



TO: CDBG COMMISSIONERS
 FROM: Hickory R. Hurie, Community Development Grants Supervisor
 SUBJECT: Supervisor's Report for December 2007
 DATE: November 24, 2007

This report summarizes some key events for the community and neighborhood development program via several perspectives:

- Decision-making
- Funding Sources
- Goals and Outcomes
- Geographies and Neighborhoods
- Community assessments and experience

LOCAL DECISION-MAKING:

Items on the Commission December agenda

The agenda for includes a variety of presentations and of issues for Commission action. The Department of Civil Rights and our Office staff will present an overview of the program's policies and procedures to encourage minority, women, and disabled business enterprise involvement in the program through proposals and through the contracting process. The City's Gardens Committee will provide an overview of an issue they are discussing---fees for community gardens, and its related issue, financing for the overall garden program. We will review the results of the Council's actions on the 2008 City budget, and some of the compelling issues facing the program and the City in the coming year. We will also present for your review and action several items involving specific funding requests:

1. **Operation Fresh Start:** OFS request some additional help or variances in its current contract to assist with a backlog of homes for sale.
2. **Revolving fund for Mill-Mound Co-housing:** The City funded down-payment assistance through Madison Development Corporation for eligible buyers of four units in Madison's original co-housing project. The intent as stated in the contract at the time was to help promote an economically integrated community, and to permit the down payment
3. **Funds to be re-used for buyers on the same units in the property.** One of the units has been sold but the new buyer did not need the additional downpayment assistance, so the Office approved a plan to permit the Project to re-use the funds for a different unit if an eligible buyer were to appear. The CBG Office asks for Commission approval to establish a formal agreement to permit re-use of the Mills-Mound downpayment assistance funds for any unit in the co-housing project that meets the eligibility requirements.
4. **Request from Sherman Associates regarding Nob Hill Apartments:**

Sherman Associates a private for profit firm based in Minnesota (with over 5,000 units under their management) is expanding to Wisconsin and is interested in acquisition funds to help purchase and renovate an existing apartment project in the 14th District.

We initially talked to them about the possibility of some Housing Trust funds, but the City budget proposal to use the Trust Funds for Allied, and their ineligibility for HOME or CDBG funds meant that we had no money available for assistance when the Commission reviewed the proposal at its November meeting. Based on the discussion at that meeting, and now that the Council has approved the 2008 budget, without tapping the Trust Funds, the Commission has the opportunity to revisit this request.

5. Referral from the Common Council:

a) Broaden uses and increase maximum amounts of the **Affordable Housing Trust Fund**:

The proposal would permit the use of the Trust Fund for operating expenses of a recipient that are attributable to an assisted unit. The proposal would change the ordinance language to more clearly define the income limits for eligibility. The definitions would target ownership assistance to households (or housing units for sale to those at 80% and below, and rental housing assistance to units 50% of AMI and below. The proposal also includes a provision to increase the maximum amount of assistance per unit for those serving a lower income range (less than 50% of AMI for owners, less than 30% of those for renters) up to \$40,000 from \$25,000/unit.

RECOMMENDATION: At its September meeting, the Commission appeared to be favorable toward approval of the changes to clarify the specific income targets, and to the added provision for a second level of assistance for lower income target groups. However, the implications of using Trust Funds to cover operating costs attributable to an assisted unit appeared to be unclear. The Commission voted to refer this item to its October meeting. At the request of the sponsoring alder, the Commission referred the proposal to its November meeting, and at the request of the sponsor, again referred it to the December meeting.

b) Council and Board of Estimates' Actions on the Commission's recommendations:

Based on the Commission's actions, the Council approved the following recommendations:

- None were scheduled, other than the Executive Budget. The Council did add \$7,000 to the CDBG program for the **Salvation Army** year-round over-flow shelter. The Council did not approve funds for the initiation of a pilot neighborhood center program in the Meadowood area, nor funding for a feasibility study, but the Mayor recommended that these be funded through the Emerging Neighborhood Funds process. The Council also did not fund a series of recommendations intended to bolster efforts to reduce homelessness, including the addition of a very cost-effective program to pay short-term rent stipends for help prevent eviction and homelessness pioneered by the **Community Action Coalition** through its Rent-Able program

Based on the Commission's actions, the Mayor approved the following Commission recommendations:

- **Porchligh**'s request for \$10,000 in additional funds to complete the repairs on the Drop-In Shelter.

The Council and the Board of Estimates will be considering these resolutions in the coming month:

- **Southwest Plan CDBG-funded project proposals:** targeted homebuyers' program, residential security improvements, parkland pedestrian path, and community garden development.

FUNDING SOURCES

Federal Funds

Budgets at both the Federal and State levels appear to be moving at the pre-Global Warming epoch speed of glaciers this year. For the calendar year 2008 (the Federal fiscal year starting in October 2007), both the House and the Senate have now passed separate but similar appropriation bills to fund the HUD programs at close to their 2007 levels, and rejected the President's proposal to reduce CDBG funds by 33%. A joint committee is now considering a bill and its submission to the President for signing. In the meantime, Congress has sent to the President and he has signed a second continuation bill to maintain current levels until the final budget is adopted. There is no date certain for the adoption of a final Federal fiscal year 2008 budget.

State (and Federal pass-through) Funds

In September we reported that as part of the State budget deliberations, the State Joint Finance Committee approved preliminary language to clarify the definition of tax-exempt organizations that provide rental housing to lower income people. This continues to be a knotty issue for many local non-profits as they contemplate new projects, and their ability to maintain current projects. The current State language permits exemption for those organizations that serve lower income people and use all of the project revenue (i.e. rent) for maintenance and for "construction" debt. These limitations place projects operating older housing at a disadvantage, because they carry little or no 'construction' debt, but mostly 'mortgage' debt. Further, these limitations discourage agencies from acquiring existing housing for infill development or upgrades, because a major operational cost (debt service on acquisition) would eliminate the tax exemption. We know of three projects that have stalled or been placed on the back burner until the legislature clarifies the current law. The State budget approved by the Legislature and signed by the governor did not change this language.

The Mayor's Office continues to hold discussions with City staff and other cities regarding a legislative solution to this issue.

Guide to 2008 Community and Neighborhood Development Program:

Enclosed with this packet is a copy of an overview of the 2008 budget presented to the Common Council, with additions by the Mayor and the Board of Estimates. The guide provides some information on percentages of funds and project types, as well as some historical trends regarding the sources and uses.

GOALS AND OUTCOMES

Project Status

Acquisition/Rehab projects:

The City and CD staff (Audrey Short and Anne Kenny) held the first of two preconstruction meetings with subcontractors for the Goodman Atwood gym.

Neighborhood Strategy Projects:

- One of the few projects evolving from the South Madison concentration neighborhood planning process was the construction of new lights and intersection at **Park Street and Hughes Place**, in order to make the pedestrian crossing safer for people walking to the new spray park or the Villager. Construction is almost completed, and involves two other City agencies (Traffic Engineering and Engineering). The work is done by outside private contractors and overseen by the City Engineering Division.
- Enclosed with this report is an update on the **START** program (Skilled Trades Apprenticeship Readiness Training program). It provides an overview of the first six-months of the program as well as a more detailed set of results for the Allied area. Again, this is the two-year pilot intended to help prepare lower income residents to take entrance tests for one of 18 officially recognized construction trade apprenticeship programs. Once enrolled, many of these provide ongoing support and training for longer careers. The Commission funded this program as a start-up, based on the experience of the Milwaukee area program whose success has encouraged employers and unions to eventually provide the bulk of the funding for the program.
- The owners and investors of **Prairie Crossing** in Allied have finally completed their review of the contracts, have signed the loan documents, and have now closed on the financing. Coupled with the Section 8 place-based vouchers, the financing should provide an extra level of stability for the operations of the complex pending CDA progress on the development of the City properties across the street.

Housing Projects:

- The **Wisconsin Partnership for Housing Development** held a November groundbreaking for its 18-unit condo project (within 9 duplex buildings) in the Twin Oaks neighborhood.

Community-based Economic Development

- **Latino Chamber of Commerce** has completed its initial survey of a sample of Latino businesses as part of its 2007 CDBG-funded start-up project. A full copy of the report is attached. Notable conclusions: a) The researcher estimates that about 500 Hispanic-owned firms are doing business in the Madison area, and b) Many of these were started with informal or self-financing.

GEOGRAPHIES AND NEIGHBORHOODS

Meadowood/Raymond (South West)

Last fall, the Commission selected the **southwest area** as the next concentration neighborhood. This involved the establishment of a steering committee of residents and businesses, the development of a neighborhood plan, and the selection of various projects or activities to help carry out the major recommendations of the plan. Working with the Planning Unit neighborhood planners, Mary Charnitz, assisted by Pam Rood, worked with the steering committee and a group of City staff to help the Committee prepare its plan and develop its project priorities. The Southwest Committee has now adopted a draft plan and is in the process of holding one additional meeting to make its final recommendations. Once the plan is completed, the Committee will present it to various City committees for review. In the case of the CDBG Commission, as the primary policy instigator and upfront investor of project funds for the planning process, the Commission will be expected to review several proposals for the use

of funds for several high priority projects to advance the plan and strategically improve the quality of life in the planning area. We are fortunate to have the newly elected alder from that area, Thuy Pham-Remmele, on our Commission, to contribute to the discussion about this area's priorities, and strategic projects to achieve those goals.

A group of residents in the area are interested in exploring the development of a neighborhood center in the Meadowood area, and will be meeting with City CDBG, OCS, and Mayoral staff to discuss a process to review such a proposal.

During August, southwest area alders sponsored a public meeting from which arose a number of concerns regarding safety and crime. There have been several follow-up meetings, including one where the Mayor asked the steering committee to review their tentative proposals for home-ownership and community gardens in light of the concerns raised at the August meeting. The Committee reviewed its recommendations and made some adjustments to its plan and project recommendations. The CDBG Commission has recommended approval of the four projects and these will now be on the Council December agenda for action.

North-side:

At the request of the two new north-side alders, CD staff have met several times with Planning staff and the two alders to discuss the upcoming North-side planning process. At this last meeting, the group agreed on the establishment of an 11-member steering committee, with 11 alternates that, in its entirety, would represent the broader north-side area. This committee would meet about 6 times over an 8 month period to review the background information, identify and rank major issues and opportunities, and establish some strategic objectives for the area. While the membership of the committee would draw from the entire north-side, the focus of the plan would be on the smaller focus area. The group suggested that the Council appoint the committee by December, and that Planning would hold a first meeting before year-end.

COMMUNITY ASSESSMENTS AND OTHER EXPERIENCES:

There are a number of interesting articles enclosed in the mailing packet, as well as for distribution at the Commission meeting. As we look ahead to the development of an economic development plan, some of these articles seem quite relevant.

I have long thought that the development experience of the emerging nations would provide insights into issues and strategies for improvement of American neighborhoods and regions. One of the enclosed articles is a two-page summary of some views on Africa's development challenges, and whether Money will solve the problems. The quick answers of yes, no, maybe, only if, and no way mirror our current debate on Allied and other emerging or challenged areas.

A second article by Nathan Newman, courtesy of the Progressive states Network, describes a set of state-level strategies used to promote economic development over the last two decades. His list is interesting, because many of the strategies are ones used by Madison over this same time period.

Another enclosed article provides some comments on the contributions of suburbs to American life, and their role in promoting affordable housing, good schools, nice parks, and public safety, not a bad set of goals for any neighborhood, or community development program.

Closer to home, the AARP has announced its Livable Communities award to the **Madison Area CLT Troy Gardens** project. This is the first year for the AARP awards and it is quite an honor for the CLT to receive this recognition.

HUD ADDI Reports:

The Federal Department of Housing and Urban Development periodically publishes a report on individual cities or groups of cities ("participating jurisdictions") administering HOME American Dream Down-payment Initiative funds. Attached is the most recent report on Madison, as well as a chart of commitments and disbursements for the overall HOME program.

These ADDI reports show that the average Madison down-payment loan was for \$8,507, with the average purchase price of \$134,000. Since the ADDI funds have been dispersed, the City is now using HOME funds to sustain the program and continue to help with home purchases. The report also includes excerpts of a few other cities, since we sometimes view Boulder CO, Lincoln NE, and Salt Lake City UT as "peer cities" to Madison.

Attachments: Articles (now emailed weekly)
Attachment to Boilerplate outlining MBE contract procedures and goals
Annual report on MBE construction contractor participation

SNAPSHOT OF COMMUNITY AND NEIGHBORHOOD DEVELOPMENT PROJECTS AND FUNDS:

Number of Active Committed 'Projects' for 2007							
Source → Objective ↓	CDBG and CDBG Program Income	HOME and HOME-PI	ESG and WI ESG/THP, and WI HCRI	Special HUD funds (EDI, Continuum of Care)	City funds	Housing Trust Fund	TIF 10%
Housing	10	25	4	3	NA	2	See note
Community Economic Development	5	NA	NA	NA	1	NA	
Neighborhoods	14	NA	NA	1	10	NA	
Access to Resources	6	NA	20	2	5	NA	
FUNDS AVAILABLE							
Commission's Revolving Funds	CDBG and CDBG Program Income	HOME and HOME-PI and MATCH	ESG and WI ESG/THP, and WI HCRI	Special HUD funds (EDI, Continuum of Care)	City funds	Housing Trust Fund in 2008	TIF 10%
Housing Development	\$13,006	\$70,000	\$4,000	0	\$0	\$353,112	On hold pending BOE discussion of general TIF policy (\$200,000)
Community Economic Development	\$7,300	NA	NA	NA	\$0	NA	
Human Service facility Acquisition/Rehab	\$0	NA	NA	\$0	\$0	NA	
Futures Fund	None budgeted	NA	NA	NA	NA	NA	
KNOWN PENDING PROPOSALS FOR COMMISSION'S REVOLVING FUNDS:							
Housing Development	<p>* Collaborative efforts with major employers and the university on homeownership initiatives. * Workforce housing efforts involving several potential types of employers * Project on conversion of rental units to condos (four)</p> <p>Acquisition of major troubled housing complex (pending clarification of criteria for tax-exempt status for rental housing serving very low income people) and consideration by a second developer</p>						
Community Facilities Acquisition/Rehab	Construction of community culture center (two)						
Community Economic Development							
Futures Fund	Not budgeted						

The CDBG program web site at <http://www.cityofmadison.com/cdbg> includes the latest revisions in median income, and will soon include maps of 2006 activities by goal and by funding source. Visit the list of for-sale inclusionary homes and see the range of available choices.