



# City of Madison Meeting Minutes - Final

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

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Thursday, January 5, 2006

5:00 PM

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

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### ROLL CALL

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

**Excused:** Ald. Santiago Rosas and Richard V. Brown, Sr.

*Others present: Hickory Hurie*

*Estante called the meeting to order at 5:05 p.m.*

### WELCOME - CHAIR'S REPORT

*News and announcements*

*Estante passed around articles on affordable housing and said she would e-mail copies to anyone interested in receiving them. Estante also passed around an article on Genesis from the Madison Times and an article on non-profits from The New York Times.*

*Estante asked commissioners for news, updates, and/or comments. Silverman called attention to recent news concerning immigrants in the workforce and said he found it interesting and reassuring. King asked for an update on approving loans to immigrants with ITIN's. Hurie said an applicant with no social security number is ineligible for WHEDA loans, but he was not sure whether that applies also to State funds. King said he heard a bank lender say in a radio interview that all loans previously approved to applicants with ITIN's would now have to be revoked, given recent decisions regarding loans to immigrants. King asked if this were legal in contract law, and Hurie said he would check into it.*

### PRESENTATION

*Staff from Community Action Coalition for South Central Wisconsin, Inc. (CAC) were scheduled to provide an update of the Community Gardens program activities*

*CAC will present information on its Community Gardens program at a future meeting.*

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

A. *Madison Area CLT: Troy Gardens Housing Development, Greg Rosenberg*

*Rosenberg gave commissioners a review of the Troy Gardens development. He said that Community Development funds have purchased two parcels for the Troy Gardens project so far, one for housing and the other for the conservancy. He said the site will offer residents a unique country-like combination of affordable housing and gardens,*

along with an organic farm. Rosenberg showed the commissioners a diagram of townhouses to be built at the housing site. Ten are to be market rate units, and 20 are to go to income-eligible families or persons. He said the entire neighborhood is barrier-free and Energy Star efficient. Rosenberg also showed the commissioners drawings of the front elevations of the townhouses, all of which have front porches and are modeled on the conventional "farmhouse." He said many organizations, including the Northside Planning Council, the University of Wisconsin, and Community Action Coalition, have been involved in the planning phase of Troy Gardens.

Rosenberg said townhouses could be customized to a buyer's specifications if the requests are made prior to purchase and building of the unit. He said construction will begin in March and should be completed by the end of the year. He also said that MACLT is marketing the townhouses themselves.

Hurie explained the staff recommendations of \$400,000 in HOME funds, which includes \$200,000 in program income repaid from another CD loan to MACLT on its Camino del Sol project and \$200,000 in new HOME funds to be made available upon CDBG Commission and Common Council approval.

Estante asked commissioners for questions. Thomas asked Rosenberg how MACLT would be marketing Troy Gardens to low-income Hmong and Latino families and individuals and whether targeting certain populations is allowed. Rosenberg said that the law allows for marketing emphasis to certain groups and that MACLT has such an affirmative marketing plan. He also said that MACLT will make sure that they offer bilingual homeowner education in the process. Thomas asked whether MACLT would turn away other ethnicities or races, and Rosenberg said no. He said that was a separate issue and that final selection of buyers would be race-neutral, but marketing would emphasize outreach to certain groups.

King moved to approve the staff recommendations for a maximum of \$400,000 in HOME funds, \$200,000 of which would be available immediately and \$200,000 of which would be available upon repayment of match funds from the Camino del Sol project. Silverman seconded.

Thomas asked where the first \$200,000 in new money will come from. Hurie said that those funds were originally committed to projects that were not executed by YWCA, Interfaith Hospitality Network, and Madison Development Corporation.

Bartlett asked about the size differentiation and price range of the townhouses. Rosenberg said that two-bedroom market rate units would go for \$150,000 to \$155,000, and three-bedroom market rate units would go for \$190,000 to \$195,000. Based on these prices, Bartlett said that MACLT should recoup \$2.6 million through sales of market rate units, and he asked how they would recoup the other money invested totaling \$5.5 million plus contingency funds. Rosenberg said that both EDI money and MACLT's invested funds will stay in the property. Bartlett noted that a substantial amount stays in the property, to which Rosenberg agreed, adding that most of the money that stays in is EDI funds, along with some of MACLT's funds and about \$74,000 from other sources.

Bartlett asked how the units will be restricted for sale. Rosenberg said that they will be subject to a ground lease with stipulations.

Markofski asked whether voting on this item would present a conflict of interest if he were interested in purchasing a Troy Gardens unit. Hurie said it would be better for Markofski to be prudent and not vote, and then Hurie escorted Markofski out of the

meeting room at 5:25 PM.

The motion made by King and seconded by Silverman was amended to include accepting staff recommendations not only for the funding request as stated above, but also the subordination of the City's existing first mortgage for EDI funds invested in Troy Gardens and the accompanying LURA to construction loans that MACLT will need to secure from other lenders in order to move forward with the project. The motion passed on a roll call vote as follows: Bartlett-aye, Dux-aye, King-aye, Markofski-recused, Robinson-aye, Saunders-aye, Silverman-aye, and Thomas-aye.

Markofski returned to the meeting at 5:26 PM.

## APPROVAL OF MINUTES

Thomas moved to approve the minutes from the December 1, 2005, meeting. The motion passed unanimously.

## OTHER BUSINESS FOR ACTION

A. Issues and/or referrals to or from the Common Council

1. Inclusionary zoning revisions
2. Discussion of work plan for joint Community Development/Community Services study proposed in the 2006 Executive budget

Discussion of this topic will take place at a future meeting.

02548

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

**Sponsors:** David J. Cieslewicz, Santiago Rosas, Austin W. King and Cindy Thomas

Hurie said the Council referred to the CDBG Commission a resolution authorizing the subordination of a loan originally made to Madison Community Health Center to a new, non-profit subsidiary, Access Community Health Center. Hurie explained that the value of the building has increased and that the original approval allowed for the City's loan to be subordinated to the Dane Fund for a loan of \$200,000 and to US Bank for a loan of \$1.4 million. The referred resolution now increases the amount of the US Bank loan to \$1.9 million to which the City is subordinating its loan.

Bartlett said he was confused about the way the resolution reads. He asked whether the commission had already approved the transfer and assignment of its current loan from Madison Community Health Center to Access Community Health Center. Hurie said that yes, an earlier resolution permitted not only the assignment and transfer of the original loan from Madison Community Health Center to Access Community Health Center, but also the subordination of the current loan to the Dane Fund and US Bank. This resolution merely covers the subordination to the additional loan amount from US Bank.

A motion was made by Bartlett, seconded by Ald. Thomas, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed by the following vote:

**Excused:** Rosas and Brown, Sr.

**Aye:** King, Thomas, Dux, Robinson, Estante, Bartlett, Silverman, Markofski and Sanders

**Enactment No:** RES-06-00068

*B. Reports from Committees with CDBG Commission Representation*

*1. Housing Committee (King)*

*King said the Housing Committee pounded out its final recommendations for revising the inclusionary zoning ordinance. The committee recommended a fractional shared equity approach, a soft second mortgage, and a pro-rated share of the increase in equity to be split between the City and the homeowner. The committee departed on density issues, moving from the mid-point of the range on the density plan to the high end, with density bonuses approved on an increased level. They also agreed that the second marketing period cannot begin until 30 days after the certificate of occupancy has been issued. King said the Plan Commission deliberates tonight (1/5/06) on the recommendations.*

*Hurie added that several changes provide greater incentives and flexibility to developers as part of the "fix-it" ordinance. He said that the ordinance now allows (1) pairing of IZ units in a development, and (2) identification of some elements of high-rise developments where IZ does not have to go.*

*Silverman asked whether non-profit subsidies had been incorporated into the ordinance changes. Hurie said that some incentives in the ordinance are becoming more of a reality and that we will see the first reduction in park land fees now with revisions. Hurie also said that some developers will soon be coming forward for cash subsidies now that some money is available in the IZ reserve fund.*

*2. Gardens Committee (Estante)*

*Estante said that Community Action Coalition is going to make their presentation at the next meeting.*

*3. Martin Luther King Humanitarian Award Committee (Estante)*

*Estante had nothing to report.*

*4. Subcommittee: Community Development Investment Issues*

*Silverman asked if the recommendations from the CDBG Commission's IZ Subcommittee were incorporated into the ordinance revisions, and Hurie said not at this time. Estante noted that the commission reviewed the subcommittee's recommendations at the last meeting, and Bartlett asked whether the group should wait to act on them. Estante said the commission should wait for the subcommittee to meet one more time before taking action to allow all members to express their perspectives.*

*Bartlett said that the Troy Gardens project shows how difficult it is to build affordable housing because money has to stay in the project to make it work, and for-profits would not be willing to leave money in the project.*

*Bartlett also said that another issue to consider is the lack of bus transportation on the periphery of the city where new IZ developments are most likely to go. Hurie said that three-fourths of Habitat's families have cars; and Habitat's target is 40-50% AMI, whereas IZ targets 60-70% AMI.*

5. *Other Commission Representation*

*There was nothing to report.*

## **STAFF REPORT**

*Hurie reviewed an e-mail from Enis Ragland and a letter from HUD.*

*Hurie discussed the One-Year Action Plan for 2006, part of which is put together from CDBG Commission and staff recommendations and part of which is required by HUD. He went through the Action Plan by its different sections. He said the white section describes our funding by goals; the green section describes what we do geographically. The yellow section describes goals of the City and of HUD, and the blue section describes cross-cutting objectives, such as public housing, poverty, homelessness, and fair housing. The salmon section deals with issues from the funding source perspective, and the last few pages of the plan provide a summary, a map, and pages that the mayor must sign.*

*Bartlett asked Hurie to explain the summer process to newcomers, especially the importance of having quorums at all the meetings to ensure the process moves smoothly.*

*Hurie said that during July, the commission meets twice a week for presentations by applicant agencies. He said that a schedule of summer meetings will be sent to commissioners for discussion at the next meeting. He said the commission usually meets on Mondays and Thursdays. Hurie also noted that the commission will be holding a public hearing regarding programs funded in 2005 at its meeting next month.*

*Hurie said the CD Office will send out the Framework, updated to include changes from staff for 2007-08, when we send out applications to agencies in May. Agencies return the applications in June to be reviewed by the commission at meetings in June and July. Hurie said that the commission holds a public hearing during the last week in July when it has its final summer meeting.*

*Thomas asked whether the process will go faster with less money or whether it will be more difficult due to funding cuts. Bartlett suggested accepting only applications that show a three percent cut from the previous year. Thomas said she is not in favor of cross-the-board cuts.*

*Markofski asked about tours of CD-funded sites. Hurie suggested the commission begin the tours in April when the weather is warmer and streets are clearer. He said he will meet with Estante to discuss the tours.*

*Estante asked for other questions before adjournment. Silverman asked what the rationale is behind a shared appreciation model in the IZ revisions. He asked who pressed for this and whether or not it runs counter to maintaining affordability. Hurie said that housing is so complex that it is important to take an approach that will balance assistance to people with assistance to a particular housing site, which means that the investment will be mobile. When assistance is targeted to people (rather than the housing site), Hurie said the presumption is that "household one" will move up in the world and repay the investment for use in other programs that will help "household two." He gave an example familiar to the commission: The CD Office loaned an individual \$ 25,000 in 1998 to purchase a home valued then at approximately \$100,000. Because the City originally loaned him 25% of the initial home value to purchase his home, the terms of his loan were to repay the CD Office 25% of the appraised value of the home at the time of sale. The individual's situation has changed since 1998; his asset has*

*doubled in value; and he's at a point where he can refinance his home to take advantage of some of the equity he's built up, while repaying the City its investment, now valued at approximately \$50,000, for use in assisting someone else.*

*Thomas asked whether CD staff pick and choose which projects to present to the commission or whether they present all applications they receive. Hurie said that staff presents all applications received, noting the exception of the recent application from the Food Bank. The CD Office, along with the Food Bank, decided to wait for final funding decisions from Congress before proceeding with the application. Ordinarily, Hurie said, every time the CD Office receives an application for funds, the office presents it to the CDBG Commission for action.*

## **ADJOURNMENT**

*King motioned to adjourn. Silverman seconded. The motion passed unanimously, and the commission adjourned at 6:15 p.m.*

*Respectfully submitted,  
Anne Kenny*