



City of Madison

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

Thursday, January 7, 2016

5:00 PM

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

CALL TO ORDER / ROLL CALL

Present: 5 - Maurice S. Cheeks; Matthew J. Phair; Ben M. Van Pelt; Greg L. Rosenberg and Daniel A. O'Callaghan
Absent: 2 - Ricky Hunt and Keetra S. Burnette
Excused: 2 - Samba Baldeh and Colin A. Bowden

CITY STAFF: Anne Kenny, Jim O'Keefe, Linette Rhodes, Matt Wachter

CALL TO ORDER / ROLL CALL

O'Callaghan called the meeting to order at 5:08 p.m.

APPROVAL OF MINUTES

Ald. Phair moved to approve minutes from December 3, 2015. Ald. Cheeks seconded. The motion passed unanimously.

PUBLIC COMMENT

There was no public comment.

DISCLOSURES AND RECUSALS

O'Callaghan announced that he would recuse himself from discussion on agenda Item 3 regarding authorization to extend loan agreements with Urban League of Greater Madison (ULGM) due to a conflict of interest. He serves on the ULGM board.

DISCUSSION ITEMS

1. [38664](#) CDBG Chair report

O'Callaghan wished everyone a Happy New Year and said he is excited about the work the Committee will do in 2016.
2. [41211](#) Authorizing an Option Agreement with Movin' Out Inc. and/or its assigns for sale of the property located at 1917 Lake Point Drive in Madison, Wisconsin

Wachter gave an overview of the request. Currently the CDA has entered into an option to sell nearby properties for development of 48 units of affordable

housing, as well as a replacement facility for the neighborhood center. This request refers to the City-owned parcel the neighborhood center currently sits on. The loan will be structured as a subsidy since CDA owns the property. It is contingent on MOI getting WHEDA tax credits. Tim Radelet and Dave Porterfield of Movin' Out, Inc. and Chris Jaye of Mirus Partners, Inc. also presented information on the proposed agreement.

Van Pelt moved to return the resolution to lead with the recommendation for approval. Rosenberg seconded. The motion passed unanimously.

O'Callaghan recused himself from the discussion of the next item. Van Pelt acted as chair.

41202

Authorizing the Mayor and City Clerk to execute an extension of loan agreements with the Urban League of Greater Madison, revising the repayment dates for CDBG loans used to support ULGM's acquisition of properties at 3 Montana Circle and 1401 Wyoming Way.

Rhodes reviewed the memo in the packet regarding this request. ULGM runs a lease-to-purchase program, which is normally a 15-year program. In 2007, they didn't get WHEDA tax credits, so they tried to run the program a little differently by doing a five-year lease-to-purchase. The housing market completely changed about that time, and these houses were then under water at the five-year mark when the loans became due. The renters were unable to purchase due to lack of equity. CDD now needs to refinance these loans and subordinate to a new first mortgage and extend the CDD loan beyond five years. The proposal is to extend the loans as if they would have been 15-year loans to begin with. The new due date would be February 2026. Approximately \$44,000 is in each property.

Burnette arrived at 5:27 p.m.

Present: 6 - Maurice S. Cheeks; Matthew J. Phair; Ben M. Van Pelt; Greg L. Rosenberg; Daniel A. O'Callaghan and Keetra S. Burnette

Absent: 1 - Ricky Hunt

Excused: 2 - Samba Baldeh and Colin A. Bowden

3. 41202

Authorizing the Mayor and City Clerk to execute an extension of loan agreements with the Urban League of Greater Madison, revising the repayment dates for CDBG loans used to support ULGM's acquisition of properties at 3 Montana Circle and 1401 Wyoming Way.

Ald. Phair moved to return the resolution to lead with the recommendation for approval. Rosenberg seconded. The motion passed unanimously.

O'Callaghan resumed the chair.

4. 41189

Rental Rehabilitation Program - proposed revisions to program guidelines

Rhodes said that this item was discussed last month. There are two barriers preventing rental building owners from using the rental rehabilitation program. The first is that 75% of tenants in the project need to be LMI. Landlords have difficulty collecting income information mid-lease. The second issue is that the current limitation for the program is for buildings with up to eight units. The

CDD would like to raise the limit to 16-unit buildings on a temporary basis. This would trigger federal Davis-Bacon requirements on those rehab projects, which involves additional paperwork and staff time. Megan Harris of Green Madison and Satya Rhodes-Conway of COWS explained how important this change is to their programs.

Ald. Phair moved to approve the policy changes outlined in the memo. Ald. Cheeks seconded. The motion passed unanimously.

5. [41186](#) Amending the repayment terms of Affordable Housing Trust Funds (AHTF) awarded to the City's Community Development Authority (CDA) for financing its Mosaic Ridge Homeownership Project.

Rhodes said the staff memo provides background on the repayment terms. The total amount of City subsidy in the Mosaic Ridge homes is about \$120,000 per home. Ordinarily, CDD's maximum subsidy for homebuyers is \$54,000 per unit. Wachter said that public policy with this project was to offer one-third of the homes to households at less than 50% AMI. The value of the homes at completion will be roughly equal to the cost of construction, which is about \$150,000. Homebuyers will be able to utilize their Section 8 vouchers to pay the mortgages on these homes, but the first mortgage lenders no longer look at Section 8 vouchers when financing their loans, which is the reason for the financing gap. The Committee noted that this is a significant investment of scarce resources into just six units.

Ald. Cheeks moved to return the resolution to lead with the recommendation for approval. Ald. Phair seconded. The motion passed unanimously.

6. [41214](#) Authorizing an allocation of up to \$144,000 in CDD Housing Development Reserve Funds to provide additional down payment assistance to qualified low- to moderate-income homebuyers through Movin' Out, Inc.

Rhodes gave an overview of the request. MOI submitted an application this month for additional funds to add to their 2016 contract to help an additional four households. Tim Radelet of MOI said they have many people in their queue waiting for housing opportunities.

Rosenberg moved to return the resolution to lead with the recommendation for approval. Ald. Cheeks seconded. The motion passed unanimously.

Ald. Cheeks left the meeting at 6:30 p.m.

Present: 5 - Matthew J. Phair; Ben M. Van Pelt; Greg L. Rosenberg; Daniel A. O'Callaghan and Keetra S. Burnette

Absent: 1 - Ricky Hunt

Excused: 3 - Maurice S. Cheeks; Samba Baldeh and Colin A. Bowden

7. [41191](#) CDBG January Staff Report

Reserve fund statement
AHF projects
Staffing
Action Plan
Federal budget

Morrison said the reserve fund balance is about \$1.75 million.

AHF Projects

O'Keefe said there are four AHF projects, including the second phase of permanent supportive housing, which is for families at Tree Lane. That project received approval at the recent Common Council meeting. Heartland Housing will be submitting a tax credit application for this project. The other projects include the Madison On Broadway project, 820 South Park Street, and the Stonehouse project on East Washington. All three of these projects have received CDD approval and are in the process of securing land use approvals.

Staffing

Morrison said there are currently four openings in CDBG unit. CDD filled the LTE position for the Zero-2016 Coordinator position. They offered the position to Laura Wichert of Porchlight.

Action Plan

Morrison said that HUD requires communities to do Annual Action Plans outlining how they will use their funding in the coming year. The Action Plan flows from the five-year Consolidated Plan. Staff anticipates holding a public hearing on the draft 2016 Action Plan at the February meeting. Final adoption of the plan must occur within 60 days of the formal announcement of funding levels for Madison.

Federal Budget

Morrison said an omnibus federal funding bill was recently signed by the president. The anticipated possibly significant cut to the HOME program did not occur. In fact, there is a very minor increase slightly from last year. Congress did not decimate the program as it originally proposed to do. There is very little overall change to CDBG and ESG funding levels. She anticipates receiving a specific funding award letter early this spring. Last year's letter was received in April.

8. [38209](#)

Report from committees with CDBG Committee representation

1. Gardens Committee (Rosenberg)
2. Martin Luther King Jr Humanitarian Award Committee (Bowden)

1. Gardens Committee

Rosenberg said he missed the last meeting of the Gardens Committee, but Co-Chair Nan Fey asked him to pass along the sentiment that planning for new community centers or neighborhood plans should include plans for new community gardens. The Committee is looking at duplication of committee duties among the Gardens Committee, Urban Agriculture Committee, Food Security Committee, and others. He said he would expect that by the end of this year there will be fewer committees.

2. Martin Luther King Jr. Humanitarian Award Committee

There was no report.

ADJOURNMENT

Ald. Phair moved to adjourn at 6:45 p.m.; Van Pelt seconded. The motion passed unanimously.

Anne Kenny, recorder