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CITY OF MADISON

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**Community  
Development  
Division**

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# **2013-2014**

## **COMMUNITY DEVELOPMENT PROGRAM GOALS AND OBJECTIVES**



**CITY OF MADISON  
COMMUNITY DEVELOPMENT DIVISION  
2013-2014 COMMUNITY DEVELOPMENT PROGRAM  
GOALS AND OBJECTIVES**

**CONTENT**

This two-year Goals and Objectives document is organized into six sections:

1. Executive Summary
2. A narrative explanation of the objectives and fundamental conditions
3. A table of target allocations, and a two-year implementation method
4. A description of the principal cross-cutting goals
5. A description of reserve funds and the Affordable Housing Trust Fund for certain housing, recreation/service facilities and experimental projects, and separate processes for State ESG-funded homeless services
6. A description, roadmap and checklist of the two major paths to apply for funds

## **SECTION 1: EXECUTIVE SUMMARY**

The purpose of the Community Development program is to help make Madison “a more viable urban community by providing decent housing and a suitable living environment and by expanding the economic opportunities for low- and moderate-income persons (defined as individuals/households whose income does not exceed 80% of the area median income).” The program will work with primarily the non-profit community and neighborhood groups, and their associated business, resident, and neighborhood partners as well as other funding partners and labor unions to plan, develop and invest in projects which contribute to the 2010-2014 goals and objectives established by the CDBG Committee, Mayor, and Common Council in consultation with City of Madison citizens. Community Development staff and the CDBG Committee will also take into consideration the goals and objectives of the comprehensive plan and any applicable neighborhood plans.

### **Objectives and Funding Sources**

The CDBG Committee has established five primary goals and eleven outcome objectives for the use of funds to be administered by the Community Development Division (CDD) in 2013 and 2014. These funds include three major Federal programs administered through the Department of Housing and Urban Development (Community Development Block Grant, HOME and Emergency Solutions Grant) several State-funded or administered programs and local City of Madison funds. The goals and objectives for this two-year period were established through the development of the 2010-2014 HUD Consolidated Plan and support other Department and Citywide strategic goals, objectives and allocation processes.

Copies of the Five-Year Consolidated Plan, or its summary, may be obtained from the CDD by calling 266-6520; copies of the executive summary are available on the City’s website at [www.cityofmadison.com/cdbg](http://www.cityofmadison.com/cdbg).

The following pages include a summary chart of the 2013-2014 goals and objectives as well as a detailed narrative of each goal, objective and the fundamental conditions.

<b>Primary goals</b>	<b>Product (Customer Group)</b>	<b>Nature of Project Achievement or Outcome</b>
Improve and expand affordable housing options	A. Owner-occupied housing	Housing made accessible, brought to code, or made safer or more energy-efficient
	B. Housing for buyers	Households become homeowners
	D. Rental Housing	Housing units created, renovated to code or made accessible, better managed, and affordable; “fairly” sited
Expand businesses to create jobs and assist with the development of small businesses (microenterprises)	E. Business development and job creation	Jobs created which meet wage standard levels or create advancement opportunities, with 51% for LMI
	F. Economic Development of small businesses (microenterprises)	Businesses created and viable after 3 years
Strengthen neighborhoods through the operation of neighborhood centers, community gardens and implementation of strategic neighborhood revitalization efforts	G. Improvement of community focal points	Centers and community gardens operated, sustained, developed as neighborhood focal points
	L. Revitalization of strategic areas	Priority projects completed effectively in a three-year period in ways which support healthy neighborhoods; other activities may include a 4-5 year effort in areas which need a longer period of revitalization
Increase the access of low and moderate income households and community groups to resources through the improvement of community service facilities, enhancement of informational services and employment and training opportunities	J. Improvement of services to homeless and those with the potential of becoming homeless	Household informed, placed into housing, or helped to avoid homelessness
	K. Physical improvement of community service facilities	Adequate space acquired or improved for accessibility, energy, code or customer service improvements
	X. Expansion of individual choice and access to resources	Increase access to housing, information and other non-monetary resources and support for employment and training opportunities.
Administer the Community Development program to meet the community needs and funder requirements	Z. Overall program administration	Develop, guide and manage activities which generate long term impact and self-sufficiency, including the provision of fair housing services. Achieve National and local cross-cutting objectives.

**SECTION 2: A NARRATIVE EXPLANATION OF THE OBJECTIVES AND THE FUNDAMENTAL CONDITIONS**

The following section describes in more detail the goals and conditions associated with each major objective of the Community Development program.

<p><b>GOAL ONE: AFFORDABLE HOUSING</b> Improve and expand affordable housing options throughout the community.</p>
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**OUTCOME OBJECTIVE A: Owner-occupied Housing**

**Improve the quality of existing owner occupied housing stock to support community stability and neighborhood revitalization efforts.**

**Conditions**

1. Subsidies provided to homeowners through a minor home repair program shall not exceed \$3,600 in any 10-year period.
2. Loan assistance to homeowners for substantial rehab. projects shall not exceed \$19,000. In addition to this amount, projects may also receive up to \$5,000 for energy efficiency improvements and up to \$12,000 for lead paint reduction or asbestos mitigation to reflect the additional rehab. expenses for these activities. Any one project may not receive more than \$36,000.
3. Funds may be used only for housing units which do not exceed the HOME assessment limit designated by the Federal Department of Housing and Urban Development (HUD).
4. Funds may not be used to repair or rehab. a home in which the owner has previously received assistance through CDD-funded ownership assistance programs (excluding the Green Madison / REEIP programs).
5. CDD staff may allow for individual exceptions to this one-time use restriction in circumstances where the repair is for accessibility improvements or for unforeseen repair needs, if deferral would result in further damage to the property and/or noncompliance with City housing codes, or would cause undue hardship. In instances where rehab. or repair funds are provided to previously assisted homeowners, the total amount of the combined assistance shall not exceed \$54,000 (up to \$60,000 for cases involving lead paint, asbestos mitigation and energy efficiency).
6. The CDD shall secure amounts of assistance greater than \$3,600 with a mortgage.

**OUTCOME OBJECTIVE B: Housing for Buyers**

**Increase homeownership opportunities for low and moderate income households.**

**I. Funds will be provided to develop (acquire, construct or renovate) affordable housing for eligible households to purchase.**

**Conditions**

1. Funds may be used only for housing units which do not exceed the HOME purchase price or value limit designated by the Federal Department of Housing and Urban Development (HUD).
2. The CDD will evaluate all proposals based on the project’s contribution to increase the affordable housing stock, project’s financial need, type of project (acquisition, rehab. or new construction) and availability of resources to determine the appropriate level of funding up to a maximum investment of \$54,000 per unit.

3. Projects which incorporate accessibility or energy efficiency into the design or involve lead paint reduction or asbestos mitigation shall be considered for an amount greater than \$54,000 per unit based on increased costs to provide these features, up to a maximum total of \$60,000 per unit.
4. This maximum sum of \$60,000 per unit will include the total of all funds provided by the CDD including, but not limited to, CDBG, HOME, Affordable Housing Trust Fund, ADDI and HOME-BUY. The CDD may also offer a higher amount per unit as temporary financing to reduce holding costs.
5. All rehabilitation work must meet the CDD Rehabilitation Standards and prior to closing the housing units must meet all applicable City of Madison minimum housing standards and building codes.
6. Projects may not exceed a total secured funds-to-value ratio greater than 115% from all sources. Projects where a community land trust serves as owner of the underlying land will be permitted to meet a higher ratio of 125% secured funds-to-value ratio for the entire project of land and property, or 150% of secured funds-to-value ratio for the land alone if the ground lease meets the conditions of affordability and 100% of the full value of the land is secured by a mortgage to the City.
7. CDD loans retained in an assisted property for an individual household may not exceed a loan-to-value ratio of 100% from all sources (excluding the Home Buy program which may not exceed 103% loan-to-value). Additional policies and underwriting guidelines, approved by the CDBG Committee, will apply to all down payment programs (except for the Home Buy program whose guidelines are approved by the CDA).
8. All new homebuyers receiving a CDD loan will be required to attend a homebuyer education class. Homebuyers will be required to submit a homebuyer education certificate of completion to the CDD prior to closing.
9. A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs (including an appraisal), rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CDD funds received may be applied to staffing and other service delivery costs. Projects involving the training of lower income individuals and which lead to employment or higher education may apply up to 50% of funds to staffing, legal or other development associated costs.
10. The CDD shall secure funding for capital costs with a promissory note and mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer or change of use of the property. The promissory note will require a repayment equal to the amount of the CDD funds invested or net proceeds. Nothing in the Community Development Goals and Objectives precludes the inclusion of specific loan repayment conditions, including a shared appreciation provision, if deemed appropriate under the circumstances.
11. An agency designated as a developer cannot provide direct down payment assistance to individual homeowners purchasing the property unless they are a certified Community Housing Development Organization (CHDO) with the CDD or have both Developer and Sub-recipient contracts for each housing project as applicable.
12. The CDD will prioritize funding owner-occupied housing which is located in areas of priority to the City, including Neighborhood Resource Team (NRT) areas.

**II. Funds from eligible sources will be available for down payment and closing cost assistance in order to promote affordable housing opportunities for low to moderate income homebuyers.**

**Conditions**

1. Funds may be used only for housing units which do not exceed the HOME purchase price or value limit designated by the Federal Department of Housing and Urban Development (HUD).

2. Sub-recipient agencies will be limited to a maximum amount of \$36,000 per unit of down payment assistance. Of this amount, \$6,000 must be used toward activity delivery costs. Home Buy funds may be used in conjunction with the CDD downpayment assistance.
3. The maximum combined loan-to-value (LTV) will be limited to 100% (excluding the Home Buy program which may not exceed 103% LTV. Additional policies and underwriting guidelines, approved by the CDBG Committee, will apply to all down payment programs (excluding the Home Buy program whose guidelines are approved by the CDA).
4. All new homebuyers receiving a CDD loan will be required to attend a CDD approved homebuyer education class. Homebuyers will be required to submit a homebuyer education certificate of completion prior to closing.
5. Prior to closing, the housing must meet all applicable City minimum housing standards and building codes.
6. The CDD shall secure funding with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer or change in use of the property. The promissory note will require a repayment of a percent of the appraised value based on the amount of the CDD funds invested in the property or net proceeds whichever is less.
7. The CDD will prioritize funding for homebuyer assistance located in areas of priority to the City, including Neighborhood Resource Team (NRT) areas.

#### **OUTCOME OBJECTIVE D: Rental Housing**

**Expand the number of affordable housing rental units and/or improve the quality and/or diversity of units available to lower income individuals.**

##### **Conditions**

1. Funds will be applied to the acquisition, construction and/or rehab. of permanent or transitional rental housing with rents at or below the HOME rent levels.
2. Housing (after rehab) must meet the Community Development Division Rehabilitation Standards and all applicable City minimum housing and building codes.
3. The CDD will evaluate all proposals based on the project's contribution to increase the affordable housing stock, project's financial need, type of project (acquisition, rehab. or new construction) and availability of resources to determine the appropriate level of funding up to a maximum investment of \$54,000 per unit.

Projects that include accessibility or energy efficiency improvements, involve lead paint reduction or asbestos removal shall be considered for amounts greater than \$54,000 per unit based on increased costs to provide these features. The CDD will evaluate all proposals based on these additional features to determine the appropriate level of funding up to a maximum investment of \$60,000 per unit.

The maximum sum of \$60,000 will include the total of all funds provided by the CDD including, but not limited to, CDBG, HOME, Green Madison, REEIP program, ESG and the Affordable Housing Trust Fund. The CDD may also offer a higher amount per unit as temporary financing to reduce holding costs. Projects meeting the criteria of the Scattered Site Fund may be eligible for an additional subsidy (see Section 5 for additional information) as an incentive to locate particular types of housing in areas of the city that do not have a high concentration of lower income housing.



4. The CDD will fund rental projects in areas of priority to the City, including Neighborhood Resource Team (NRT) areas, which improve the quality of rental units or help stabilize the area.
5. Newly constructed housing projects will be:
  - a. located in areas of the city which do not have a high concentration of lower income housing unless the project is necessary to meet overriding housing needs that cannot be met elsewhere in the City, or
  - b. part of a larger neighborhood revitalization effort
6. Existing not-for-profit housing is eligible only for funds available through the Housing Development Reserve Fund (see Section 5 of this document).
7. Projects may not exceed total secured funds to value ratio greater than 115% from all sources.
8. A minimum of 85% of all funds received shall be applied to capital costs as defined by the CDD including acquisition and closing costs (including an appraisal), labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CDD funds received may be applied to staffing developer fees and other soft costs.
9. The CDD shall secure its funding for capital costs with a promissory note and a mortgage in the form of a non-recourse loan and a Land Use Restriction Agreement (LURA) if required by a funding source. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer, or change in the use of the property. The promissory notes will require one of the following loan terms to be requested at the time of application:
 

**Option 1:** Long term deferred loan payable upon sale, transfer or change in the use of the property. The promissory note will require a repayment of a percent of the appraised value based on the amount of the CDD funds invested in the property or net proceeds whichever is less.

**Option 2:** Long term deferred loan, plus 2% accrued interest, payable up sale, transfer or change in the use of the property. Repayment will be equal to the amount of the CDD funds invested plus 2% accrued interest over the life of the loan.
10. All projects must comply with the relevant funding source requirements. The CDD will require that HOME-funded projects comply with the regulations in 24 CFR part 92, HOME Investment Partnership Program, that ESG-funded housing projects comply with ESG requirements as amended by HEARTH and be designed to serve homeless individuals as defined in 24 CFR 576 Emergency Solutions Grant and that CDBG funded projects comply with the regulations in 24 CFR 570 Community Development Block Grant..
11. The CDD will not consider investments in projects that convert owner-occupied units to rental units.
12. At least 90% of the CDD investment in a project must assist households at or below 60% Area Median Income (AMI) at the time of initial occupancy or investment. The remaining 10% of funds must assist households at or below 80% AMI.
13. A developer's proposal should include a minimum of 5% equity or a first mortgage.

**NOTE FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATION HOUSING (CHDO):** 15% of the aggregate HOME funds available to the City are reserved for projects administered by agencies which meet the HUD definition of a Community Housing Development Organization (CHDO), as defined in 24 CFR Part 92. The City may consider appropriate CHDO-sponsored, managed or owned projects for predevelopment or technical assistance loans.

**GOAL CATEGORY TWO: BUSINESS DEVELOPMENT**

Expand businesses to create jobs and assist with the development of microenterprises.

**OUTCOME OBJECTIVE E: Business Development and Job Creation**

Promote job creation and support the growth of new and existing businesses primarily through not for profits that provide loans and technical assistance. The City along with the Community Development Division will strive to influence community economic development to enhance livability and economic viability.

**Conditions**

1. Projects should target the development of jobs which pay at least the City’s living wage and provide training and advancement opportunities.
2. Businesses may include not for profit entities which operate like a business and demonstrate a predictable source of revenue based upon sales or services not funded by the City.
3. The CDD will require the recipients of loans or equity investments or other support to agree to create, at a minimum, one full time job at a living wage rate for every \$35,000 of CDBG funds received. At least 51% of the jobs created must be taken by low or moderate income persons. Positions need to be created and filled within 2 years.
4. The CDD will require the recipients of loans or equity investments or other support to agree to create full time jobs at a living wage rate as described below:

<b>Amount of Assistance</b>	<b>Number of Jobs Created</b>
\$1 - \$35,000	1
\$35,000 - \$70,000	2
\$70,001 - \$105,000	3

5. The CDD may approve the provision of up to 10% of a funded program’s amount to provide loans to businesses to retain existing positions held by income-eligible persons. These projects must be able to meet the HUD requirements for “retention.”
6. Projects funded must have a well developed business plan that considers among other things: focus of the business and intended customer base, expected costs and revenues, a particular sector of the economy (“green” jobs, etc.), a particular stage of development (start up business, second stage business, etc.) and size of business (number of employees).
7. The CDD will prioritize assistance to businesses located in areas of priority to the City, including Neighborhood Resource Team (NRT) areas.

**OUTCOME OBJECTIVE F: Economic Development of Small Businesses (micro-enterprises)**

**Assist micro-enterprises which are the principal occupations of their owners or which create new job opportunities for low or moderate income persons (HUD defines a micro-enterprise as a business with 5 or fewer full time employees, one of whom owns the business).**

The Committee will fund non-profits which provide technical assistance or appropriate space for nascent businesses, or loans to individuals starting or operating micro-enterprises where:

- a. The low or moderate income owner's job within the business is expected to become that individual's principal occupation within three years of provision of assistance, or
- b. The micro-enterprise is expected to create at least one full time equivalent position for a low or moderate income person, other than an owner, within four years.

## Conditions

1. Assist potential entrepreneurs by providing extensive education opportunities for starting and operating a small business prior to funding approval.
2. Assistance to any micro-enterprise is limited to a three - year period which begins with the first CDBG-funded contact with the non-profit agency funded by the CDD.
3. The CDD will require the recipients of loans to create, at a minimum, one full time job for every \$35,000 of CDBG funds received. At least 51% of the jobs created must be taken by low or moderate income persons. Positions need to be created and filled within 2 years.
4. Projects funded must have a well developed business plan that considers among other things: focus of the business and intended customer base, expected costs and revenues, a particular sector of the economy (“green” jobs, etc.), a particular stage of development (start up business, second stage business, etc.), and size of business (number of employees).

The CDD will prioritize assistance to businesses located in areas of priority to the City, including Neighborhood Resource Team (NRT) areas. **GOAL CATEGORY THREE: STRENGTHENING MADISON’S NEIGHBORHOODS**

Strengthen neighborhoods through the operation of neighborhood centers, community gardens and implementation of strategic neighborhood revitalization efforts.

### **OUTCOME OBJECTIVE G: Improvement of Community Focal Points**

**Create, enhance, or sustain the operation of neighborhood centers, community gardens or other focal points that bring people of diverse backgrounds together, serve as neighborhood focal points, or provide residents with skills or opportunities that will lead to stronger neighborhoods.**

## Conditions

1. Projects must demonstrate coordination with other community groups and the support and participation of neighborhood residents.
2. Projects must demonstrate that their service area contains a minimum of 51% lower income individuals, or at least 51% of their participants are lower income individuals.
3. The Committee will consider funding centers, community gardens or other focal points in a manner that contributes to the predictability of funding and stability of centers, gardens or other facilities while still recognizing that over time the needs change within a neighborhood. The Committee shall consider the quality of the programming, needs of the neighborhood, other resources existing in the neighborhood, resident participation and center user satisfaction in recommending funding for the centers.

### **OUTCOME OBJECTIVE L: Revitalization of strategic areas**

**Assist residents of designated neighborhoods in identifying opportunities and promoting sustainable revitalization efforts.**

The Committee will reserve funds solely for use within an eligible CDD designated neighborhood/ census tract. Designated neighborhoods/census tracts shall be selected by the Committee using a variety of criteria such as demographics of the neighborhood, other data from Neighborhood Indicators, other active initiatives, neighborhood changes and date of last plan (if one exists), existing neighborhood resources and potential opportunities.

The Committee will provide planning funds for a 1 year period for each designated neighborhood/census tract, to include appropriate technical assistance for increasing the capacity of the neighborhood, and planning assistance for

preparation of a neighborhood plan or assistance in updating an existing neighborhood plan followed by a period of project funding.

The Committee will provide project funds for a 2 year period, for proposals submitted by a qualified entity sponsored by a City designated neighborhood committee in the designated census tract(s) with a Council-approved neighborhood plan.

**Conditions**

1. The Committee will provide funds to capitalized projects which are either one-time or will demonstrate self-sufficiency after the period of CDBG assistance. Projects categorized by HUD as planning/administrative or “public service” are not eligible.
2. Capital and infrastructure projects normally funded by the City as part of the capital budget process are not eligible except for projects addressing accessibility or provide the neighborhood share of Madison Arts Committee projects or neighborhood park improvements.
3. Projects must be consistent with the neighborhood plan or update developed by the neighborhood committee and approved by the Common Council. Neighborhoods will be encouraged to recommend projects that address interrelated issues within a comprehensive strategy and which generate a long-term positive impact on the neighborhood.

**GOAL CATEGORY FOUR: ACCESS TO COMMUNITY RESOURCES**

Increase the access of low and moderate income households and community groups to resources through the improvement of community service facilities, enhancement of informational and support services for homeless and those at risk and employment and training opportunities.

**OUTCOME OBJECTIVE J: Improvement of services to homeless and special populations.**

**Stabilize or improve the housing situation of homeless individuals or near homeless individuals, and develop supportive activities.**

1. The Committee will consider proposals which strengthen the area's continuum of care for homeless people, including outreach to homeless persons on the street, providing services to homeless persons in emergency shelter and transitional housing, rapidly rehousing homeless persons to permanent housing, and preventing homelessness for very low income persons at risk.
2. The Committee will give preference to proposals designed to develop longer-term solutions that assist homeless individuals in gaining the skills necessary to live independently, improve housing tenure and reduce future homeless episodes including support services and financial assistance.
3. The Committee will consider proposals that address issues related to people living in public places or parks, and seek to connect these people with more permanent living arrangements and services.
4. The Committee will consider proposals that seek to move homeless persons into stable housing as quickly as possible while providing a full complement of support services and financial assistance.
5. The Committee will consider proposals that use the Housing First Model.
6. The Committee will consider proposals that provide support for homeless persons in becoming job ready and obtaining employment.

## **Conditions**

1. All ESG funded projects must comply with 24 CFR 576 Emergency Solutions Grant and SHP funded projects must comply with 24 CFR 583 Supportive Housing Program. All proposals for CDD funds will also comply with federal regulations related to eligible recipients, program design, documentation standards and match requirements.
2. Preference will be given to projects designed to serve homeless persons or those persons at risk of homelessness that include a case management component. The purpose of the inclusion of these services will be to help recipients find and maintain stable, affordable housing.

## **OUTCOME OBJECTIVE K: Physical improvement of community service facilities**

### **Create or improve safe, accessible, energy efficient and well-maintained community and neighborhood facilities.**

Funds will be used for the acquisition and/or rehabilitation of the nonresidential facilities of agencies that can demonstrate that a minimum of 51% of their customers are both low and moderate income persons and City of Madison residents.

## **Conditions**

The City will provide assistance in the form of non-recourse, deferred payment loan that will be due and payable upon the sale, transfer, or change in use of the property. The CDD will secure the loans with a promissory note and a mortgage on the property. The promissory notes will require one of the following loan terms to be requested at the time of application:

**Option 1:** Long term deferred loan payable upon sale, transfer or change in the use of the property. The promissory note will require a repayment of a percent of the appraised value based on the amount of the CDD funds invested in the property or net proceeds whichever is less.

**Option 2:** Long term deferred loan, plus 2% accrued interest, payable up sale, transfer or change in the use of the property. Repayment will be equal to the amount of the CDD funds invested plus 2% accrued interest over the life of the loan.

1. Deferred payment loans to neighborhood centers shall include a City option to purchase the property or to find another agency to operate the project.
2. For agencies renting space, the City may provide up to \$25,000 as a ten-year forgivable loan, (the approximate period of depreciation for many improvements) unless the property owner will secure the loan with a mortgage on the property. Agencies renting space will be asked to provide a ten-year lease from the owner instead of a mortgage on the property.
3. The maximum cumulative amount that will be provided per property is \$150,000 or \$25,000 for property that is leased.
4. The City will not fund projects smaller than \$25,000, except in the case of ESG funds.
5. In the interest of promoting longer-term maintenance and planning, the City will limit agencies to one application per property in a 3-year period.
6. Funds to address this objective are available through the Acquisition/Rehab Reserve Fund. (See Section 5, Reserve Funds)

**OUTCOME OBJECTIVE X: Expansion of individual choice and access to housing resources and employment and training opportunities.**

Increase access to housing, information and other non-monetary resources and support for employment and training opportunities.

**Conditions**

1. Funds will be targeted to the operating costs of projects which provide information or other non-monetary resources to low and moderate income persons, such as housing counseling, training, legal advocacy or mediation.
2. The Committee will consider projects that equip individuals with the skills needed to improve housing tenure.
3. The Committee will consider projects which either address broader housing opportunities for people of all races, non-English speakers and other protected classes, fair housing goals, or activities which support the access to affordable housing opportunities throughout the community.
4. The Committee will consider activities that connect residents to job training opportunities leading to permanent employment that offers a living wage or greater.

**SECTION 3: ALLOCATION OF NEW FUNDS**

The CDD and CDBG Committee intend to continue to explore longer term funding arrangements with agencies to provide a source of stability to long term, well-working establish projects, and to reduce the level of annual proposal writing. To this end, the Committee will continue to capitalize and recommend the establishment of long term revolving funds where appropriate or will continue to seek and commit funds on a one-to- four year basis where the funding source or the nature of the project will permit such a commitment. For new funds committed for this next two year period, the Committee will seek to either commit projects to a two year contract for the period 2013-2014, subject to a review of effective performance and continued external (HUD or State) funding, or designate some project funding on a year by year basis when the nature of the project or the project context is undergoing transition.

The CDD anticipates allocating new funds it receives from federal, state, and local sources as outlined on the attached chart. The CDBG Committee may alter these target allocations based on the quality of proposals received in response to request for proposals for these funds. The Committee also reserves the right to reject, amend or negotiate specific terms on individual projects to strengthen its effectiveness with regard to City goals.

The Committee may also consider an increase, change in the conditions or funding limitations on specific projects which it determines may contribute substantially to a neighborhood revitalization or redevelopment strategy adopted by the Council or the CDBG Committee.

In addition to the listed targeted allocation, the CDD will seek out other funding opportunities to meet the CDD outcome objectives as outlined in the Community Development Program Goals and Objectives.

GOAL/Objective		RFP for 2011-2012			Other Potential or Existing Funding Sources				
		CDBG <sup>1</sup>	HOME <sup>2</sup>	ESG <sup>3</sup>	Federal	State	City		
HOUSING	A	Owner-Occupied Rehab	3 %	5 % <sup>4</sup>		EECBG			
	B	Buyer		41 % (12 % <sup>4</sup> + 29 %)			HCRI	TIF	
			Housing Development Reserve Fund	3 %	10 %	0 %			Housing Trust Fund, HOME Match
	D	Rental						Housing Trust Fund, HOME Match, Scattered Site	
			7 %	29 %		, SHP	HPP	TIF	
BUSINESS DEVELOPMENT	E	Job Creation		8 %					
			Economic Development Reserve Fund	7 %					
	F	Micro-enterprise		4 %					
STRENGTHENING NEIGHBORHOODS	G	Centers / Gardens <sup>5</sup>	15 %					City levy	
	L	Strategic Area Revitalization	Concentration Neighborhoods	4 %				City levy (Emerging Neighborhoods)	
			Neighborhood Strategy Areas	0 %					
ACCESS TO RESOURCES	K	Facilities	Acquisition/Rehab Reserve Fund	4 %			EECBG	City levy (Capital Budget projects)	
	J	Homeless			92.5 % <sup>3</sup>		ESG, THP	City levy	
	X	Access to Resources		1 %					City levy
			Futures Fund	1 %					
OVERALL PROGRAM ADMINISTRATION	Z	Direct Administration & Support Services		36 % (18 % <sup>6</sup> + 18 % <sup>6</sup> )	15 % (10 % <sup>6</sup> + 5 % <sup>6</sup> )	7.5 % <sup>6</sup>	EECBG, SHP	ESG,	
<b>SUBTOTALS</b>			100 %	100 %	100%				

<sup>1</sup> CDBG funds are limited to 15% for “public services” and 20% for administrative/planning/fair housing activities.

<sup>2</sup> HOME funds are limited to 10% for administration. Also, a minimum of 15% of the total HOME allocation must be used for activities carried out by certified CHDOs (Community Housing Development Organizations).

<sup>3</sup> Federal ESG funds are limited to 5% for administration, 30% for homeless “essential services” and 30% for homelessness prevention activities.

<sup>4</sup> Of the City’s estimated total HOME allocation, 5% is earmarked for the CED Deferred Payment Loan program and 12% is earmarked for the American Dream Downpayment Initiative (ADDI) program.

<sup>5</sup> A minimum of 1/15 of the Centers/Gardens category (or 1% of the City’s estimated total CDBG allocation) is earmarked for community gardens.

<sup>6</sup> The Committee has reserved 18% of the City’s estimated total CDBG allocation, 10% of the City’s estimated total HOME allocation, and 5% of the City’s estimated total Federal ESG allocation for program administration. Due to the variable nature of program income figures used in the HUD formula for calculating annual CDBG and HOME administrative caps, an additional 18% in CDBG funds and 5% in HOME funds have been set aside as part of an administrative “contingent reserve”.

### **Contract Process**

The Community Development program will issue two-year projects a contract for a two-year period contingent upon successful performance and receipt of similar funding from HUD for year two. The CD program may also issue certain projects contracts for a one-year period.

### **Fund Allocation**

The CDBG Committee will allocate all funds for this two-year period except for the reserve funds. The Committee will reserve sufficient funds to allow for emergency or short-lived opportunities that arise during the year.

## **SECTION 4: GENERAL CRITERIA AND CROSS-CUTTING POLICY AND GEOGRAPHICAL GOALS**

### **General Criteria**

The CDD will require projects to meet these national, state and local cross-cutting regulatory requirements:

1. Serve low and moderate income persons.
2. Take affirmative steps to utilize disadvantaged, women and minority business enterprises (D/W/MBEs).
3. Comply with the goals and requirements of the City's Section 3 Program which seeks to extend employment, training and contracting opportunities to low-income people and businesses.
4. Promote affirmative action, non-discrimination and equal opportunity in each of its assisted programs.
5. Comply with physical accessibility standards.
6. Minimize negative environmental impacts, and meet environmental goals.
7. Reduce lead paint hazards using certified inspectors, supervisors, workers and companies, as well as established lead safe work practices when required.
8. Reduce hazards caused by asbestos and asbestos containing materials and/or remove asbestos and asbestos containing materials using a certified asbestos abatement supervisor and a certified asbestos worker.
9. Comply with Federal Fair Labor Standards, and local Living Wage requirements.
10. Minimize displacement in acquisition or rehabilitation projects.
11. Affirmatively further fair housing, housing diversity, and housing choices.
12. Minimize both the direct and indirect displacement of persons. Where appropriate, the Office will adhere to the state and federal benefit levels and procedures. The CDD will also use its funds only in projects that minimize the demolition or conversion of affordable housing units to another use.
13. Avoid conflict of interest situations, and comply with anti-lobbying requirements. Note: If a group is seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if a group is seeking assistance from the city with a value of over \$10,000 (this includes grants, loans, TIF or similar assistance), then the group is likely to be subject to Madison's lobbying ordinance, sec. 2.40 MGO. The group is required to register and report its lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.
14. Adhere to the constitutional and regulatory provisions of separation of church and state and avoidance of public funding of inherently religious activities.
15. Design program operations to safeguard vulnerable populations, such as young children and frail elderly people.



## **SECTION 5: FUNDS AVAILABLE OUTSIDE OF THE SUMMER PROCESS**

CDBG, ESG, Scattered Site, and HOME Funds shall be used to support: the Housing Development Fund, the Economic Development Fund, the Facility Acquisition/Rehab Fund, the Futures Fund, and the ESG Homeless Capital Fund. Funds from the Affordable Housing Trust Fund shall be allocated to the Housing Development Fund.

### **Housing Development Revolving Fund**

#### **Projects using CDBG, ESG, Scattered Site or HOME funds:**

1. Projects must meet either Objective B or D, and the relevant funding conditions of the particular funding source.
2. Funds are available anytime throughout the year contingent upon availability of funds. Applications should be submitted electronically to the CDD by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application. The City Council shall determine final approval for all recommended projects over \$25,000 to be assisted with Housing Development Funds; the Mayor shall determine final approval for all recommended projects \$25,000 or less of all Scattered Site funds.
3. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property to allow time for orderly decision making.
4. Proposals for this Housing Development Fund must identify a specific site address and be able to commit all funds within twelve months of Council approval. The City will provide assistance to properties that are or will be owned by the applicant.
5. Applications for all funds within the Housing Development Fund are available from the CDD.

#### **Projects using the Affordable Housing Trust Fund**

1. Projects must meet the conditions of the Affordable Housing Trust Fund ordinance and implementing procedures.
2. Applications will be solicited through a Request for Proposal (RFP) process and must meet the conditions of the RFP document. Applications will be reviewed by the CDBG Committee. The City Council shall determine final approval for all recommended projects over \$25,000; the Mayor shall determine final approval for all recommended projects of \$25,000 or less.

### **Economic Development Revolving Fund**

1. Projects must meet Objectives E or F. Projects that include acquisition and rehab. of the property must also meet Objectives E or F and the cross-cutting regulations found on page 15.
2. Funds for small business development and job creation are available anytime throughout the year contingent upon the availability of funds.
3. Applications should be submitted electronically to the CDD by 12:00 PM on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application. The Common Council shall determine final approval for all recommended projects over \$25,000 to be assisted with Economic Development Funds; the Mayor shall determine final approval for all recommended projects of \$25,000 or less. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property in order to all time for orderly decision-making.

4. Proposals for this Economic Development Fund must identify a specific site address and be able to commit and expend all funds within twelve months of Council approval. The City will provide assistance solely to properties that are or will be owned by the applicant.
5. The CDD will secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon the sale, transfer, or change in use of the property. The mortgage will require a repayment equal to the amount of CDBG funds invested or the percent of the appraised value which the CDBG funds represent in the value of the property, whichever is higher.
6. Applications are available from the CDD.

#### **Acquisition/Rehab Revolving Fund**

1. Projects must meet Objective K.
2. The City will not fund projects smaller than \$25,000 except in the case of ESG funds.
3. Funds are available anytime throughout the year contingent upon availability of funds. Applications should be submitted electronically to the CDD by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application. The City Council shall determine final approval for all recommended projects over \$25,000; the Mayor shall determine final approval for all recommended projects \$25,000 or less. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property.
4. Funds must be committed within twelve months of Council approval to a specific written agreement for acquisition or rehab. work.
5. Applications are available from the CDD.

#### **Futures Fund Reserve Fund**

1. Projects must help a non-profit community agency develop a prototype or conduct a feasibility study or address a short-lived revitalization opportunity or develop a new method or approach while also addressing one of the Community Development objectives.
2. . Funds can be applied toward the capital or non-capital costs. These funds are limited due to HUD imposed caps.
3. Funds will be limited to \$20,000 per project and are provided in the form of a one-time grant.
4. Funds are available anytime throughout the year contingent upon availability of funds. Applications should be submitted electronically to the CDD by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month. If electronic submittal is a barrier, the CDD will accept a typed application.
5. The City Council shall determine final approval for all recommended projects over \$20,000; the Mayor shall determine final approval for all recommended projects \$20,000 or less. Applications should be submitted four months prior to the planned project.
6. Applications are available from the CDD.

### **ESG/Homeless Capital Fund**

The City will facilitate an annual process with community services providers to develop and administer State ESG funds which meet the objectives, preferences, and conditions of Objectives D and J.

### **Other Funding Sources**

The City will also seek funds from sources other than those enumerated above and welcome suggestions or the opportunities to co-sponsor or develop and administer those applications.

### **CONCLUSION**

Questions or comments and suggestions about these Goals and Objectives are always welcome.

Mail: Community Development Division  
Department of Planning and Community and Economic Development  
Room 225, Madison Municipal Building  
215 Martin Luther King Jr. Blvd.  
P.O. Box 2627  
Madison, WI 53701-2627

Phone: (608) 266-6520

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E-Mail: [cdbg@cityofmadison.com](mailto:cdbg@cityofmadison.com)

Web: [www.cityofmadison.com/cdbg](http://www.cityofmadison.com/cdbg)

IF YOU NEED SPECIAL ACCOMMODATIONS SUCH AS A TRANSLATOR OR MATERIALS IN AN ALTERNATE FORMAT, PLEASE CALL THE CD Division AT 266-6520.

**SECTION 6: CHECKLIST AND ROADMAP FOR APPLICATIONS TO THE CDD  
FUNDING PATHS:**

APPLICANT'S NOTES	MAJOR STEPS	PATH 1: 2 YEAR FUNDING PROCESS FOR 2013-2014	PATH 2: NON-2 YEAR FUNDING PROCESS FOR RESERVE FUNDS: Acquisition/Rehab, Housing Development, Economic Development and Futures Funds
	Agency observes community needs and explores best methods to address those opportunities	Spring 2012	
	Agency develops proposal concept, explores capacities to manage project, discusses concept with its governing board and potential partners		Two months prior to application
	Agency discusses concept with staff of funding sources		
	Agency determines funding and project schedules		
	Agency decides to apply, if appropriate and ready	April 2012	One month prior to application
	Agency submits proposal to CDD	June 2012	First Friday of the month by 12:00 p.m.
	CDD staff reviews written application	July 2012	The last week of each month
	Committee reviews written application		The first Thursday of each month
	Committee determines its recommendation.		
	Council determines its approval	October 2012	Generally 5-6 weeks following the Committee, on either the first or third Tuesday of the month
	CDD staff develop the contract	November and December, 2012	Three weeks after approval by the Council or the Mayor
	Program begins after written contract is executed	After January 1, 2013	After contract is executed.

