

Agency	Question	Answer
Owner Occupied Housing Applications		
ILI Home Safety Modification	<p>You reported that 53% earn 80% or more CMI while 36% earn 30% or less CMI. Will you address the wide range in incomes amongst your customers? Please discuss in the context of access to and cost of your services, as well as clients who are homeowners versus renters.</p>	<p>1) Amended income information was sent 6-22-12. Due to a typographical error on our application, corrected demographics should read:</p> <ul style="list-style-type: none"> • 53% clients earned between 50 and 80% of median income • 11% clients between 30% and 50% median income • 36% clients less than 30% county median income <p>2) We do charge a small assessment fee, sliding scale based on income ranging from \$20 to \$70. Of the home modifications completed in 2011 with city CDBG funding, 56% were rentals and 44% owner occupied housing.</p>
	<p>Please describe circumstances (beyond the safety modifications you provide) that have impeded outcome achievements in the past.</p>	<p>We have had no circumstances that have impeded outcome achievements in the past. If the outcome question is related to number of estimated vs. actual homes assessed and modified, we had anticipated 135 homes during 2011 but were only able to modify 101 due to the fact that the scope of modifications per household were more costly and complex than the assumptions we made in establishing our budget for the grant proposal.</p>
Project Home – Minor Home Repairs	<p>How would you including energy efficiency into your quantifiable program objectives in the future? Based on experience what might be a reasonable outcome?</p>	<p>We could add an objective to serve a set number of households with the energy efficiency “package” we would be offering minor home repair customers. We serve an average of 80 households per year, so we could potentially help up to 80 homeowners with basic energy saving measures like CFLs, faucet aerators, etc.</p> <p>Since this is a new program element, we don’t have any historical data available to help us establish how many customers this will affect. We hope to be able to do that in our next funding cycle.</p>
	<p>On budget page, "assistance to individuals" shrunk 1/2 (\$5.5 mil - \$2.7 mil) over past two years (2011-13). What changes does this represent in programs and assistance?</p>	<p>The changes in our budget are due to the ARRA funds that were available for our state funded Low Income Weatherization Program during that time frame. The “stimulus” funding was only meant for a limited time and the period ended June 30, 2012.</p> <p>The funding changes in our Weatherization program don’t directly affect our other programs, including the minor home repair program for the City of Madison.</p>

Housing for Buyers Applications

<p>Habitat for Humanity – Program A (Housing Development)</p>	<p>With current inventory, how should the Committee prioritize housing for single homebuyers against rental housing projects?</p>	<p>On our applications for homeownership, we ask families “Why do you want to own a home?” The number one reason we hear from renters is they want to have stability for their family. Our applicants don’t want to keep moving year after year because they can no longer afford the rent. Our families want to settle down and raise their family in one place, in one neighborhood. They want their children to attend the same school year after year instead of switching schools to where they can afford the rent.</p> <p>Our applicants are eager to be good neighbors. They want to be part of a community and they want their children to be part of a community. Our families long for the ability to get to know their neighbors and build long-term friendships with their neighbors. They care about their neighborhoods and have a vested interest in the neighborhood.</p> <p>Out of the 198 homes Habitat has built in Dane County since 1987, 180 families still remain in their Habitat homes. Long-term home ownership in a neighborhood helps stabilize the neighborhood which leads to greater property values and less crime. Habitat is not just about building homes. We help families end the cycle of poverty. When a low to moderate income family is given the opportunity to own a home they are creating wealth for their family each time they make a mortgage payment. This new wealth can then be passed along to the next generation to help to pay for a college education or the family can use this new wealth to plan for their retirement.</p>
	<p>Given the number of number of units currently unsold, how can the agency provide assurance that the number of units proposed is reasonable? Please speak to current state of and plan for unsold condos and non-compliance issues related to these?</p>	<p>Habitat is committed to Madison’s Southwest neighborhoods and our currently unsold condominium units on Russett Road and Carling Drive. Unfortunately, the demand for condo units from potential Habitat families is extremely low.</p> <p>Russett Road-Habitat has provided six homeownership opportunities on Russett Road; two zero lot line duplexes and a four-unit condominium. Three of these units have been sold to partner families. The three units remaining are in the four unit building. Many of our Habitat families highly prefer single family homes, which has led us to be more creative in recruiting families for these units. We were pleased to recently secure a grant from the Courtier Foundation to help us to market specifically to low-income elderly in need of affordable housing. These units are highly affordable for this population and two of the three units are handicap accessible. We look forward to further stabilizing this neighborhood and are optimistic about</p>

		<p>the community outreach plan in place to specifically market these homes. One success is that after seeing the improvements Habitat was making, one apartment-building owner decided to take his building off the market and remain a part of the neighborhood.</p> <p>Carling Drive-Habitat owns five units in the Las Casitas development. After not being able to fill these homes with homeowners, we rented three units to Second Chance. We are perusing two options for these units. One plan is to market the two vacant units on the open market through a realtor targeting families at 50% or lower of County Median Income. Once the Second Chances leases are up, we would put those on the market as well. Our other option is to have another nonprofit agency take over the units. Although we were not able to find homeowners for these units, Habitat has had a positive impact on the neighborhood. After taking management of the Las Casitas condo association, overdue maintenance has been completed, bills are no longer overdue, and the association has money in reserves. We have worked to bring together homeowners and renters. We're still committed to the area, and are building several single family homes in nearby Renaissance on the Park and hope to be part of the Mosaic Ridge redevelopment as well.</p> <p>Our demand for single-family homes in the City of Madison is extremely strong. Attendance has been up at our informational sessions throughout Dane County, and Madison continues to be our most requested area by families. Our potential partner families are living, working, and sending their kids to school in Madison and want to be close to transportation, services, shopping and schools. We already have most of our partner families for 2013, with just one quarter of open enrollments already complete (we still have another three to go in 2012).</p>
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	<p>On Agency Revenue spreadsheet what is the source of the \$900,000 "other" income?</p>	<p>This "other income" is proceeds from our Habitat ReStores. By collecting donated used and surplus building materials and household goods and selling these items to the public, Habitat ReStores provide funding to build simple, decent and affordable homes. In 11 years, the first Habitat ReStore in Dane County has provided the income to build 10% of Habitat's homes for low income families in need and kept tens of thousands of tons of materials from area landfills. We just opened a second store on July 10, 2012 on Odana Road to better serve Madison's West side neighborhoods. Our store on Cottage Grove continues to serve Madison's East side neighborhoods.</p>
	<p>How is new CEO hiring process coming along?</p>	<p>In consultation with the QTI Group, the CEO Search Committee is now in the final stages of the interview process and expects to make a hiring recommendation to the Habitat Board of Directors at their July 17th meeting. The CEO Search Committee consists of Kamperschroer, Justin Gerstner (Psychiatrist, UW Hospital and Clinics and HFHDC Board Vice-President), Mike Whaley (Director of Preconstruction, Findorff and HFHDC Board Secretary), Michael Baer (Financial Advisor, Financial Design Group and HFHDC Board Member), and Wendy Hansen (COO, Community Title and Chair, HFHDC Development Committee). Throughout the leadership transition, a transition team of board members led by George Kamperschroer (Attorney, Neider & Boucher and HFHDC Board President) has provided support to the seasoned Habitat staff. Additional transition team members include Jeff Boudreau (Vice President, Wisconsin Community Bank), Debra Alton (Manager, New Business Development, Target Commercial Interiors), and Ann Eaves (Past HFHDC President).</p>
<p>MACLT – Buyer Initiated Affordable Homeownership</p>	<p>With current inventory, how should the Committee prioritize housing for single homebuyers against rental housing projects?</p>	<p>Funding affordable homeownership <i>and</i> affordable rental projects is part of a balanced approach to serving those in need of housing in our community. MACLT's model of affordable homeownership is unique in that the homes in our portfolio remain affordable into perpetuity and will be available to serve generations of qualified homebuyers.</p>
	<p>How does HUD's "specific site" requirement alter your program outcomes?</p>	<p>Our program was designed with HUD's "specific site" requirement in mind, and the requirement does not alter our program outcomes. As in the recent past, we will only request</p>

		funds once we have selected a specific site. And the combination of working with an income-qualified household to select a specific property that meets the household's needs, coupled with rigorous site analysis by the MACLT Manager, ensures a property is compliant.
	What kind of post-purchase resources are provided the homeowner?	The MACLT Manager and other Common Wealth staff are well versed in issues ranging from how to manage a household budget in the context of homeownership to ongoing home maintenance techniques. Additionally, we are able to direct our homeowners to other resources in the community, such as the classes offered by the Home Buyers Round Table, GreenPath and Project Home. Ongoing homeowner support is a major priority for MACLT and Community Land Trusts across the country, and has resulted in foreclosure rates among CLT homeowners that are many times lower than the national average.
	Describe how you identify prospective home buyers?	We affirmatively market all MACLT homeownership opportunities throughout the City of Madison using our website, social media, email messaging, mailings, and flyers.
	Do you maintain a waiting list? If so, how many households are on your waiting list?	MACLT maintains an interest list. Our list currently has 24 households on it.
	Please share staff data – budget and demographic. If this information is missing due to your contractual relationship with Commonwealth Development, please share anything similar and relevant to facilitate comparison among service providers (e.g. Organization Chart, Position Data)	The MACLT Manager (a Common Wealth Development employee) is a 0.75 FTE position with an annual salary of \$36,000. Common Wealth Development also provides executive director, financial management, and bookkeeping services to MACLT, all of which add up to 0.125 FTE, at \$11,700 annually. All of the current contracted staff members are white/Caucasian, not Hispanic or Latino, and not disabled. Two are male, and two are female.
	Why are there no personnel data listed for housing manager position?	MACLT personnel data is not list because the application asked for "staff" information; however, MACLT is operating with Common Wealth staff provided on a contractual basis. We did not want to imply that MACLT has its own staff.
	On Agency Revenue spreadsheet what is the source of the \$285,000 "other" income? (this is over 55% of total budget)	The \$285,000 of other income will come in the form of short-term loans. In recent years these loans have come from Monona State Bank and Anchor Bank.

<p>Movin Out – Program A (Housing-Downpayment Assistance)</p>	<p>With current inventory, how should the Committee prioritize housing for single homebuyers against rental housing projects?</p>	<ol style="list-style-type: none"> 1) Properly prepared home ownership creates an owner's investment in neighborhoods and the community at large which results in greater stability for the household, neighborhood, and the community. 2) For people with disabilities, home ownership increases the freedom to make tailored accessibility modifications that meet current and anticipated needs related to disability. 3) Home ownership on the terms required by Movin' Out (affordable, fixed rate, long term mortgage) provides the household with predictable, fixed housing costs over the long haul. Fixed and predictable housing costs are particularly important to people with disabilities who rely on benefit income which, while reliable over time, is also relatively flat and fixed. Rental costs are likely to grow at an annual rate that exceeds the inflationary increases in benefit income programs such as Social Security Disability and SSI.
	<p>How does HUD's "specific site" requirement alter your program outcomes? What about your objectives?</p>	<p>This rule doesn't apply to our sub recipient role of administering a down payment program.</p>
	<p>Discuss the proposed number of children served and the likelihood that this program will serve families with disabled, dependent children.</p>	<p>The home buyers who will benefit from 2013 allocation decisions have not yet been identified but, based on prior experience, Movin' Out anticipates that at least half the households served will include minor children with disabilities.</p>
	<p>Why is target income level set at 10 households 61-80% CMI when past (recent) data indicate clientele averaging 43% CMI?</p>	<ol style="list-style-type: none"> 1) We do not yet know the incomes of 2013 home buyers who will qualify on a first come/first served basis. We selected the 60-80% category to assure that we could serve households up to 80%. We expect that several of the 10 households will have less than 60% CMI based on past experience. 2) The 43% CMI figure reflects our statewide data. The average CMI for Madison Movin' Out homebuyers is higher due to the higher cost of housing in Madison and the impact on affordability for very low income households.
<p>Movin Out – Program B (Housing Development/Newenhouse)</p>	<p>With current inventory, how should the Committee prioritize housing for single homebuyers against rental housing projects?</p>	<ol style="list-style-type: none"> 1) Properly prepared home ownership creates an owner's investment in a neighborhood and the community at large which results in greater stability for the household,

		<p>neighborhood, and the community.</p> <ol style="list-style-type: none"> 2) For people with disabilities, home ownership increases the freedom to make tailored accessibility modifications that meet current and anticipated needs related to disability. 3) Home ownership on the terms required by Movin' Out (affordable, fixed rate, long term mortgage) provides the household with predictable, fixed housing costs over the long haul. Fixed and predictable housing costs are particularly important to people with disabilities who rely on benefit income which, while reliable over time, is also relatively flat and fixed. Rental costs are likely to grow at an annual rate that exceeds the inflationary increases in benefit income programs such as Social Security Disability and SSI.
	<p>Please discuss industry concerns related to drain line carry issues associated with proposed .8gpf toilets.</p>	<ol style="list-style-type: none"> 1) Low-flush toilets require adaptations in the way they are used. An element of the tailored housing counseling provided to the owners of this innovative, energy-saving home will be specific information about the nature of the toilet, its capacity, and the required modifications in how families use it.
	<p>Why is target income level set at 10 households 61-80% CMI when past (recent) data indicate clientele averaging 43% CMI?</p>	<ol style="list-style-type: none"> 1) We do not yet know the income of the Movin' Out Mosaic Ridge home buyer who will qualify to purchase this home, however the household will need to qualify for what we anticipate will be a first mortgage of \$127,381. We selected the 60-80% category to assure that we could serve a household up to 80%. We are able to anticipate variable scenarios in which a household with income less than 60% CMI could qualify and we would not want to restrict them from Mosaic ridge should the housing plan indicate stable, long term affordability. 2) The 43% CMI figure reflects our statewide data. The average CMI for Madison Movin' Out homebuyers is higher due to the higher cost of housing in Madison and the impact on affordability for very low income households.

<p>WI Partnership for Housing Development – WPHD / OFS Lease Purchase</p>	<p>With current inventory, how should the Committee prioritize housing for single homebuyers against rental housing projects?</p>	<p>We don't believe the Committee should prioritize either conventional homeownership or conventional rental housing. Instead, we believe the Committee should prioritize efforts to create a "middle ground" between the two. The current problems in the housing market offer an opportunity for Madison to provide leadership and demonstrate creativity. We need new homeownership options that offer low- and moderate-income households a way to buy homes—if they want to do that—on terms that protect their long-term financial health. We need rental housing options that offer households a financial stake in their homes—a way to build their financial assets. We have proposed a lease-purchase housing initiative because it can accomplish both of those objectives.</p> <p>Irresponsible subprime and predatory lending and foreclosures have devastated the housing market nationwide, and Madison has not been exempt. Those negative forces have victimized new homebuyers, existing homeowners, neighborhoods and communities. Efforts to encourage homeownership opportunities for families with modest incomes and assets have sometimes been mistakenly blamed for the problems. The real culprits are people who saw an opportunity to make money by lending homebuyers money they could not repay, without regard for either borrowers or the communities in which they live. The rental housing market is growing relatively stronger as homeownership opportunities are more restricted, especially for low- and moderate-income households. Some consumers who might previously have tried to become homebuyers see rental housing as a better option or their only option. It may not leave them better off financially than when they started, but at least they're not worse off.</p> <p>The Madison housing market reflects the direct relationship between home ownership and rental housing demand and supply curves. Madison has reached high rental housing occupancy rates and rental prices have increased. At the same time, this spring and summer, there has been a renewed interest in owner-occupied housing. Housing sale prices are at a low point and provide increased opportunity for current renters to move into permanent, stable, owner occupied housing. Homeownership provides greater stability to children in school and greater economic stability to the family as they build equity in their home. The proposed lease-purchase program offers the best of both. It allows a family to find a</p>
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		<p>home for rent in a challenging rental market and transition later to home ownership without uprooting their families with a move.</p>
	<p>How does HUD's "specific site" requirement alter your program outcomes? What about objective #1?</p>	<p>The "specific site" requirement in HUD's proposed new HOME regulations—if it is incorporated in the final regulations—does not require altering either of our proposed outcome objectives.</p> <p>Those objectives are: (1) to increase home ownership opportunities for low and moderate income households, to acquire and rehabilitate 8 units of affordable ownership housing by the end of December 2014; and (2) to support business development and job creation through placement of youth into employment, apprenticeships or post-secondary education.</p> <p>The preamble to the proposed revised HOME regulations says (in part): "HUD further proposes to revise § 92.504(c)(3), which enumerates the requirements for written agreements between participating jurisdictions and project owners, developers, and sponsors, clarifying that the preliminary award of HOME funds (i.e., early awards of HOME funds before other necessary sources of financing have been secured) does not constitute a "commitment" pursuant to the definition at § 92.2 and may not be entered into IDIS until a legally binding written agreement containing all required provisions is executed. Section 92.504(c)(3)(i) would specify that the agreements must also include the address of the project and other information specific to the project that is the subject of the agreement."</p> <p>However, the actual language of the proposed revised regulations also says, with respect to funds used by a for-profit or nonprofit housing owner, sponsor, or developer [other than single-family owner-occupant): "The participating jurisdiction may preliminarily award HOME funds for a proposed project, contingent on conditions such as obtaining other financing for the project. This preliminary award is not a commitment to a project. The written agreement committing the HOME funds to the project must meet the requirements of 'commit to a specific local project' in the definition of "commitment" in § 92.2..." One of those requirements is the address of the property for which HOME fund are to be used.</p> <p>The staff comment on this issue is that: "New HUD rules state that funds may not be committed unless a specific local project</p>

		<p>with an address has been reviewed and approved based on detailed project information. If funding is recommended, this project may only be approved contingent upon having identified a specific site(s) by a certain date and providing related project detail sufficient for staff to ensure a viable project and compliance with regulatory requirements.” None of the applications for 2013-2014 funding for homeownership or rental housing identify specific sites, and the same staff comment was made about almost all of them. We are confident that we can identify homes with specific addresses that meet whatever reasonable requirements the City or HUD may define and enable us to accomplish our objectives.</p>
	<p>What research has been done regarding effectiveness of local lease-purchase program model? Do you have evidence suggesting this is a good model now?</p>	<p>We are not aware of any research evaluating the effectiveness of lease-purchase program models specifically in the Madison market, although we are aware that two other agencies have operated programs in the past that included a lease-purchase component.</p> <p>We intend to use recent research on the design of effective lease purchase programs to inform the design of our program. There has been renewed attention on the characteristics of successful lease purchase programs with a shift in the economy that makes it harder to obtain mortgage financing. Several large programs have been designed and implemented through the Neighborhood Stabilization Program (NSP). All studies suggest that careful family selection, comprehensive counseling as appropriate for the family, intense credit attention, and clear agreements with program participants about program requirements all lead to success using this program model. For the reasons described above, we believe lease-purchase housing offers a particularly appropriate alternative in the current Madison housing market—if it is done right.</p> <p>A summary of research nationally and related to a few specific programs is summarized below.</p> <p>Research on Nonprofit Lease-Purchase Programs Nationally</p> <p>The most comprehensive review of the experience with lease-purchase housing nationally is found in “Responsible Lease-Purchase: A Review of the Practice and Research Literature on Nonprofit Programs” (Philip Schaeffing and Dan Immergluck, School of City and Regional Planning at Georgia Institute of</p>

		<p>Technology)¹ The paper also cites other sources of information.</p> <p>The authors observe:</p> <p>“Since the advent of the U.S. mortgage crisis, access to homeownership financing has become more difficult, particularly for many low- and moderate- income households... While there will clearly be a need for quality affordable rental housing, there remain reasons to provide avenues for first-time homeownership, or for a pathway to return to homeownership, for many families. Moreover, for many neighborhoods with large stocks of detached, single-family homes, conventional long-term rental strategies may prove insufficient, and many communities are likely to want to maintain a substantial level of homeownership in the long run.</p> <p>One approach that has received renewed levels of attention is lease-purchase housing. Unfortunately, in the private market, lease-purchase housing has a checkered history of households being taken advantage of by unscrupulous sellers, with often high rates of failure and lost investments on the part of the lease- purchasers. And recently, lease-purchase schemes have been employed in some foreclosure rescue scams. In most states there is little regulation of lease-purchase contracts. While there is a need for more regulation, a complementary strategy is to support responsible lease-purchase housing via nonprofits that are careful to treat lease-purchasers fairly.”</p> <p>“Today, nonprofit lease-purchase programs continue to be found across the country in many different settings. Programs of varying scope and duration have been implemented in California, Colorado, Michigan, New York, and Ohio.”</p> <p>“The lease-purchase model can be attractive because it opens the market to those who do not have adequate savings or credit to obtain traditional financing but who have the ability and desire to improve their situation over time. A lease-purchase program offers a path to homeownership that provides time to solve credit issues and save money while paying rent on a home that the tenant would like to eventually purchase. While the nonprofit is paying the mortgage during the lease period,</p>
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		<p>equity accrues, which can then be transferred to the tenant when the purchase option is exercised. This wealth- building feature makes it attractive to both low-and moderate-income individuals and families and can help a nonprofit reach a wider audience.”</p> <p>“Lease-purchase has also emerged recently as a common tool among recipients of Neighborhood Stabilization Program (NSP) funds². Most commonly it is being used to as a way to dispose of NSP homes during a time of weak traditional homebuying demand. More recently, a variation of lease-purchase is being used to keep homeowners in foreclosure in their homes.”</p> <p>“Changes in the housing market also play a role in the quantity and size of lease -purchase programs. In the housing slump of the late 1980s and early '90s lease-purchase was more prevalent in many communities. As housing prices rose and lending requirements loosened in the 1990's and 2000's, lease-purchase programs became less practical for nonprofits. Acquisition prices were higher and many of the low- and moderate-income buyers they pursued turned to new mortgage products with lower entry requirements that allowed immediate ownership. This is not to say that lease-purchase disappeared completely. Robust programs like CHN continued to be successful, but many smaller programs had to shut down due to lack of interest. Now that housing has returned to a low cycle, acquisition prices are more favorable and many low-andmoderate-income buyers are having difficulty obtaining mortgages, lease-purchase activity appears to be on an upswing.”</p> <p>“Several researchers and organizations have analyzed existing lease-purchase programs and identified recurrent key factors that are likely to affect program success.”</p> <p>The primary strategies and features to emerge from this research include the importance of a market analysis, an understanding of all the costs associated with the program, an effective organizational strategy, a strong lease- purchase contract, clear communication with the tenant, ongoing education, and an exit strategy that considers all the possibilities.”</p>
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		<p>(2) Post and Pre-Purchase Counseling: "Families were divided according to three buckets depending on their mortgage readiness. Families who only lacked a down payment came in for counseling every six months to make sure they remained on track; families with relatively good credit came in quarterly and families with significant credit problems came in monthly...The counseling sessions were part of the lease. Failure to attend a counseling session was a breach of the lease."</p> <p>(3) Strong Lease and Asset Management: New Cities concluded that lease-purchase done well is mostly an asset management function, not primarily a property management function. "The lease made the family responsible for all aspects of maintaining the home including major systems. It was their home; New Cities was merely carrying the paper for them. To enforce this model required our staff to drive by the properties constantly and make sure they were being properly maintained." From the moment families entered into homebuyer education and counseling, New Cities reinforced that this was a homeownership program and not a rental program.</p> <p>In, 1996 New Cities was awarded the Fannie Mae Maxwell Award of Excellence for its lease to purchase program.</p> <p>Cleveland</p> <p>Cleveland Housing Network (CHN) has the largest and most successful lease-purchase program in the country, and is described extensively in the Schaeffing and Immergluck study. CHN has developed over 2,700 lease-purchase homes. Through the end of 2009, 542 of the homes had been sold to residents. In 2011, CHN worked with over 700 lease-purchase households.</p> <p>CHN operated a short-term lease-purchase program for a brief period, during which 143 homes were developed, 90% of which were sold to residents. Since 1987, the program has used Low Income Housing Tax Credits, which give tenants the option to buy their home at a very low price (at the end of 2010, an average of \$17,750) after the 15-year tax credit eligibility period expires. The transfer price has been so low because equity invested in exchange for the tax credits pays for most of the development cost. After 15 years, a substantial part of what started as a fairly small mortgage loan has been paid off, and the residents buy the home for the small outstanding loan balance.</p> <p>The tax credit lease-purchase program has been highly successful, with more than 80 percent of tenants making the</p>
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		<p>transition to homeownership. CHN's success is built on:</p> <p>(1) A clear understanding of the responsibilities of residents and CHN for maintenance, spelled out in a "Contract of Care." Residents are responsible for routine maintenance duties—yard maintenance, snow shoveling, interior painting & carpet cleaning, and minor maintenance. The owner of the project is responsible for major repairs, exterior painting, and capital improvements (Exhibit 2). It is not unusual for residents to make certain capital improvements (i.e. security storm doors or additional fencing) that go beyond what the project owner may be able to do.</p> <p>In return for the residents having responsibility for maintenance: (1) the project gives up its right to non-renew the lease after two years of responsible tenancy, and 2) the project enters into an Option Agreement with the resident after live years of responsible tenancy. CHN says: "Residents who embrace (and most will) the responsibilities outlined in the Contract of Care develop a pride in the exterior and interior appearance of their home. This pride is one defining characteristic of home ownership."</p> <p>CHN also says: "It is important to have a strong lease enforcement effort for those residents who do not live up to the requirements of the Contract of Care, including an effective eviction procedure (or moving the resident to a rental unit), if necessary. The Contract of Care is a valuable asset management tool. The Contract of Care enables the resident to become a partner in the maintenance effort."</p> <p>(2) Counseling and training for residents, covering not only maintenance but also the responsibilities of homeownership, financial management and debt consolidation.</p>
	See staff report for additional questions	
	(CD staff) - Why is there no Investment Description page for WPHD? (near end of background info binder)	WPHD received \$119,608 of NSP funds (Neighborhood Stabilization Program) to renovate 1 property in 2009. Through program income generated on the home and NSP funds returned from another project they are awarded \$111,237 to complete another 1 unit in 2012. WPHD received HOME funds for the construction of Oak Glen subdivision. However, staff is still reviewing the program file to determine total funding and

		outcomes generated from project year to date. Since the information for Oak Glen is not available at this time an investment description was not completed. WPHD has not received any funds to date from CDD for a Lease-to-Purchase model of housing development which the current funding request is proposing.
Rental Housing Applications		
Common Wealth Development – Affordable Rental Housing	How does HUD’s “specific site” requirement alter your timeline and/or your program outcomes?	The specific site requirement does not alter our timeline or program outcomes. We can meet the HUD requirement.
	Please further discuss how serving your clients (75% of whom earn 61-80% CMI) address your concern that “pocketed neighborhoods (in the proposed service area) are overwhelmed with high levels of poverty and homelessness.” What leasing options exist in the target neighborhoods for households living at/below 30% CMI?	Our program outcomes (6 at 80% and 2 at 50%) allow for the most flexibility while meeting the goals of the CDD Framework. Common Wealth Development has a consistent track record of serving households under 50% CMI. While our funding sources only require 25% of our units at 50% CMI, in 2011, we served 71 (73%) households at 50% CMI.
	Will CWD <u>only</u> purchase properties in SW Madison with these funds?	Yes, CWD will only purchase properties in SW Madison. Given Common Wealth Development’s involvement in SW Madison, through the Housing Community Organizer position, it is a logical and well planned expansion of CWD’s housing programs. Common Wealth Development and the Housing Community Organizer will work closely with Orchard Ridge United Church of Christ, Michael Bruce at the Joining Forces for Families office and Department of Public Health nurses, Kim Neuschel and Jessica LeClair.
Housing Initiative – Rental Housing	How does HUD’s “specific site” requirement alter your timeline and/or your program outcomes?	Prior to the new application procedure HII would apply with a “location to be determined” arrangement at any time. Because we are a CHODO we almost always had access to the “set aside funds”. We would then go through the approval process, get a signed contract and then as soon as we located an appropriate building, request the funds after staff review. This process is preferred but with the new rules that has changed. Now we are required to turn in an application using your annual RFP process. I do not feel that this change that will have much of a negative impact at all as to our timelines. Knowing the funding has already been put through the approval process only adds slight changes in how I present the Offer to Purchase to the seller. I can easily adapt this to our acquisition procedures.

	<p>Please provide more information about the Development Director position proposed for 2013 (i.e. what percent of an FTE will \$16,000 buy).</p>	<p>Our Development Director assists the Executive Director with the financial applications, relocation plans and budget development and currently works a ½ time position. This position is presently filled by a retired underwriter who worked at WHEDA for 30 years and handled all of our applications. When he retired he expressed an interest in volunteering for us however we were about to work out an arrangement with him to work a very flexible schedule and pay him a salary that, although under value, helped the E. D. create this position that could be filled in the future. He also worked closely with the Ex. Director to train him in how to properly prepare financial applications for WHEDA and other funders so the current E. D. also has these abilities. He has no immediate plans to fully “retire” and I have transition plans in place for when he does. The current Executive Director has the experience and knowledge of how to do all of his responsibilities and when this does happen there will be a smooth transition.</p>
	<p>What WHEDA loan program exists for the proposed 30 year, 2%, \$200,000 loan?</p>	<p>WHEDA has supported and worked closely with HII ever since we first started doing housing development. Part of their mission is to support affordable housing programs that work with extremely low-income, disabled tenants and their program is to assist us with 30-year fixed rate loans at below current market rates. All of our 11 separate mortgages we have with WHEDA are at 2 – 4% interest rates. We have a very good working relationship with WHEDA with safeguards built in to our loans such as monthly electronic mortgage payment along with a deposit into an interest bearing reserve account that is added to each month.</p>

Economic Development Applications

<p>Latino Chamber of Commerce – Small Business Initiative</p>	<p>How was the program outcomes determined for this program?</p>	<p>The first outcome was determined based on the needs that LLC found during past seminars through surveys, and direct contact with our target population, and providing technical assistance and consultations. There is still a big need to continue with workshops and direct training to Latino business owners in order for them to acquire a solid foundation to effectively and efficiently carry out the day-to-day operations of their businesses with accurate financial and other information. For the second outcome, we seek to expand the level of business opportunities for Latino businesses. We can do this by assisting the businesses gain access to capital through WWBIC and by doing business with the public sector, the largest business sector in Dane County. We have found</p>
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		<p>through inquiries that the number of Latinos business that have obtained MBE certification is minimal, so there is an opportunity to certify a number of Latino business to become vendors for the city of Madison and other levels of government and get access to better business opportunities. We are also planning to partner with REAP and other organizations that are seeking to create a community-oriented commercial kitchen that could be used by Latino entrepreneurs in the developmental and early stages of their food service businesses.</p>
	<p>Please discuss the barriers to diversifying your revenue sources.</p>	<p>We understand that the most stable financial foundation that an organization can develop is one with a diversified revenue stream, so that the organization's activities will not be severely hampered if it loses a source of funding. We began to move in that direction last year with our successful annual banquet at the Edgewater Hotel. The net proceeds from that event allowed us to expand the hours of our coordinator slightly and we are using that time to focus on membership services.</p> <p>As the vast majority of our funding comes from CDBG — which prohibits the use of its funds for fundraising — we are unable to devote a lot of resources for fundraising. We expect to expand the annual banquet and increase its net proceeds so that we will be able spend more time on fundraising.</p> <p>We are a membership organization so we do receive a minimal level of funds through our membership fees. With the continued expansion of our membership, we expect that our membership revenues will increase in the coming years. We are going to change the structure of membership dues in 2013 to increase it. But we must always keep in mind that the population that we serve is not the wealthy so we cannot dramatically increase our membership fees, lest we force the very businesses that need our services to drop out of the chamber because they cannot afford the membership fee.</p>
	<p>How is relationship with WWBIC developing since last funding cycle two years ago?</p>	<p>Seed loan program: The Latino Chamber of Commerce in partnership with the Wisconsin Women's Business Initiative Corporation (WWBIC) is offering "Seed Loans" to business owners or those starting businesses in the city of Madison. The loans are between \$5,000 - \$10,000 with a 60 month term at a fixed 5% interest rate. This is another service the Latino Chamber of Commerce in collaboration with WWBIC is offering its members. The target population is Latino entrepreneurs who need additional funding or capital to begin or expand their businesses. We referred more than 30 members and prospect to this program and around a 20% of them got funded.</p>

		<p>Workshops and courses: the LCC organized several workshops and courses in Spanish in collaboration with WWBIC during 2011-2012 periods. The following are workshops we implemented with WWBIC:</p> <ul style="list-style-type: none"> • How to create a Business Plan (March 2011) • QuickBooks – Basic in Spanish (in Fall 2011) • How to start your own Business (March 2012) • Accounting for the Small Business (March 2012) • Taxes for the small business (April 2012) <p>For Fall 2012: we have planned the following seminars:</p> <p><u>October Seminars:</u></p> <p><u>Basic QuickBooks en Español Seminars</u> offered in October 6, 13, 20 and 27th at WWBIC South Madison Training Room from 8:30am-11:00am.</p> <p>Class will have a maximum of 15 students sharing the 9 laptops that have the QuickBooks version. The seminars will be taught by Julia Aratta- Fratta, president of the LCC and QuickBooks –Spanish certified instructor with the assistance of Arlene Bollig-WWBIC/Comienzos. We will offer the students the availability to use lab time at WWBIC when Arlene is in the office so students can practice. We are also taping our WWBIC volunteer Yolanda Cruz to help and assist us. Julia has Spanish handouts for the students.</p> <p><u>November Seminars:</u></p> <p><u>“Como abrir tu restaurant”</u> offered in November 10th at WWBIC South Madison Training Room from 8:00am-12:00pm.</p> <p>This will be a workshop that combines a lecture as well as a panel of experts on restaurant development. The biggest request to LCC as well as Comienzos is information about opening a restaurant. We felt that the Latino business entrepreneur needs to have a clear picture of what this business venture entails and the amount of start-up capital required before getting into extreme debt. The class will be taught by Julia Arata-Fratta, who has been receiving special training through her employer Wegner CPA to help restaurant owners with their taxes and recordkeeping. She has a PP presentation and handouts for this class. The class will cover insurance issues, licensing issues, property contract issues, equipment listings, liability issues.</p> <p>For 2013:</p> <p><u>January Seminars:</u></p>
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	<p>Is this money from city intended to be eliminated or do you see this as ongoing operations support for this program?</p>	<p>Our goal is to diversify our revenue stream in the coming years and ideally, we will eventually become independent from city funding. We view this funding as an investment by the city in the future growth of the Latino business sector, which, in turn, will promote job creation and increased economic opportunity within the city and an expanded tax base for the city.</p> <p>At the present time, the Latino business sector is in its infancy and could not afford to support an independent chamber that is providing it with technical support and guidance. Yet this support is crucial to its continued growth. As the Latino business sector financially strengthens and grows, we feel it will be better able to support the chamber and become self-sufficient.</p> <p>During the next two years, we are looking to expand our revenue stream. While the vast majority of Latino businesses</p>

		are located in the city of Madison, they are also located in the cities of Monona, Fitchburg, Sun Prairie and other communities adjacent to the city of Madison. We hope to partner with these entities in the future as well as Dane County. The growth of Latino businesses is having and will have a regional impact and the funding of the Latino Chamber of Commerce must reflect that reality.
Madison Black Chamber of Commerce – Entrepreneur Technical Assistance Program	How was the program outcomes determined for this program?	The program outcomes for the Madison Black Chamber of Commerce were determined by our Board members speaking with over three dozen Black business owners, reviewing evaluations from the past two Black business boot camps we held, and working with community leaders such as: Kaleem Caire, Mayor Paul Soglin, Norm Davis, Godwin Amegashie, Aggo Akyea, as well as several people who have opened or closed Black businesses in Madison.
	Please discuss the barriers to diversifying your revenue sources.	Membership and partnerships with the Madison Black Chamber of Commerce are at a higher level than ever, due to substantial effort on our part. However, we still need assistance to increase our efforts in gaining corporate memberships and to secure a Board of Advisors to help with fundraising and sponsorships of events. These can all be revenue generating contacts to help the Madison Black Chamber overcome barriers to diversifying our revenue sources.
	Please discuss the timeline aspect of your program design: how did you choose monthly intervals for mentor check-ins? Describe the program evaluation data and any other evidence that shapes your program design.	We will discuss the timeline of our project design when we give our presentation on Tuesday, July 10, 2012 at 7:45pm.
	What are the terms (if any) of your formal collaboration with the Urban League of Greater Madison (ULGM)? Do you lease space from ULGM?	The Urban League of Greater Madison will act as a fiscal agent for the Madison Black Chamber of Commerce. They are helping us develop our business plan, and advising us on effective means of generating revenue sources.
	Please discuss the benefits of charging membership fees outside of their contribution to the agency budget.	The benefits of charging membership fees outside of their contribution to the agency budget are that they increase revenue for the organization, and they create additional opportunities for us work help more businesses.
	Please discuss the merits of having 100% of African American Madisonians employed as entrepreneurs (Item #1).	There are at least four merits of having 100% of African American Madisonians employed as entrepreneurs: 1) they would all be contributors to the local economy, 2) it would stabilize African American families, 3) it would provide income for entrepreneurs, and 4) they would act as role models and

		community leaders.
	Provide income and employment data related to Madison's total African American, adult population (7.3%). How is relationship with WWBIC developing since last funding cycle two years ago?	The Madison Black Chamber will provide income and employment data related to Madison's total African American adult population (7.3%) when we give our presentation on Tuesday, July 10, 2012 at 7:45pm. The Madison Black Chamber of Commerce has formed a strong partnership with WWBIC since the last funding cycle two years ago. WWBIC played a significant role as one of the presenters at our Business Weekend Retreat. Our relationship is much better than ever before. We plan to work directly with WWBIC by utilizing some of their business education and workshops or inviting their staff to provide business related training to some of our members. We also have been referring members to WWBIC's small business loan program. We are pleased to be partners with WWBIC and continue to look forward to doing a lot of business with them.
	Is this money from city intended to be eliminated or do you see this as ongoing operations support for this program?	If the city has an interest in continuing to work with Black businesses and develop recourses in Madison, the Madison Black Chamber of Commerce will continue to work with the city. We think it is in the best interest of the city to continue to work with groups like the Madison Black Chamber because we work on zero ground level and it is easy us to make connections with Black businesses, and easier for the city to reach those connections through our organization.
WWBIC – Microenterprise Development Continuum	How was the program outcomes determined for this program?	In determining the outcomes, WWBIC weighs several factors, including: <ul style="list-style-type: none"> • The City of Madison's requirements & expectations • Our past performance and knowledge of demand in the market • Our capacity to meet outcomes – internally and via partner collaborations • Cost to deliver quality service to growing portfolio of clients <p>Lending Outcomes: For this proposal, we specifically looked at the City's requirement of one job created per \$35,000 in loan capital. We determined our annual request for \$200,000 (\$106,000 of which is loan capital) with market demand we're experiencing (i.e. our loan pipeline) and the availability of WWBIC's other loan capital that complements the City's fund. Based upon an average loan size of approximately \$17,000, we arrived at 6-7 new loans ($\\$106,000 \div \\$17,000 = 6.25$ loans). And, based upon the City's job creation requirement and past</p>

		<p>experience, we arrived at 3-5 FTE positions ($\\$106,000 \div \\$35,000 = 3.1$).</p> <p>Technical Assistance Outcomes: We also carefully evaluated the changing needs of clients and loan servicing costs as the number of borrowers in the City of Madison's loan fund continues to increase (currently at 28 business owners). Our experience demonstrates that strong loan portfolio performance (i.e. our low charge-off rate; all clients current with payments) is predicated on the intense one-on-one technical assistance that WWBIC provides to each borrower (our typical average City of Madison borrower receives 61 hours during first two years of their loan). The delivery of individualized assistance (one-to-one staff/client ratio) is more expensive than delivery of workshop/training (one staff to many clients). This is how we determined the 140 clients proposed to be served annually.</p>
	<p>Personnel data reflects 3.0 FTE Lending Staff at \$48,722. Is this correct? Please correct or explain relatively low wage if this is accurate (\$16,241/1.0 FTE).</p>	<p>In our original Personnel spreadsheet, we combined three Lending Staff positions into one entry title: "Lending Staff (3)." To better clarify our intent, we have revised the spreadsheet and listed each of these three employees separately (two loan officers and one loan client specialist). We have also corrected the percentages that key staff will allocate to the City of Madison project as noted in Column "A." Our budget shows a total of 1.43 FTE in support of the Microenterprise Development Continuum.</p> <p>A revised Personnel Data Schedule is included.</p>
	<p>What is your sense of the current state of the local (Madison) economy based on recent (last 6 months) loan activity and business start-up and support?</p>	<p>The demand for microenterprise services remains strong throughout the Dane County region, including the City of Madison. The uptick that began with the recession's downturn in 2008 has remained strong, especially among the target markets that WWBIC serves (low-to-moderate income individuals, women and people of color). We are on pace to exceed our City of Madison goals for 2012.</p> <p>In 2011, WWBIC approved \$766,700 in new loans for our South Central region. This includes 29 loans totaling \$520,000 within the City of Madison. This exceeded the annual funding that WWBIC receives from the City. In Madison, we also see a growing demand for smaller amounts of capital. Our average loan size in 2011 statewide was \$28,000; in Madison, our</p>

		<p>average loan size was \$17,000 reflecting more of a micro business environment. For our 2012 year-to-date lending, our average Madison loan size is \$14,000. For this reason, we are developing new business models to work with these borrowers that include more one-on-one technical assistance and second-stage business education opportunities (i.e. workshops on QuickBooks, Social Media, etc.)</p> <p>Our loan pipeline (prospective borrowers) remains strong. About 18% of all businesses in Wisconsin are micro businesses, and employ about 85% of all employees. Madison's unemployment rate of 4.8% still masks many who have given up looking for work. Thanks to organizations like WWBIC, many of these ex-employees reinvent themselves as entrepreneurs. While micro enterprise or small business development is not the solution for every displaced worker, it is a lifesaver for many - offering opportunities to employ themselves and others while generating income to support themselves and their families. According to the Kauffman Foundation, the demographic groups most likely to start microenterprises are less educated individuals and refugees.</p> <p>Our ability to meet more business owner needs is limited by organizational capacity in terms of time and resources. As with all organizations, we have enough client demand to support additional professional staff, particularly in our lending area.</p> <p>The types of businesses we are seeing remain consistent with previous years – many neighborhood businesses such as restaurants/food-related, retail, consulting/professional services and health/wellness practices. For example, one of our partners, the Latino Chamber of Commerce (LCC), is seeing a growing demand from potential members to start local restaurants. As such, WWBIC and LCC will be offering a joint program in fall to help entrepreneurs understand the risks and rewards of this type of business.</p> <p>It is a very exciting time for entrepreneurship in Madison, and WWBIC is proud to be part of the momentum.</p>
	<p>(CD staff) - Why is there no Investment Description page for WWBIC? (near end of background info binder)</p>	