating allowable administrative costs associated with downpayment assistance provided by a sub-recipient agency from “up to \$6,000 per unit” to “up to 10% of funds awarded.” This change seeks to better align a sub-recipient’s allowable administrative costs with the City’s under the HOME program.

Homeless and Special Needs Populations

- Aligned language to reflect HUD’s recent shift in Emergency Solutions Grant (ESG) regulations from services based on a first-come, first-served model to a crisis response model emphasizing Rapid Re-Housing and Housing First models, as well as serving those with the most significant needs.

Goal 2: Economic Development and Employment Opportunities

2.1 Job Creation and Community Business Development

- Specifies that the City will maintain its commitment to using available federal funds to create living wage jobs. Currently about 70% of jobs created by CDD-assisted businesses pay at least a living wage. The new language maintains that standard while also recognizing other benefits that accrue to neighborhoods through targeted support to neighborhood-focused business activities (restaurants, coffee shops, retail, etc.).
- Removed job retention as an eligible activity in this category. This has been a little used objective in part because attention has mostly focused on job creation and in part because stringent federal administrative requirements make assistance for retention projects difficult to secure.

2.2 Small Business Development

- Added a requirement that agencies which receive funds for the purpose of providing small business assistance/support must offer that support to small business clients for a period of at least 3 years. This provision makes explicit expectations that are currently placed on those agencies.

2.3 Adult Workforce Development

- Added a requirement that agencies which receive funds for the purpose of providing adult workforce development services must maintain their support of clients for a period of at least 6 months. This provision makes explicit expectations that are currently placed on those agencies.
- Added a requirement that agencies receiving funds in support of adult workforce development services must record and track the number of jobs obtained by their clients, as well as information related to their job titles and wage levels.

Goal 3: Strong & Healthy Neighborhoods

There were no substantive changes to the funding conditions in this goal area.