

Dave Porterfield

From: June Kriviskey [jkriviskey@wi.rr.com]
Sent: Wednesday, December 15, 2010 7:35 AM
To: Dave Porterfield
Subject: Following Up

Hi Dave,

I much appreciated our telephone time on Monday afternoon and wanted to follow up by capturing a few thoughts/ideas while the conversation is still fresh.

- In any strategic planning process it is important to gain input from all constituencies whose perspectives would be relevant and appropriate to the process. Given that there are several committees focusing on housing in the City of Madison, we would be faced with the challenge of convening a strategic planning committee of such large numbers that getting through an effective process from beginning to end would be extremely cumbersome and time consuming.

I have found that a very successful alternative is to conduct pre-work activities—focus groups and/or individual or small group interviews, for example—that invite and encourage participation and buy-in from all constituents. Having these inclusive front end activities will then enable us to pull together a more select planning team of manageable size. In my experience the most effective strategic planning committee is comprised of not more than 10-12 participants. (I assure you that those who don't wish to devote time and energy to the entire process will be grateful!)

- You had asked me to provide some estimates in regards to pricing. I can only give you a very rough estimate at this time as we don't yet know the extent of the pre-work activities. As we discussed, the actual planning process will likely require 5 or 6 half-day sessions. The fee for each session would be \$3,000. Adding pre-work, preparation of the strategic plan document, and other related activities throughout the process, the total investment could come to somewhere in the range of \$22,000 to \$26,000. I would be able to give you a firm price once we are able to determine the full extent of the project.

- Finally, you had asked me to provide some background information on myself. The best way to gain this information will be to go on the website of Vernal Management Consultants, LLC—www.vernalmgmt.com. To explain, I am an independent consultant, and I am also involved in this consortium of other independent contractors. We have found this strategic partnership to be very advantageous, particularly for large/complicated projects, yet we each do plenty of work individually, as well. Should I be selected to facilitate this strategic planning project, I would likely do so on my own, rather than through the consortium.

I believe that's it for now. Thanks again for being in touch and please let me know if you need anything else at this time.

Happy holidays!

June

June Kriviskey
414-774-3500



January 2, 2011

Dave Porterfield
Movin' Out, Inc.
600 Williamson Street
Madison, WI 53703

Dear Dave:

Thank you for contacting Loichinger Advantage LLC with regard to the strategic planning needs of the City of Madison Housing Committee. I am pleased to provide you with a preliminary proposal for you to review an outline of committee needs, client benefits, consulting timeframe, and investment scenario's. I would expect we can get back together to finalize your needs and choices, and a final agreement can then be submitted for your review and signature.

Committee Needs

While Movin' Out is your full-time occupation, you are also the chairperson of the City of Madison Housing Committee. Your committee of fifteen is charged with the development and preservation of affordable housing within the City of Madison. Under the current system, the stakeholders are separated by individual issues and committees, there is no current path to establish shared vision, governance among committees is unclear, resources are not coordinated among stakeholders, and there is no budget for the work that you hope to carry out.

It is your hope that a strategic plan can be proposed and approved to make significant changes to the current operating structure, so that key stakeholders will establish a clear set of priorities, work cohesively, and serve the families who will be better off economically and physically.

Client Benefits

If Loichinger Advantage were to be selected for this project, we would work side-by-side with you to realize the following benefits:

- Families would have greater access to affordable housing solutions.
- City committees, staff, council members and external stakeholders would identify a common set of priorities, and a critical path to work collaboratively into the future.
- Financial resources would be better utilized for residents and renters, not the city process.
- Plan action plans would be carried out to an agreed upon plan and timetable.

Consulting Process & Timeframe

We have extensive experience facilitating the following strategic planning process for closely-held business clients, state agencies and large non-profits. The activities are typical, but not fully representative of your needs, until we have an opportunity to review together.

1. *Establish Project Governance & Clarity:* 2 weeks
 - Key project roles identified and filled: sponsor, internal partner, planning committee
 - Project outcomes & success measures identified
 - Internal & external stakeholders identified & needs analyzed, as well as existing data
 - Planning team brought together for preliminary meeting
 - Project schedule and success measures finalized
 - Finalize project plan and governance agreements

2. *Project Assessment & Data Gathering:* 4 weeks
 - Consultants recommend & refine plan with planning team
 - One-on-one interviews with key players
 - Focus groups with key stakeholders
 - Paper/web survey for additional stakeholders
 - Consultants report major challenges, needs and opportunities to the planning team

3. *Accelerated Strategic Planning Process:* 2 weeks
 - Preliminary information and worksheets sent out to planning team for review
 - Half-day planning meeting to finalize strategic plan elements: vision, values, strategic objectives, key success measures, etc.
 - Strategic plan shared and refined with stakeholder input

4. *Operational Planning Process:* 4 weeks
 - Operating teams of manageable size and expertise assembled for each strategic objective
 - Operating teams brought together to discuss strategic changes and direction, and be provided with the resources needed to successfully define operating plan & priorities
 - Operating teams given several weeks to finalize plans & priorities, under the mentorship of the consultant and a planning team member.
 - Operating teams come together to share and discuss their recommendation to the other teams, planning committees, and key stakeholders.
 - Consultant supports teams with final recommendations and elimination of redundancy.

5. *Results & Change Management Planning:* 2 weeks
 - Planning team meets to finalize priorities, timetables and measures.
 - Consultant facilitates planning session on change management issues & challenges
 - Final recommendation offered to mayor's office and key stakeholders.

Project Investment

A strategic planning project of this magnitude will often be priced between \$25,000 - \$35,000 by our firm; given the number of stakeholders, the complexity of change required within a public entity, and the number of people involved in the communication and decision-making process. I'll be able to provide you with a more precise range after your review and feedback.

Our firm would be very interested in partnering with you to create such positive change and impact. Please let me know what the next step of the process will be.

Sincerely,

Dan

Dan Loichinger, CMC
Managing Partner, Loichinger Advantage LLC



The Wisconsin Partnership
for Housing Development, Inc.

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www.wphd.org

December 27, 2010

Mr. David C. Porterfield
Chair, City of Madison Housing Committee
c/o Building Inspection Division, City of Madison
215 Martin Luther King, Jr. Boulevard
Madison, WI 53703

Dear Dave:

Thanks for the invitation to submit a proposal for the Partnership to work with the Housing Committee to develop a housing strategy for the City of Madison.

When we met, you asked me to explain how we would approach such a project and what the cost would be. I don't believe we have enough information to develop a specific proposal and budget. However, we would welcome the opportunity to work with the Housing Committee—at no cost—to determine the best process and the cost of making it work.

As you know, the Partnership has extensive experience working on housing in Madison. That experience includes working as a consultant to the City on financing for affordable housing, providing technical assistance and financing to a number of Madison nonprofit housing developers, and being a developer in Madison of projects involving both new construction and acquisition and rehabilitation of foreclosed homes.

We also have experience working with a number of communities, agencies and organizations to help them with strategy development. They include the cities of Cedar Rapids, Des Moines, Little Rock, Milwaukee and Waterloo (neighborhood revitalization strategy planning), Dane County, the Dane County Housing Authority, the Fox Cities Housing Coalition, the Housing Partnership of the Fox Cities and the Madison Area Community Land Trust (organizational strategy planning).

I have enclosed some background information on the Partnership's experience and our consulting staff team.

Based on our experience in Madison and other communities over more than 20 years, here are some initial thoughts about developing a housing strategy for the City.

- Affordable housing strategies are often designed in the form of a "strategic plan" based on a prediction about the future, a decision about how a community wants to position itself in relation to that predicted future, and a series of actions—the plan—that will get the community where it wants to be. We do believe that a plan makes sense for neighborhood revitalization strategies, where conditions are relatively "static" or getting worse, and the objective is to keep a neighborhood

from getting worse and make it “better” in specific ways. Even then it’s important to monitor and respond to changes in the market.

For affordable housing, which is part of an even more complex and dynamic housing market, we believe there is a different way to look at “strategy.” Strategic plans are often obsolete as soon as they are written because the environment changes rapidly and sometimes dramatically. Very few communities have the ability to control or even significantly influence those changes.

Instead of creating a strategic plan for affordable housing, we believe that communities need to equip themselves to monitor changes in the environment and to think and act strategically in response to those changes. A community needs to have an affordable housing strategy but not necessarily a strategic *plan*. Having that kind of strategy is a process rather than a product.

- One of the changes we *can* already anticipate, at least in the near term, is no increase—and most likely a reduction—in the financial resources available from the federal and state governments for affordable housing. At the same time, there are and will continue to be severe fiscal pressures on local governments. Madison and other cities and metropolitan areas are going to have to figure out how to do more with less and to look for new ways to finance development of affordable housing and improvements in the condition of housing.
- We believe that partnerships between the public, private and nonprofit sectors continue to be key to using public resources most effectively. As you know, helping build those partnerships is the heart of the Partnership’s mission and expertise. The importance of public-private partnerships became very apparent in the 1980s when federal funds for housing were significantly cut back. The Partnership has always believed that nonprofit organizations—especially in the housing and community development arena—are an essential third partner. That is no less true today as we face constrained resources again.
- Within the framework of public-private-nonprofit partnerships, we believe that the role of employers in affordable housing for their employees will continue to grow as the economy recovers. Housing affordable to the majority of the workforce is essential to economic development, and encouraging employers to help produce it and improve access to it will be even more important in an era of pressure on government at all levels to reduce spending.
- Madison already has a large number of plans that embody housing strategies. We are not starting with a blank slate.
 - The City is required to prepare and keep updated a “Consolidated Plan” to describe how it will use federal housing funds placed at its disposal, which is supposed to be based on a housing strategy.
 - The Community Development Authority prepares plans for its activities based on strategic investments of resources.
 - The City has prepared a specific plan to end homelessness.
 - The CDBG Commission approves a biennial “Framework” built around strategic goals and policies.

- Neighborhoods in Madison prepare plans that are designed to implement housing strategies. Those plans are officially approved and have
- considerable influence on the City's actions in response to development proposals and investments of City funds.
- The City's zoning ordinance, currently being rewritten, unquestionably represents a "housing strategy."
- There are also plans prepared by others that have significant impact on the City's ability to carry out a housing strategy. A key example is the Qualified Allocation Plan prepared by WHEDA to allocate Low Income Housing Tax Credits.

If the Housing Committee decides to propose a comprehensive housing strategy for the City, we believe that a significant part of its role will be coordinating existing strategies (and strategies yet to be developed by others) rather than being an arbiter of housing policy.

- As a community, Madison is committed to extensive participation in public decision-making by stakeholders, defined as people who have a stake in the decisions and whose support is important to implementing the decisions. We believe that a process of making strategic decisions about housing will need to respect that commitment. The Partnership has a long history of working with participatory planning processes.

There is a large number of stakeholders in housing in Madison including public agencies, neighborhood associations, neighborhood residents and business owners, people in the "housing industry" including owners of rental housing, developers, lenders, real estate brokers, employers and others.

To the extent that implementing housing strategy is an ongoing process rather than something done once every several years by updating a "strategic plan," the challenge of enabling participation by a large number of stakeholders in strategic decisions is even greater.

- Combining all of those elements, we believe that the heart of a successful housing strategy in Madison is persuading a sufficient number of stakeholders to agree on a limited number of goals whose achievement is realistic given the resources available. We can't do everything we would like to do. Saying that we have goals we don't have a way to achieve, simply because we don't want to admit we don't have the ability to achieve them, doesn't accomplish anything. If we can't form a consensus about the goals we *will* try to achieve, we may as well acknowledge honestly that we don't have a strategy and reconcile ourselves to making decisions through the rough-and-tumble of the political process.

We believe that the Partnership has the skill and experience to develop that consensus, if it can be done. We have technical understanding of a wide range of housing needs and issues. We have experience devising specific policies that respond to needs. We have particular expertise in translating technical information and policy choices into terms that people with different roles and different kinds of experience can understand and deal with. And perhaps most important, we believe we have the credibility to serve as an "honest broker" in helping people make choices they might prefer not to have to make.

You and I discussed the guidance offered by the Center for Housing Policy on developing comprehensive housing strategies (outline enclosed). I think it generally describes a good approach. However, it says: "...a comprehensive housing strategy is more likely to have a major impact than a narrowly focused one" and "an approach that addresses the full range of housing needs in the community can bring in a wider array of stakeholders." Both statements are true, but only if the resources are available to carry out a broader-based strategy.

The guidance also recommends creating a task force to work on a strategy and plan. I'm not sure Madison needs one more task force, but I will be interested in the committee's perspective on that issue.

Once we all know the kind of consulting services the Housing Committee believes it needs, we would be happy to discuss either a fixed-price proposal or an agreement to provide professional services on an hourly basis. I have enclosed a schedule of the Partnership's hourly billing rates for 2011.

When we met, you asked me to comment on the Partnership's participation in Third Sector Housing and whether I believe it would present any conflict of interest with a role as consultant to the Housing Committee. Third Sector Housing is a voluntary association of the CEOs of nonprofit housing developers in Dane County. Members meet monthly to discuss issues of mutual interest and concern, and occasionally agree to act jointly in taking positions with respect to an issue. Members of Third Sector Housing have participated in boards, committees and task forces created by the City of Madison and Dane County, including the Housing Committee.

There is an understanding among the members that each organization is independent and may be involved in relationships that demand confidentiality, and that no member is required nor expected to disclose information or discuss matters that would violate confidentiality. If the Partnership were to enter into a consulting relationship with the Housing Committee and the committee wishes to have Third Sector Housing involved in its discussions, we should discuss how that situation can be handled in a way that makes all of the participants comfortable.

I look forward to discussing this further with you and the other members of the Housing Committee.

Sincerely,

William C. Perkins
Executive Director



The Wisconsin Partnership for Housing Development, Inc.

Created at the initiative of Governor Tony Earl in 1985, the Wisconsin Partnership for Housing Development expands access to affordable housing opportunities and revitalizes neighborhoods through partnerships among the public, nonprofit and private sectors. We develop or co-develop housing; design and manage financing programs; provide technical assistance and consulting services to nonprofit and for-profit developers and state, regional and local governments; and advocate for increased resources for affordable housing and neighborhood revitalization.

Since 1985:

- We have developed or been principal development consultant for almost 900 homes in Wisconsin, including rental and ownership housing in a traditional neighborhood single family and condominium project, infill multifamily housing, housing for people with mental illnesses and developmental disabilities, and housing for older adults.

One purpose of working as a developer, like the rest of our mission-oriented activities, is to produce affordable housing and revitalize neighborhoods. Another purpose is to expand the capacity and credibility of other nonprofit developers so they can participate more effectively in public-private-nonprofit partnerships. All of our development projects have been joint ventures with one or more other nonprofit developers.

- We have provided training, technical assistance, and consulting services to 136 nonprofit and for-profit developers in five states that have produced, rehabilitated or preserved as affordable 1,400 homes.

We provide technical assistance and consulting services through contracts with HUD and nonprofit developers to expand their capacity and strengthen their credibility with both the public sector and the private sector. Most of our technical assistance and consulting to nonprofit developers has been in Wisconsin, but we have also worked under contract to HUD in Iowa, Nebraska, North Dakota and South Dakota.

- We have provided consulting services to help 36 local and state governments in five states design, implement and evaluate public-private-nonprofit partnerships for housing and neighborhood revitalization. TA and consulting to local and state governments has been supported by contracts with HUD and public sector clients. Our services have included evaluation of existing programs, strategic planning, design of new programs and program management.

Our consulting to local and state governments is intended to increase their willingness and ability to participate in public-private-nonprofit partnerships. Most of our TA and consulting to local governments and the state government has been in Wisconsin, but we have also worked as consultants to cities and state governments in other states.

- We have created, managed or provided consulting services for 12 financing programs in two states that have provided over \$300 million in debt and equity financing to develop, rehabilitate and make energy conservation improvements in 7,700 homes—about half financed by programs directly managed by the Partnership. Programs have provided predevelopment loans, interim construction and holding period loans, intermediate-term or “mini-perm” loans), equity financing by investors earning Low Income Housing Tax Credits, deferred payment and forgivable loans, and grants. We have managed programs to provide financing for housing development, rehabilitation, energy conservation, down payment assistance, home purchase combined with rehabilitation, and housing counseling.

The financing programs we design and manage are designed to maximize the opportunities for participation by the private sector in affordable housing and neighborhood revitalization. Most of the capital in the programs has been private, although many of the programs combine private and public capital.

- We have managed down payment assistance programs that have provided over \$26 million in down payment assistance to help more than 6,000 low and moderate-income Wisconsin households buy homes. At least half of those homebuyers have received pre-purchase counseling. Using funding from the Housing Partnership Network, we have provided financial support for counseling to another 5,000 Wisconsin homebuyers and over 400 renters.

Our work on expanding home ownership opportunities is sometimes part of our mission to expand the housing choices available to lower-income housing consumers and sometimes part of revitalizing neighborhoods. We always look for ways to work on home ownership within the framework of public-private-nonprofit partnerships.

- In our advocacy role, we have proposed and helped secure passage of legislation that has made more than \$63 million in new state funds available for affordable housing in Wisconsin.

We work to increase the amount and effectiveness of public sector resources committed to affordable housing and neighborhood revitalization. Within advocacy we include both policy development and legislative advocacy. Most of our advocacy activities are at the state government level, although they include advocacy at the federal level.

Since 1985, the Partnership has provided housing assistance to over 17,500 households.

Consulting Staff Team

William Perkins founded the Wisconsin Partnership for Housing Development in 1985 and has been its Executive Director since then. He has more than 40 years’ experience in affordable housing development and finance, neighborhood revitalization, and housing policy development. He leads the Partnership’s consulting, program design and program management work on neighborhood revitalization, which included creating and managing loan and equity funds that invested over \$40 million in Milwaukee central-city neighborhoods. As Chairman of the Housing Partnership Network from 2005 to 2010, Mr. Perkins was heavily involved in the Network’s foreclosure response initiatives, including creation of the National Community Stabilization Trust. Before founding the Partnership, Mr. Perkins designed and managed the State of Wisconsin’s first home improvement and home mortgage loan programs.

Katherine Kamp is the Partnership's Deputy Director and has been a senior member of the WPHD team providing NSP technical assistance to grantees in Iowa, Illinois. She also manages the Partnership's NSP development activities. She developed housing replacement and rehabilitation programs being used by Cedar Rapids, Iowa in response to the 2008 floods that destroyed 1800 homes. Before joining the Partnership, Ms. Kamp was Executive Director of the Housing Partnership of the Fox Cities (HPFC), a nonprofit corporation based in Appleton, Wisconsin working on purchase and renovation of older properties to provide safe, quality, affordable rental housing.

Kristin Silva is the Housing Program Manager with the Partnership. She manages the HUD contracts that enable the Partnership to provide no-cost technical assistance to Community Housing Development Organizations (CHDOs) and Participating Jurisdictions (PJs) in the HOME Program. She provides technical assistance to CHDOs and PJs under the HUD contracts and supervises other Wisconsin Partnership employees who provide technical assistance. Ms Silva is also the Administrator of the HOME Program for a four-county HOME Consortium, which provides down payment assistance, home improvement loans to homeowners, and purchase/rehab loans to homebuyers.

Joanna Balsamo-Lilien is a Project Manager with the Partnership. She provides technical assistance to Community Housing Development Organizations (CHDOs) and Participating Jurisdictions (PJs) under the Partnership's contracts with HUD. She also consults on non-HUD contracts with community-based organizations, local and state units of government, and for-profit developers. She has worked with several nonprofit housing development corporations to design and implement their first lease-purchase (or "rent-to-own") housing programs. She was also a principal member of a team devising a neighborhood revitalization strategy for Cedar Rapids, Iowa.

Josh Ghena is an Assistant Project Manager who provides technical assistance to CHDOs and PJs and Neighborhood Stabilization Program Grantees under the Partnership's contracts with HUD and consults with other clients. Josh is working as a part of the team managing the Partnership's NSP development activities throughout Wisconsin. In this role, Josh is helping to oversee the acquisition, rehabilitation and marketing of foreclosed single-family homes in four communities. As a researcher at UW-Madison, he has also worked on the development of community economic development strategies.

Lisa Kratz is the Partnership's Chief Financial Officer and Director of Operations and is responsible for contract management and oversight of the Wisconsin Partnership's human resources and office management functions. For the past ten years, Ms. Kratz has also managed a multimillion-dollar statewide down payment assistance program and supervises the financial operations of the HOME Consortium managed by the Partnership. She created systems for tracking the use of HOME funds for each of the Consortium's housing programs. She has also provided technical assistance in financial management to the Partnership's TA clients.

The Wisconsin Partnership for Housing Development, Inc.
Hourly Billing Rates
2011

Bill Perkins, Executive Director	\$180
Kathy Kamp, Deputy Director	\$126
Lisa Kratz, Chief Financial Officer and Director of Operations	\$116
Kristin Silva, Housing Program Manager	\$105
Joanna Balsamo-Lilien, Project Manager	\$101
Josh Ghena, Assistant Project Manager	\$ 71

From "Building a Strategy: Create a Successful Housing Strategy and Tailor It to Your Community," on the Center for Housing Policy website [Housing Policy.org](http://HousingPolicy.org)

What problems should a housing strategy address?

1. While it may be harder to develop and implement, a comprehensive housing strategy is more likely to have a major impact than a narrowly focused one.
2. An approach that addresses the full range of housing needs in the community can bring in a wider array of stakeholders.
3. In addition to affordability and quality, communities may wish to consider the location and energy-efficiency of housing.
4. In a world of limited resources, it is important to ensure that affordable homes remain affordable over time.
5. Define the problems to be addressed in ways that lead to commonality of interest.

What data and analysis are needed to inform the goals-setting process?

1. Needs assessment.
2. Analysis of demographic and market trends.
3. Input from practitioners and stakeholders.
4. Analysis of the root causes of the community's housing challenges.
5. Inventories of current assets and programs.

How do we develop specific policy objectives for our housing strategy? Do we need specific numerical goals?

Creating A Plan

1. Creating a plan introduction
2. Assembling a housing taskforce
3. Gathering and analyzing information
4. Setting goals
5. Evaluating existing policies and programs
6. Developing recommendations for new and improved policies and programs
7. Targeting state and local funding
8. Monitoring progress

Ingredients for success

1. Exercise leadership
2. Know your market
3. Get ahead of the curve by proactively planning for the future
4. Be comprehensive
5. Be inclusive
6. Create open lines of communication
7. Insist on excellent design
8. Promote a mix of incomes
9. Preserve and recycle resources
10. Consider a demonstration
11. Think locally and regionally
12. Build public support for affordable homes