



City of Madison Meeting Minutes - Final

City of Madison
Madison, WI 53703
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COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION

Thursday, October 6, 2005

5:00 PM

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

ROLL CALL

Present: Ald. Austin W. King, Ald. Cindy Thomas, Richard V. Brown, Sr., Kristina L. Dux, Arthur V. Robinson, Sophia Angelina Estante, Steven C. Bartlett, Carl G. Silverman and Charlie R. Sanders

Excused: Ald. Santiago Rosas and Justin O. Markofski

Others present: Hickory Hurie, Mary Charnitz, Pam Rood, Audrey Short, Sue Wallinger

WELCOME - CHAIR'S REPORT

Estante called the meeting to order and welcomed new members Arthur Robinson and Charlie Sanders. Robinson and Sanders introduced themselves to the other commissioners.

Estante shared an article on the recent inclusionary zoning court decision and an op. ed. piece by Austin King. She also reviewed articles that were included in this month's commission packet.

Estante thanked CD staff for their work on the 30-year celebration of CDBG. Thomas praised Estante for her role in presenting the awards at the luncheon. Hurie commended commissioners who attended the luncheon and thanked Mary Charnitz and other staff for their work in putting the celebration together.

Thomas reviewed the budget meeting between CD Commissioners (Bartlett, Estante, and Thomas) and the Mayor. Thomas said that thanks to Estante's presentation, the mayor restored CD funds that were cut as part of the 3% budget decrease he requested of all departments.

PUBLIC COMMENT

None to report.

APPROVAL OF MINUTES

King moved and Thomas seconded approval of the minutes from September 1, 2005.

The Commission voted unanimously to approve the minutes as written.

Thomas moved and King seconded approval of the minutes from September 16, 2005.

The Commission voted unanimously to approve the minutes as written.

SPECIAL FOCUS ITEM FROM STAFF REPORT

Homeless Services Consortium's Plan to Prevent and End Homelessness (Sue

Wallinger)

Wallinger gave the Commissioners some background information on the Consortium's Plan to Prevent and End Homelessness. She said the Consortium has seen the need to do such a plan for the last couple of years and that their plan has come out the same time as HUD's plan. HUD's plan, however, is focused on a very narrow group: single, disabled individuals, while the Consortium has decided to address all subpopulations of homeless in its plan with no specific timeframe. Wallinger said the Consortium chose as the starting point of its plan a statement affirming the group's belief that it can end homelessness. She said the plan has three objectives: (1) provide support services, (2) provide a short-term safety net through the shelter system, and (3) provide an adequate inventory of affordable housing. Wallinger said the United Way has committed to funding 30 family slots, and Porchlight has committed to funding six unmarried individual slots. Wallinger said that as part of the plan the Consortium wants to see an increase in daytime resources for homeless persons and an increase in storage options for their belongings. She said the Consortium is interested in feedback from the community, and she passed out a questionnaire asking Commissioners for their input on the plan. She said she would like comments returned to her by November 11 via e-mail, phone, or U.S. mail. Estante suggested discussing questions or comments about the plan at the November 3 meeting.

Silverman suggested the Consortium create a shorter, more concise document that gives statistics and lists goals for some audiences that might be impatient with a longer document like the current plan. Estante suggested adding an overview. King asked for more concrete suggestions from the Consortium. Recommendations that policy makers can act on would be more useful, he said. Bartlett commended the Consortium on the awesome amount of work they did to put the plan together, but agreed that a quicker picture would work better for funding bodies. Thomas said she would like to see a piece added detailing performance of providers who are funded. She would like to see the best programs get the most money. Brown asked Wallinger how an individual was determined to be mentally ill under HUD's plan to end homelessness. Wallinger said that HUD bases their definition of mental illness on medical diagnoses and said that many individuals who are chronically homeless are also mentally ill but have not been diagnosed yet. She said the Consortium's plan calls for year-round outreach to individuals with mental illnesses and increased hours of professional mental health treatment.

REQUEST FOR MAJOR CHANGES IN CURRENTLY FUNDED PROJECTS OR FUNDING FOR NEW PROJECTS

A. Atwood: Acquisition and rehab of a new neighborhood center using repaid program income

No one from Atwood was present to give details about this request. The item was referred to the November meeting.

B. Genesis Refinancing (Richard Harris, Genesis Development Corporation and Sally Martyniak, Dane Fund)

Hurie gave Commissioners some background on Genesis Development Corporation's association with the Community Development Office and explained that CD holds a second position mortgage with Genesis for funds Genesis borrowed to finance their purchase of 313 West Beltline Highway. Hurie explained that Genesis is asking the CDBG Commission to approve the concept of a new seven-year loan to the Dane Fund of funds Genesis would repay to the CD Office for the Dane Fund to invest in a development company, Genesis, LLC, which would be separate from Genesis

Development Center. The new loan arrangement and debt restructuring would allow Genesis to obtain New Market Tax Credits and save approximately \$400,000 over the seven-year period. At the end of the New Market Tax Credit period, the City would re-loan the money to Genesis under the original terms. Martyniak said that although the New Market Tax Credits are complicated, Genesis would benefit in the long run from the investment. Bartlett asked if it were safe to say that that tax credit deal would leave Genesis much better off and the CD Office no worse off. Hickory replied yes and said that Genesis has the chance to retain equity and lower the financing on their mortgage, while CD still retains some protection of its investment through the Dane Fund member interest in the investment company.

Bartlett moved and Silverman seconded approval of the concept of the new loan to the Dane Fund for reinvestment in Genesis as stated in the staff report. The motion passed unanimously.

02146

Authorizing the provision of a contingent grant to the Dane Fund to be used to leverage New Market Tax Credits to help refinance Genesis Development Corporation mortgages on its business incubator, revising two prior resolutions that altered the repayment terms from three existing CDBG Loans totaling \$970,000 to Genesis Development Corporation, and authorizing the Mayor and the City Clerk to sign agreements to effect such changes through the Dane Fund, Genesis, and entities qualifying under the NMTC laws.

This matter was Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed.

C. Access Community Health Center: Refinancing with New Market Tax Credits (Joanne Holland, ACHC)

Holland explained Madison Community Health Center's (MCHC) request to create a new non-profit organization, Access Community Health Center (ACHC) Facilities, Inc., to take advantage of New Market Tax Credits. Holland said that the sole purpose of ACHC Facilities, Inc. would be to own the real estate at 3434 East Washington Avenue and lease it to MCHC, which provides medical and dental care to lower-income individuals. The new non-profit organization would hold the debt, and MCHC's original loan for \$150,000 would be transferred to ACHC Facilities, Inc. After refinancing, ACHC Facilities, Inc. would have a first mortgage of \$1.4 million and a second mortgage from the Dane Fund of \$200,000. The CD Office's mortgage for \$150,000 (plus any appreciation to date) would move to third position. Thomas asked if the City would be worse off in third. Holland said no, that the property value will increase, which will not jeopardize CD's investment. Hurie agreed, saying that the funding for the first mortgage would be stabilized with the tax credit funding. Holland said that ACHC Facilities, Inc. would have \$700,000 available for expansion after the refinancing.

King moved to accept the staff recommendation to approve the transfer of the loan from Madison Community Health Center, Inc. to ACHC Facilities, Inc. Silverman seconded. The motion passed unanimously.

02133

Authorizing the transfer of a previously approved loan from Madison Community Health Center to a new non-profit subsidiary and authorizing the Mayor and the City Clerk to sign agreements to effect such a change

This matter was Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed.

D. Omega School Purchase of Badger Road Site (Bill Thielman, Board President and Oscar Mireles, Executive Director)

Thielman gave the Commission an overview of Omega School's mission, which is to help individuals prepare for and obtain a GED. He explained that Omega School was seeking the opportunity to move from a cramped rented space to a better location at 835 West Badger Road, which is closer to the bus transfer point and so would be more accessible to more individuals needing to use public transportation. Mireles said that with acquisition of a new building, Omega School hopes to double its space, increase the number of students it serves, and add small group instruction to its one-to-one instruction. He said they have secured \$205,000 from the Dane Fund and have fund-raised \$5,000 toward the purchase of the new site. King asked what the assessed value of the property is. Mireles said it is assessed at \$285,000 and that the Dane Fund is getting an appraisal done. Silverman asked whether Omega School has charter school status. Mireles said that Omega is a non-profit corporation and is primarily an adult learning center. They do contract with local high schools to have fourth year seniors who will not graduate high school attend Omega. Their other students come from the general population and range in age from 19 to 86. Silverman asked how Omega helps students get their GED's. Mireles said that Omega School provides prep classes, in addition to other services, such as childcare for those students who need it. Mireles said that GED exams are issued at MATC. Thomas asked how many more students Omega School anticipated serving with the bigger space. Mireles said that being nearer to a bus transfer point with the new building, Omega School would be able to get more students, but he did not give an exact figure for the expected increase in the number of students. He said the school generates most of its business by working with high schools, correctional facilities, and by word-of-mouth recommendations. Thomas asked how much it costs for someone to attend Omega School. Mireles said that it costs about \$500 for a student to graduate.

Silverman moved to approve the staff recommendation for \$75,000 as a long-term deferred loan with the capitalized assistance payable upon sale, transfer or change of use of the property and the repayment amount being equal to the greater of the amount of CDBG funds invested or the percent of appraised value that the CDBG funds represent in the value of the property. Bartlett seconded the motion. The motion passed unanimously.

OTHER BUSINESS FOR ACTION

*Issues and/or referrals to or from the Common Council
Alders King and Thomas updated the Commission on recent action taken by the Common Council regarding a resolution authorizing the City of Madison to use up to \$ 150,000 of CDBG funds to acquire the property at 2330-34 Allied Drive for approximately \$35,000 and relocate the current tenants for approximately \$35,000 and demolish the property for approximately \$80,000. The City, however, will not be able to purchase the building before it goes to sheriff's sale on Tuesday, October 11.*

Bartlett left the meeting at 6:25 PM.

Alder King updated the Commission on the inclusionary zoning ordinance. He said Kitty Noonan of the City Attorney's Office is currently drafting revisions.

REPORTS FROM COMMITTEES WITH CDBG COMMISSION REPRESENTATION

A. Housing Committee (King)

King reported that the Housing Committee did not meet yesterday.

B. Gardens Committee (Estante)

Estante reported that the Committee sends its thanks to the CDBG Commission for funding sheds.

C. Martin Luther King Humanitarian Award Committee (Estante)

Estante had no report from this Committee.

D. Subcommittee on Inclusionary Zoning and Community Development Investment Issues

The Committee has not met recently.

E. Other Commission Representation

There was nothing to report.

STAFF REPORT

B. Revision of ADDI Underwriting Guidelines (Action Item)

Hurie said the CD Office is seeking more flexibility for approving loans in the ADDI program. He said that currently the policy is to score loan applications with a front end and back end ratio, where the front end represents the applicant's total housing costs and the back end represents their total debt. Hurie said that some people are disqualified through this approach. He said the CD Office is suggesting, instead, that it use a combined ratio of the two (housing and debt) to allow more people to qualify, with a total of 36% combined housing costs/debt as the limit. He said the CD Office will go up to 40% combined housing costs/debt if the applicant has good credit and comparable rental costs.

Hurie also said that HUD requires inspections of housing units before ADDI loans can be approved. Up to now, the CD Office has had buyers pay for their own inspections outside of the loan costs. Hurie said the CD Office is proposing giving a grant of approximately \$105.00 (\$275.00 if lead paint is involved) for the applicant to get an inspection done.

King left the meeting at 6:45 PM.

Thomas said she would like to refer this item to the next meeting. Estante asked if there were any applications pending that would need approval of these changes before November. Hurie said no applications were pending.

Thomas moved to refer revision of the ADDI Underwriting Guidelines to the November meeting. Brown seconded. The Commission (minus Bartlett and King) approved the motion unanimously.

ADJOURNMENT

Thomas moved that the Commission adjourn. Brown Seconded. The motion passed unanimously (minus Bartlett and King), and the Commission adjourned at 6:50 PM.

The Commission's next meeting is November 3, 2005.

*Respectfully submitted,
Anne Kenny*

