



# City of Madison

City of Madison  
Madison, WI 53703  
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## Meeting Minutes - Approved COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

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Thursday, May 3, 2012

5:00 PM

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

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### CALL TO ORDER / ROLL CALL

**STAFF:** Charnitz, Cothrine, Kenny, Wendorf-Corrigan

**OTHERS:** Ald. Satya Rhodes-Conway, Ald. Bridget Maniaci

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

**Present:** 7 -

Tim Bruer; Matthew J. Phair; Robert M. Hunter; Monya A. Choudhury; Liz Dannenbaum; Justin O. Markofski and Russ Whitesel

**Excused:** 1 -

Daniel A. O'Callaghan

### APPROVAL OF MINUTES

Ald. Bruer moved to approved the April 5, 2012 minutes. Whitesel seconded.  
Unanimous.

### PUBLIC COMMENT

No one registered to speak.

### DISCLOSURES AND RECUSALS

There were no disclosures or recusals.

### BUSINESS ITEMS

1. [26152](#) Authorizing the subordination of previously approved loans to Madison Development Corporation and authorizing the Mayor and City Clerk to sign agreements to subordinate the loans.

Cothrine explained the subordination request for Madison Development Corporation's property at 738 East Dayton Street. In 2010, CDD gave them \$229,393 to help them with their rehab at that location. After starting the project, MDC realized additional rehab was necessary, so they went back to their bank for an additional \$75,000 and came to us to do a subordination of our mortgage. Based on a review of their cash flow and their current debt on the property, the request meets CDD's subordination guidelines, and Cothrine

recommended that we subordinate.

Ald. Bruer asked if there were anything policy-setting or precedent-setting about this subordination.

Cothrine said no, that this is fairly routine, but staff had to bring it to the Committee for approval because it changes our current position.

Ald. Bruer moved approval. Whitesel seconded. Unanimous.

Ald. Maniaci said she toured the property that MDC is working on in her district. It was a major nuisance property beforehand, but MDC has done very good work to rehab it both internally and externally. She spoke in support of the subordination.

2. [26153](#)

Neighborhood Center update

Wendorf-Corrigan said that CDD has finished its community conversations. Originally, there were five sessions planned for the north, south, east, west, and central areas, but CDD got specific requests for two other geographic locations—one in Brentwood and one in Southwest, and two additional conversation meetings were scheduled to accommodate these requests. Attendance varied from a high of 42 to a low of six at one session. Demographic data isn't completely analyzed yet for those who attended the sessions, but Wendorf-Corrigan said that it was largely middle class white folks who came to the sessions. There were few African Americans, very few Latinos, and very few low-income people.

CDD is currently in the midst of looking at and analyzing a huge amount of data. CDD is comparing census data to current neighborhood centers' offerings and trying to get an idea of what the needs are in the various census tracts, how the centers are serving those needs, and where the gaps are.

CDD also started conversations this week around models and systems. The last time centers were really studied was in 1996. The current system includes three levels: a community center, a neighborhood center, and a branch center. Within that system, Warner Park is our one and only community center serving the entire city, whereas we have several neighborhood centers serving smaller geographic areas. There are also smaller branch centers that are tied to low-income housing, such as Northport/Packers and Kennedy Heights. The city had intended to have five community centers since the study in 1996, but we still only have one.

As CDD begins our conversations around models, CDD will examine what has worked versus what hasn't worked. Wendorf-Corrigan gave examples of some of the models in the city. Open schoolhouse, such as at Orchard Ridge and Leopold, is a new model that the city just started to fund in the last funding cycle. She said the open schoolhouse model is basically one night a week with the goal of serving the entire family with or without kids. Other models include Boys and Girls Club whose focus is youth. Hub and spoke centers are another model where a center operating in a main building will have several smaller centers that operate under it. CDD is looking at models across other cities. She said that in most cities, parks and recreation are one agency under the

municipality. Here in Madison, though, Parks is under the city while Recreation is under the school district.

## ROLL CALL

O'Callaghan arrived at 5:15 p.m.

**Present:** 8 -

Tim Bruer; Matthew J. Phair; Robert M. Hunter; Monya A. Choudhury; Liz Dannenbaum; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

**Excused:** 1 -

Lauren Cnare

## 26153

Neighborhood Center update

Wendorf-Corrigan said that CDD is still on track to have the report done for budget discussions.

Ald. Bruer asked if CDD was doing analysis on geographic tracts that do not have facilities in poverty pockets.

Wendorf-Corrigan said yes.

Whitesel asked what was useful about the public sessions.

Wendorf-Corrigan said that each and every session was very different from one another due in large part to differences in cultures across the city. She said most people have a very positive impression of our existing neighborhood and community centers, and thus they want a lot more of them. Many people see neighborhood centers as places where programming for seniors and children should be happening. At the central session, many Neighborhood House supporters were quite offended that they were being called a neighborhood center because they see themselves as a city center—a center for the entire City of Madison. Many view libraries as centers. People also had some definite ideas about where centers should be located. Nobody wanted them attached to police or fire stations and neighborhood offices. Also, there wasn't a lot of support for co-locating centers in schools.

Whitesel said the question of what would you like someone else to pay for is very different from the question of what you would be willing to pay more for yourself. We can't afford to raise the expectation that it's a free lunch.

Hunter said that the city has to set its priorities for neighborhood centers.

Ald. Phair asked what the trend is across the country.

Wendorf-Corrigan said many municipalities are facing budget cuts and are re-examining their priorities. She said there was more of an emphasis on recreation in other cities than here in Madison.

Ald. Phair said he was at the Southwest meeting, and it's true that everyone has their own idea about what a neighborhood center should be. He said the

hub and spoke approach makes sense to him. He said he serves on the Education Committee and that one of the things that might come out of that committee is the idea of schools as neighborhood centers. He said he really likes that model also. He said a lot of families feel disconnected from the schools and don't feel welcome at the schools.

Ald. Bruer said that the disconnect from schools is alive and well. The disconnect that happens with Leopold is there because there's a sense that the school is not welcoming and that you can't utilize the school. People want greater access to the school in that area. He said he didn't know how the City would end up with a model that works for everyone.

Wendorf-Corrigan said that policy makers have to come together.

Ald. Phair said that having centers in schools throughout the community would help welcome people into the schools.

Ald. Bruer said he was anxious to see the final report and sees centers as the neighborhood nucleus.

O'Callaghan said that he wanted to reiterate something he said a couple of meetings ago that the City needs to be very precise about the issue that we're studying. The discussion is getting very far reaching. Unless we refocus on the issue, we're going to end up solving problems we didn't set out to solve or solving the wrong problems.

Ald. Rhodes-Conway said that the Council's mandate to the Community Development Division was twofold. The first was to determine how we fund centers and the rationale behind the funding. The other was the question about the geography of centers and where the gaps are. We need both pieces of information to inform our budget discussions.

O'Callaghan said the question of gaps was not very clear to this Committee, and Ald. Rhodes-Conway said it was because it came directly from the Council and not from either the CDBG or Community Services Committees.

Ald. Phair said overall the City has to decide where we're going to spend our dollars when it comes to neighborhoods and a changing city. He said we're living in an urban city, and we really haven't treated it as such.

Wendorf-Corrigan said we need to have a good rationale as to how dollars are allocated.

Ald. Rhodes-Conway said there will have to be a transition period. She envisions a very long period during which we go from what we have now to where we want to go.

3. [26154](#)

2013 - 2014 Funding Process

Charnitz said that the list of letters of intent we received was in the packet the Committee received in the mail. She said that staff has talked with agencies who sent letters and tried to assist them to enhance their proposals and to understand the process. These agencies can now participate in the application

process.

In the packet the Committee received tonight are two documents, one pertaining to the schedule of meetings for the Summer Process and the other pertaining to the Summer Process timeline. Charnitz explained the timeline. She said the request for applications was released on Wednesday. People are now eligible to apply. Staff is holding workshops on the application process and the form itself on May 10. Applications are due on June 1, and at the regular June 7 Committee meeting, which is before the Committee will receive the applications, staff will give a briefing to make sure members understand the process from start to finish, know how to review an application, and have background information to assist in making decisions. Staff will also review conflicts of interest based specifically on the agencies who submitted applications.

Charnitz said staff will review the applications from June 6 to the 27th, talking with applicants as necessary with questions. Staff will put together the staff reviews. The Committee will receive the applications and reviews on June 29. Committee members will have until July 6 to submit questions on the housing, economic development, and employment applications. Staff provides members' questions to agencies, and agencies will provide answers prior to their presentations. On July 10 and 12, agencies will be doing their presentations. They'll give a brief five-minute overview of their applications, and then the Committee will have some time to ask questions. On July 18 and 19 the Committee will discuss proposals and make recommendations for funding projects, with preliminary recommendations being discussed on the 18th and final recommendations and conditions and a "B" List discussed on the 19th. Recommendations will be published in the newspaper and given to all the applicants. A public hearing on the recommendations will be held on August 2 along with the Community Services Committee, after which the committees will break into two separate committees for further discussion and final recommendations.

4. [25962](#)

SUBSTITUTE Authorize the CD Division to issue a Request for Proposals for projects to be funded by the Affordable Housing Trust Fund.

Markofski said we had new information that we received tonight and asked Charnitz to go through the memo.

Charnitz said the Committee reviewed the AHTF RFP at its March meeting and referred it to BOE. BOE wanted to make sure the CDBG Committee had seen the RFP. Two other issues were brought up. The first was regarding the balance between homeownership and rental housing. There was a desire to have more emphasis on rental housing. And second, there was a desire to have more money going to low income groups than what the proposal suggests. Charnitz said Hurie met with the Mayor this week, and the Mayor reiterated his priorities of foreclosure and workforce housing. Hurie is meeting with Ald. Rhodes-Conway tomorrow to discuss the concerns raised at BOE.

Charnitz said that BOE referred the RFP back to the Committee for two reasons. First, should the RFP be revised to include lower income targeting? And should it be revised to include a stronger emphasis on rental housing? The back page of the memo talks about the tactical goal with the current RFP.

She said there's been lots of talk over the years of how to use the trust fund, including using it to fund non-housing projects. She said the Committee's goal in drafting the RFP was to cast a wide net for good proposals and then choose the best ones for funding and to demonstrate the Fund's needs and feasibility. A narrowing of eligibility may delay use of the trust fund even further and subject it to further debate and discussion. For tonight, staff wants to encourage the Committee to make a decision as to whether they want to make changes to the RFP or whether they want to affirm the RFP approved in March.

Ald. Rhodes-Conway gave context of the BOE's referral. She said the RFP was returned to the CDBG Committee because of her. She has enduring frustration that the City of Madison doesn't have a housing plan. The closest the City comes to a housing plan are the goals that the CDBG Committee regularly sets about how much of its funding will go to homeownership versus rental housing. She said she doesn't see the goals changing year to year, and it's frustrating to see the needs changing in the city's neighborhoods with no change in the City's strategy toward housing. She's frustrated that the City's goal is to provide about half of its funding to homeownership projects and half to rental projects, yet this doesn't take into account changing neighborhood demographics. Ald. Rhodes-Conway agrees 100% that both rental and ownership housing are needed for a healthy neighborhood. More neighborhoods with a mix of incomes and housing tenures will make the city a better place.

She said the RFP should be responsive to current conditions, and she doesn't feel it does that. She would like to see the document be more responsive to issues in the community rather than just reiterating the goal of 50/50 mix of rental and homeownership housing.

Ald. Rhodes-Conway said the city is at historically low vacancy rates for rentals of 2%, and the ownership market is very fluid and open with a very broad range of properties available. She said the City also needs to look at the financial situation of families in the city. Many of her constituents have taken a significant hit over the past year and are in a situation where everything is less affordable to them. Someone at 80% AMI is probably doing okay, but someone at 30% AMI or about \$17,000 per year probably can't find a place to rent right now that is affordable to them. Her feeling based on her own experience and what she hears from her constituents is that we should be paying more attention to rental and to the lower income spectrum than to the 80% portion.

Ald. Rhodes-Conway said that there are nine goals articulated in the RFP. She doesn't recommend dropping any of them but does recommend the Committee shift the focus of the RFP. She supports the requirements under owner-occupied housing on page 2 of the RFP as necessary but not sufficient. An owner-occupied proposal that you would fund should do one of two things: 1) convert foreclosed or vacant properties into owner-occupied or rental housing; or 2) establish employer-assisted workforce housing near employment centers. The only other thing that might be a good policy goal is to put owner-occupied housing into neighborhoods that are significantly rental.

Ald. Rhodes-Conway stated an alternative change would be to increase the amount of funds going to lower income households. She said she feels strongly that we should ask for what we want in the RFP to get the proposals

that we want. She also said it's easier to create housing for 60-80% AMI. If you don't put constraints on this RFP, you will get more proposals that do that than proposals that serve people at 30% and under. The folks at 80% are going to survive the next couple of years, whereas the folks that are at 30% and under are less likely to do well.

Choudhury said that when she reads the RFP, everything Ald. Rhodes-Conway would like to see is already in the RFP. She said that rental housing programs that provide subsidized housing to people at 30% or below fit into this RFP. She asked Ald. Rhodes-Conway if she was concerned that the RFP didn't accurately reflect the ordinance or that we will not get applications that meet the Mayor's or her stated goals.

The Committee has discussed what it will do if it doesn't receive applications that meet our current goals. The Committee would not provide funding from the Affordable Housing Trust Fund if we do not receive applications that reflect our goals and priorities.

Ald. Rhodes-Conway said nowhere in the RFP does it say that the Committee could decide not to fund anything in the event that it receives insufficient proposals. She also said that there is no way she would have known that the Committee had discussed the issue of not funding proposals that did not meet their goals. Her concern in reading the RFP is that nothing in it requires that proposals be in foreclosure or vacant or attached to an employment center.

Markofski said that the RFP on page 5 under Contract Negotiations states that the city reserves the right to reject any and all proposals.

O'Callaghan said first and foremost we need to move on this and get this money out there before it's snatched up. Not a year goes by that there aren't one or two proposals to take this money and put it to some other purpose. He said this is a terrific source of funding at the community level.

O'Callaghan said that the goals and priorities are embedded in the document on the first page, where it states the city's goals and priorities, and then Section 3 deals with the minimum requirements for any proposal. A lot of weight in the scoring process is given to how well the proposals comply with the objectives and priorities. O'Callaghan said he agrees with Ald. Rhodes-Conway, though, about the lack of a strategic housing plan for the city.

In terms of need, O'Callaghan said that it's easy to understand that people at 30% have a greater need in terms of financial assistance in order to afford housing, but a more interesting question is what's the greatest need in our community? Do we have more people at 30% who need housing, or do we have more people at higher AMIs that need housing?

Ald. Rhodes-Conway said from estimates she has heard we need somewhere between fifteen and forty thousand new affordable rental units. She said that that is what makes her think that we should be paying more attention to rental housing.

O'Callaghan said he thinks that the RFP that CDD staff has developed is good and thorough and that the priorities are there. He said he wouldn't have any

objection to adding a bullet point under the first section saying proposals that provide for the greatest level of affordability are a priority. He said rental housing projects already get a sort of bonus in the scoring with an extra 20 points.

Dannebaum said the RFP could be revised to simply say that we want proposals that address affordability.

Ald. Rhodes-Conway said the Committee should also show preference for owner-occupied housing that addresses other policy goals of the city, such as workforce housing near employment centers or dealing with properties that are vacant or have been foreclosed. She said the RFP should explicitly state that.

Hunter said he was confused about whether Ald. Rhodes-Conway wanted more rental or more ownership.

Ald. Rhodes-Conway said she believes we need more rental, but if we fund owner-occupied housing, it should meet one of the priorities set forth in the RFP or other policy goal of the city.

Hunter said that for the most part the RFP contains the necessary language. We can tweak it as O'Callaghan said, but otherwise it's there.

Ald. Rhodes-Conway said she does not read in the RFP what the Committee says is there, and the RFP needs to be clearer with its intent. She said BOE was told the Committee had not seen this language, and if she had known that the Committee had read it, she would have just suggested an amendment to the RFP at the BOE.

Ald. Rhodes-Conway said she doesn't think there's a need in the city to serve 80% AMI in the homeownership category. The need just isn't there right now.

O'Callaghan said that's a fair statement because it's not in the RFP, and the reason it's not in the RFP is because we don't have anything that tells us that that's what we should ask for.

Choudhury said that when she first started on the Committee, we had more federal dollars to spend and thus had applications for funds nearly every month. She said she feels confident in this Committee's ability to thoroughly vet a proposal using City priorities.

Ald. Phair said it makes sense to add what O'Callaghan suggested to the RFP. For the record, he said from his experience folks in the 80 to 100% AMI are in stress too. For what it's worth, we also have to focus on that group.

Charnitz said that while she agrees with having more focused objectives, the lower we try to go with incomes, the harder it is to do a project within the terms outlined in the RFP. It's almost impossible because we have loan terms that require repayment in 10 years while rents have to be capped at certain limits. A project that's doing really low rents doesn't have the cash flow to provide repayments at the outlined level. CDBG and HOME funds are much easier to target very low income people because the terms of the loans are long-term deferred.



We do say in the back of the RFP that we may use additional criteria to come to a full complement of recommendations. We don't want all owner or all rental or all 30% or all 80%; we want a full complement of projects. The suggestion to add language as a fourth objective becomes problematic. She would suggest we put it in the second paragraph on the first page instead so that it says something like proposals that provide housing for the lowest of the income ranges will receive priority over proposals targeted at individuals at higher ranges of income eligibility.

She also said that the office has received inquiries about the RFP and mostly from groups with rental projects.

Ald. Bruer said that Ald. Rhodes-Conway's amendments to the RFP are well-placed, but he thinks we have enough latitude and flexibility here with a little bit of fine-tuning to be able to prioritize projects and accomplish objectives.

Markofski asked for a motion. Ald. Rhodes-Conway said she really appreciates that the Committee listened to her and took her seriously and has a much higher level of confidence that the Committee will take into account the types of things she mentioned and to reject bad proposals.

O'Callaghan moved to add two criteria to the bullet points on pages 1 and 2 of the RFP: 1) The City is particularly interested in projects that provide for the greatest level of affordability; and 2) Proposals for owner-occupied housing are encouraged to meet at least one of the other primary objectives provided herein. Bruer seconded.

After discussion, O'Callaghan and Bruer accepted a friendly amendment to the motion to move the first criteria into paragraph 2 of the Purpose section after the words "described in this RFP." They also accepted a friendly amendment to move the second criteria as Item (a) under Owner-Occupied Housing in the Requirements/Scope Service section to read, "Proposals for owner-occupied housing must meet at least one of the four objectives listed on pages 1 and 2." O'Callaghan and Bruer further accepted a friendly amendment to the motion to add small edits to the document that were approved at the March meeting but that didn't get incorporated into the final document, including changing the four bullets on pages 1 and 2 to numbers; adding "amortized over" to the second sentence in the third paragraph under Item II Funding before the words "10 years"; adding "including principal and interest" to the third sentence in the third paragraph under Item II Funding after the word "Payments"; correction of numbering beginning with changing Submission of Proposals to Item IV; changing "DBE" to "SBE" under Item 5 of the Evaluation of Proposals section on page 5; and changing "disadvantaged" to "small" under the Evaluation of Proposals section on page 5.

The motion as amended passed unanimously.

## ROLL CALL

Ald. Phair left the meeting at 7:20 p.m.

**Present:** 7 -

Tim Bruer; Robert M. Hunter; Monya A. Choudhury; Liz Dannenbaum;  
Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

**Excused:** 2 -

Lauren Cnare and Matthew J. Phair

## REPORTS

5. [26155](#) CDBG May 2012 Staff Report

Charnitz said the Committee tabled this item at the April meeting so that Ald. Bruer could be present for the discussion. She said that as of May 2, the 2011 indicator information was loaded into the system and can be accessed by everyone.

The Division is looking at providing training on the indicators to all the committees, but they want to do that later in the year. She asked Committee members if they wanted to wait until then for training or whether they had enough to go on at this time.

Ald. Bruer said we should be utilizing the indicators as a tool to predict emerging trends and needs before the funding process.

Whitesel asked how long it would take for the presentation. Ald. Bruer said less than half an hour. Charnitz said the website is very intuitive.

Whitesel said agencies should integrate indicators data into their proposals so that the Committee doesn't have to do that on the back end. Charnitz said that was an excellent idea and wishes the Committee had discussed it before the RFP went out.

Choudhury asked if Planning would be willing to present the indicators at our June meeting, and Ald. Bruer said he thought they would. Markofski said they could also present at the July meeting to precede the funding discussions.

Charnitz said she would try to schedule the presentation for either June or July. She said she would also try to mention at the training sessions coming up Whitesel's idea of having agencies incorporate indicator data into their applications in the "needs" section.

Ald. Bruer said Council is taking the neighborhood indicators data very seriously.

### Financials

Charnitz went over the CDBG Unit financials and said that CDD has three proposals that she knows of coming in for funding next month. We have limited money, however.

6. [26167](#) Committee Reports

Ald. Bruer said there's a keen interest among CDA members in better collaborating with CDBG with CDA's revolving fund for acquisition.

## ROLL CALL

Dannebaum left the meeting at 7:45 p.m.

**Present:** 6 -

Tim Bruer; Robert M. Hunter; Monya A. Choudhury; Daniel A. O'Callaghan; Justin O. Markofski and Russ Whitesel

**Excused:** 3 -

Lauren Cnare; Matthew J. Phair and Liz Dannenbaum

## 26167

Committee Reports

There's interest in expanding CDA's small business development fund into housing for physical improvements.

## ADJOURNMENT