



# City of Madison

City of Madison  
Madison, WI 53703  
[www.cityofmadison.com](http://www.cityofmadison.com)

## Meeting Minutes - Approved COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

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Thursday, March 3, 2011

5:00 PM

Goodman Community Center  
149 Waubesa St.

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### CALL TO ORDER / ROLL CALL

**Present:** 7 -

Shiva Bidar-Sielaff; Marsha A. Rummel; Robert M. Hunter; Charlie R. Sanders; Monya A. Choudhury; David A. Smith, Sr. and Russ Whitesel

**Absent:** 2 -

Tim Bruer and Daniel A. O'Callaghan

**Excused:** 1 -

Justin O. Markofski

STAFF: Clingan, Kenny, Rhodes, Rood, Short, Wallinger, Wendorf

Sanders called the meeting to order at 5:02 p.m.

### APPROVAL OF MINUTES

Bidar-Sielaff moved to approve the January 6, 2011 minutes. Whitesel seconded.

### PUBLIC COMMENT

There was no public comment.

### DISCLOSURES AND RECUSALS

### PUBLIC HEARING NOTICE

1. [21322](#) Discussion and Public Comments on the Community Development Program performance for 2010 as part of its preparation for developing the 2010 Consolidated Annual Performance Evaluation Report. The Committee solicits comments on the performance of 2010 activities and suggestions for improvements and funding priorities for upcoming years.

No one from the public appeared to make comments for the public hearing.

### REQUEST FOR FUNDS OR MAJOR CHANGES IN CURRENTLY FUNDED PROJECTS

2. [21321](#) Neighborhood House requests \$13,000 from the Future's Fund to complete a strategic plan.
- Jeff Ford gave a brief overview of the request, saying that the strategic planning process consists of four main steps: 1) Determining the value of the center property, 2) Determining existing community needs, 3) Evaluating past strategic planning efforts, and 4) Determining the next steps the center should take. He said that Neighborhood House is the oldest community center in the city and that they have been in their present space since 1965. The purpose of the grant would be to revitalize Neighborhood House. Ford said that one of their board members has stepped in to act as executive director.

### ROLL CALL

O'Callaghan came to the meeting at 5:10.

**Present:** 8 -  
Shiva Bidar-Sielaff; Marsha A. Rummel; Robert M. Hunter; Charlie R. Sanders; Monya A. Choudhury; David A. Smith, Sr.; Daniel A. O'Callaghan and Russ Whitesel

**Absent:** 1 -  
Tim Bruer

**Excused:** 1 -  
Justin O. Markofski

- [21321](#) Neighborhood House requests \$13,000 from the Future's Fund to complete a strategic plan.
- Ford said the plan for the strategic planning study is to assess the value of the current property. The board is considering either selling the current property or determining what can be done in the current footprint to serve the current neighborhood. They want to assess which is the better option in order to determine how the center can maximize the value of the current property. At the present, they rent space to several groups.
- Rummel moved to adopt staff recommendations to fund the project at \$13,000 with Future Funds Reserve funds with the stipulation that the Committee receive a copy of the plan when it is completed. Choudhury seconded.**

3. [21368](#) Amending Resolution 18929 to allow Common Wealth Development (CWD) to acquire and rehab 433 Cantwell Ct. instead of 434 S. Thornton Ave. Resolution 18929 authorized the provision of \$432,000 in Federal HOME Match funds to CWD to assist them acquiring and rehabilitating two 4 - unit buildings to provide affordable rental housing.
- Marianne Morton said that CWD is asking the Committee to approve switching one of the buildings. She said funds were approved to purchase two of three buildings across from Marquette School. Madison Community Coop wants to convert one of the three buildings into coop housing. They'd like to work with the building along the river on Thornton Avenue, so CWD would like to switch the Thornton Avenue building for the Cantwell Court building.

**A motion was made by Whitesel, seconded by Choudhury, to Return to Lead with the Recommendation which will allow Common Wealth Development to use Housing Reserve Funds to acquire and rehabilitate 433 Cantwell Ct. and 1526 Jenifer St. to create 8 units of affordable housing;for Approval to the BOARD OF ESTIMATES, The motion passed by voice vote/other.**

4. [21323](#)

Waive Framework maximum and authorize up to an additional \$2,000 for Madison School and Community Recreation (MSCR) to complete renovations at the Meadowood Neighborhood Center, 5734 Raymond Rd.

Janet Dyer said that Meadowood is the newest center in the city. Basically, it is a one-room operation. The center is very busy with no private space for staff to meet with center users. Meadowood is asking for \$1,400 to complete their renovation project.

**ROLL CALL**

Alder Bruer came to the meeting at 5:25 p.m.

**Present:** 9 -

Tim Bruer; Shiva Bidar-Sielaff; Marsha A. Rummel; Robert M. Hunter; Charlie R. Sanders; Monya A. Choudhury; David A. Smith, Sr.; Daniel A. O'Callaghan and Russ Whitesel

**Excused:** 1 -

Justin O. Markofski

[21323](#)

Waive Framework maximum and authorize up to an additional \$2,000 for Madison School and Community Recreation (MSCR) to complete renovations at the Meadowood Neighborhood Center, 5734 Raymond Rd.

Dyer said she has not personally spoken with the alder for the district.

**Smith moved approval of staff recommendations to authorize an exception to the 2009-2010 Program Funding Framework and approve an additional \$2,000 in CDBG funds to complete the renovation at the Meadowood Center. Rummel seconded.**

**Rummel asked when will neighborhood centers issue come before the CDBG Committee again?**

**Clingan said that he and Wendorf are working on a plan to decide what the best rationale is for funding centers' operating costs, which will come before the Committee before the next two-year funding process. He said they are also working on an RFP to do a study to determine the best rationale for funding capital costs.**

5. [21538](#)

Porchlight requesting approval to add an additional 8-12 efficiency units to the Safe Haven building and a waiver for shared appreciation on this property.

Steve Schooler gave background on this request, saying that it began in 2007 with the request for \$312,599 in HOME funds for a new Safe Haven building. He said that Safe Haven is largely HUD-funded and currently run out of a rented building. Porchlight would like to own and operate its own building for Safe Haven rather than renting.

Schooler said the CDA worked with Porchlight to come up with the Nakoosa Trail site, which is near Cub Foods and Wal-Mart on the Eastside near bus lines. They are hoping to break ground for the new building this summer.

Schooler said that locating Safe Haven transitional housing near permanent housing would provide clientele with peer support.

He said that the Nakoosa Trail site has poor soil conditions with contamination problems. The site is former water utility land.

Schooler said they have a 90% success rate with Safe Haven, with 60-70% of their clients successfully exiting the program.

Regarding shared appreciation, Schooler said there are two reasons why the Committee should consider waiving it:

- 1) Technically, this request is a "new" project and should be evaluated as one; and
- 2) Porchlight has no ability to collect rent to pay for interest on the building.

**O'Callaghan moved to approve an additional 8-12 efficiency units to the Safe Haven building and a waiver for shared appreciation on this property. Choudhury seconded.**

The Committee discussed the issue of shared appreciation and what circumstances make a compelling case for doing away with shared appreciation. O'Callaghan said that since Porchlight is serving an extremely low-income population to whom they are also providing supportive services and since the project doesn't generate a lot of income, these are compelling reasons to eliminate the shared appreciation requirement.

Bruer asked what will be the benchmark for the next decision and asked whether or not the Framework stipulates the conditions for shared appreciation. Smith asked if this action was setting a precedent and whether or not it is wise to start down this trail. Whitesel said he was not interested in having chiseled rules for determining shared appreciation and likes how the Framework allows the Committee to decide a particular course of action. O'Callaghan agreed.

Wallinger explained the affordability requirements.

Rummel asked about the developer's fee, and Schooler said that Porchlight rolls their developer's fee into their projects.

**A motion was made by O'Callaghan, seconded by Choudhury, to Discuss and Finalize. The motion passed by the following vote:**

**Excused:** 1 -  
Markofski

**Recused:** 1 -  
Sanders

**Ayes:** 7 -

Bruer; Bidar-Sielaff; Rummel; Choudhury; Smith, Sr.; O'Callaghan and Whitesel

**Abstentions:** 1 -

Hunter

6. [21369](#) Authorizing the CD Division to submit an application to the state Bureau of Supportive Services for Emergency Solutions Grant (ESG), Transitional Housing Program (THP) and Homeless Prevention Program (HPP) funds on behalf of specific agencies providing housing and services to homeless persons.

Wallinger explained that this is the annual application to the state that the CD Division makes, and it totals \$329,000 this year. The money is already in the state budget. All services are for homeless persons.

**Choudhury moved to authorize the CD Division to submit an application to the state Bureau of Supportive Services for Emergency Solutions Grant (ESG), Transitional Housing Program (THP) and Homeless Prevention Program (HPP) funds on behalf of specific agencies providing housing and services to homeless persons. Whitesel seconded, to Return to Lead with the Recommendation for Approval to the BOARD OF ESTIMATES. The motion passed by voice vote/other.**

7. [21324](#) Authorizing the provision of up to \$239,993 in HOME Match funds to Silverstone Partners, Inc. to be used to assist with the acquisition and/or construction of Wingra Commons, a 63 unit rental property located at 1012 Fish Hatchery Rd.

Bob Stoehr of Silverstone Partners gave a brief overview of the project. He said Wingra Commons Apartments will provide 63 units of affordable housing for moderate and low-income individuals. He said the loan-to-value ratio for the property has not been determined yet because the structure has not been built.

Stoehr said that it is a Section 42 tax credit property and explained the debt financing plus equity from a handout he gave to Committee members. He said that they will be able to keep rents low due to the tax credits.

Bruer asked Stoehr to share with the Committee how much cash equity Silverstone is bringing to the deal.

Stoehr said none. He said that WHEDA likes to see other contributors to tax credit properties. He said Silverstone has 65 tax credit properties across the state.

Bruer asked if this project is structured as shared equity, then why should we use HOME funds to cover costs.

Clingan said that it comports with the Framework, and that requiring shared appreciation on the property makes sense.

O'Callaghan said that this project is on one end of spectrum where we would want to have shared appreciation.

Choudhury said it appeals to her as a good opportunity to fill a gap when the Feds are trying to dissolve Section 8.

Choudhury asked if Silverstone would have difficulty complying with all the conditions required in the staff report.

Stoehr said no, that these were all standard requirements.

**This Resolution was Referred for Introduction. Bruer moved to adopt staff recommendations to allocate up to \$239,993 of HOME Match funds in the form of a long-term deferred loan that will include 2.4% of shared appreciation with an affordability period of 20 years. Rummel seconded.**

8. [20900](#)

Amending the 2011 Adopted Operating Budget to Reappropriate \$507,248 from Direct Appropriation to Capital to the Affordable Housing Trust Fund.

Clingan explained that the Council voted to end the IZ Fund and to appropriate approximately \$507,000 from IZ to the General Fund. This resolution would put that money into the Affordable Housing Trust Fund.

**A motion was made by Bruer, seconded by O'Callaghan, to Return to Lead with the Following Recommendation(s) adoption of the resolution to amend the 2011 Adopted Operating Budget to reappropriate \$507,248 from Direct Appropriation to Capital to the Affordable Housing Trust Fund, with a friendly amendment from Whitesel for the language that asked the staff to proceed with drafting appropriate language to amend the AHTF ordinance, to the BOARD OF ESTIMATES. The motion passed by voice vote/other.**

**Bidar-Sielaff, Bruer, and Rummel asked that their names be added as co-sponsors to the resolution.**

9. [21326](#)

Revised Homebuyer loan fee model.

Rood explained that, at the January meeting, the Committee approved a 2.5% annual fee for loans to homebuyers. After further review with our attorney, we determined that this fee would actually be considered interest.

Rood said the CD Office reviewed the loan history of the CDBG Unit and found there have been 650 loans in the history of CDBG, 66 of which have been repaid. Given that loans are typically held for long periods of time, homebuyers would be paying a significant amount as loan fees in addition to their loan amounts if we implemented what the Committee approved in December. For a \$25,000 loan with a 2.5% annual loan fee/interest rate, the repayment after 20 years would include \$12,500 in fees or 34% of the repayment. Rhodes said that the Real Estate Settlement Procedures Act of 1974 (RESPA) rules would also apply if we kept the 2.5% annual loan fee.

**ROLL CALL**

Rummel left the meeting at 6:55 p.m.

**Present:** 8 -

Tim Bruer; Shiva Bidar-Sielaff; Robert M. Hunter; Charlie R. Sanders; Monya A. Choudhury; David A. Smith, Sr.; Daniel A. O'Callaghan and Russ Whitesel

**Excused:** 2 -

Marsha A. Rummel and Justin O. Markofski

[21326](#)

Revised Homebuyer loan fee model.

Rood said that what we're proposing instead is a 2.5% one-time loan fee on loans from \$1,000 to 10,000 and a 5% one-time loan fee for loans from \$10,001 to \$54,000. Rood said the 2.5% rate come from the Comptroller's Office and is reviewed annually. The rate consists of the City of Madison borrowing rate with an additional .25%-1% added each year. We doubled the fee for larger loans to help achieve the Committee's desire to continually rebuild the loan fund.

**O'Callaghan moved to accept staff recommendations to change the loan fee amount to a one-time fee of 2.5% to be paid when the loan is paid off on loans from \$1,000 to \$10,000 and a one-time fee of 5% to be paid when the loan is paid off on loans from \$10,001 to \$54,000; Whitesel seconded. The motion passed by voice vote/other.**

## ROLL CALL

Alder Rummel returned to the meeting at 7:00 p.m.

**Present:** 9 -

Tim Bruer; Shiva Bidar-Sielaff; Marsha A. Rummel; Robert M. Hunter; Charlie R. Sanders; Monya A. Choudhury; David A. Smith, Sr.; Daniel A. O'Callaghan and Russ Whitesel

**Excused:** 1 -

Justin O. Markofski

## REPORTS

10. [21371](#) CDBG February 2011 Staff Report

Clingan said that two new childcare specialist positions have been added to the CD Division.

He said that on the CDBG side, we will be going through the process shortly to hire a grants administrator to replace Barb Constans who retired last summer.

Choudhury asked about seniors.

Clingan said he has asked Christine Beatty to provide a report.

Clingan said that the President's budget proposal would hit us with a 7.5% cut out of CDBG, which amounts to about \$186,000. There are other cuts proposed on the federal level, as well.

Whitesel asked if there were action we could take regarding the federal cuts.

Clingan said the Committee could send a letter stating its stance on the cuts.

**ROLL CALL**

Smith left the meeting at 7:05 p.m.

**Present:** 8 -

Tim Bruer; Shiva Bidar-Sielaff; Marsha A. Rummel; Robert M. Hunter;  
Charlie R. Sanders; Monya A. Choudhury; Daniel A. O'Callaghan and  
Russ Whitesel

**Excused:** 2 -

David A. Smith, Sr. and Justin O. Markofski

**21371**

CDBG February 2011 Staff Report

Bruer noted that the senior housing at Burr Oaks is framed up for everyone to check out, and the street scaping on Park Street has been completed also.

11. **Report from committees with CDBG Committee representation and designation of Commission representatives.**

**ADJOURNMENT**

Whitesel moved adjournment at 7:10 p.m.; Choudhury seconded. Unanimous.  
The motion passed by voice vote/other.

Anne Kenny, recorder