



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Approved COMMUNITY DEVELOPMENT AUTHORITY

Thursday, January 12, 2017

4:30 PM

GR27, Central Police District Community Room
210 Martin Luther King, Jr. Blvd.

CALL TO ORDER / ROLL CALL

The meeting was called to order at 4:44 p.m.

Present: 4 - Sara Eskrich; Daniel G. Guerra, Jr.; Dean Brasser and Claude A. Gilmore

Excused: 2 - Sheri Carter and Sariah J. Daine

Staff present: Natalie Erdman, Jim Nichols, Ton Conrad, Deborah Rakowski, Matt Wachter, Randy Whitehead, Liz Robers-Yszenga, Sally Jo Spaeni, June Garvin

1 APPROVAL OF MINUTES

A motion was made by Gilmore, seconded by Guerra, Jr., to Approve the Minutes of the December 8, 2016 meeting. The motion passed by voice vote.

2 PUBLIC COMMENT

None.

3 DISCLOSURES AND RECUSALS

Eskrich disclosed that she serves on the Board of the Bayview Foundation.

4 [32700](#) COMMUNICATIONS

Natalie Erdman introduced Jim Nichols, who is taking over Nancy Prusaitis' duties as scribe.

CONSENT AGENDA

None.

5 [41675](#) HOUSING OPERATIONS MONTHLY REPORT

Tom Conrad presented the report, much of which was prepared by Deb Rakowski. He wants to provide program information on a quarterly basis. 2016 has not been finalized, so the "bottom line" on the 2016 report is not accurate. The final report for 2016 will be provided in March. In May there will be a 1st quarter, YTD report for 2017, then a quarterly report every three months.

5a [45637](#)

Housing Operations Preliminary 2016 Financial Performance

Tom Conrad presented the 2016 report. It is an "all-in-one" report, including public housing, LLCs, and multi-family housing totals. It combines everything that Housing Operations manages.

- **Erdman:** It doesn't include figures from 3rd-party managed partnerships, only properties managed directly by the CDA. Public housing subsidies can't be used for Section 8, though other excess funds can be used for different purposes. It might be good to run separate reports for each project.

Gilmore: What percentage was for administrative costs?

- **Conrad:** Exact figures aren't known yet, but on estimate, he expects 2016 to break even.

The Operations subsidy includes operating grants; a Cap Fund Grant of \$1.1 million.

- He wants to reduce amount spent on operating expenses
- Tenant rent was about \$2.8 million across all projects. December rent of \$256,000 is not included in total.
- Other revenue sources include non-dwelling rent for Asian Food Market, Triangle Ministry, and the cell phone tower, and coin-operated laundry services.
- 96.87% residency includes multi-family projects, so this number isn't accurate.

Expenses includes salary and benefits, purchased services such as security, pest control and utilities; we are still waiting for the TRUAX Phase II tax bill.

Gilmore: Is there a shortfall?

- **Rakowski:** We still need to add missing info from 2016.
- **Conrad:** The Capital fund grant is for three years, so we are still spending 2013, 2014 and 2015 money due to the HUD system for funding capital expenses. Using a new way to fund capital budget, with MUNIS, every dime must be accounted for, though it's HUD but not the City ops budget.

Conrad: Depreciation (is) a non-cash item.

- **Gilmore:** How long a schedule for depreciation?
- **Whitehead:** 40 years for a building.

Guerra: Does 2016 budget represent Section 8 added money?

- **Conrad:** No..

Guerra: How much is unpaid rent?

- **Whitehead:** Typically about \$30,000 at end of year
- **Erdman:** We do really well on rent debt and collections.
- **Guerra:** He wants a more ledger-like report.
- **Conrad:** That will be available in March.

Guerra: Praised the report as digestible and elegant

Conrad: \$21 million total budget for the Agency

- \$13 million of that is for Section 8
- Admin fee 10% of assistance average (\$60/month).
- Profit figure of \$159,000 for 2016 is accurate.
- Unusual elements: Augie retired in June, so no Section 8 director since then,

one employee out on disability, so some profit due to that.

- Revenue, under "Admin Fee" was approx. \$1.1 million, as compared to \$996,000 in 2015. Part of that is due to growth in the program and an increase in number of vouchers, so the Feds are paying more. Also, due to new legislation, we were paid closer to what we were owed for Section 8, 100%. For 2017 it will probably be only 95%.

Conrad compared rent assistance in 2015 and 2016 for HAP. In 2015, funding was \$12.0 million; \$11.2 million was sent to landlords, leaving reserve of \$900,000. In 2016, \$12.7 million was spent, including \$12.1 million in HAP funding and \$603,000 from the UNP balance from 2015. Due to lower admin expenses, and 2016 revenue not yet included, admin reserve is now approx. \$500,000. He noted that the laws for HUD spending were changed several years ago. No outside money, as from the City, can be used to fund Section 8 or provide backup. If this is done, the Section 8 grant from the federal government is reduced.

- **Brasser:** Regarding the format (report) for Section 8 - could the reports could be combined?
- **Erdman:** The danger is that you can only spend HAP money on HAP.
- **Conrad:** HUD requires that they be done separately.

5b [45638](#)

[Housing Operations 2017 Operating Budget](#)

Conrad presented the 2017 Operations budget. He noted that one part of the report is for public housing and the other for Section 8. Also, there are big differences between the 2016 and 2017 budgets.

- **Rakowski:** The operating subsidy estimate was down for 2016 so during 2017 budgeting process they overbudgeted by approx. \$75,000, and that will be corrected. A figure of approx. \$2.12 million is correct.

Conrad: Service coordinator grants are included in the operating subsidy, so the definition of operating subsidy has been expanded. Wants to separate the various ways we use capital funds. Budgeted tenant rent for 2017 is based on estimated higher occupancy of 98%.

- **Erdman:** Rapid rehousing drives down occupancy rates.

Guerra: Are the higher numbers realistic?

- **Erdman:** HUD says we should be at 98% - it's about efficiency. We have been in high '90's for several years.
- **Conrad:** An application to take the rapid rehousing element off our books should be submitted next week. Regarding the format, for 2017 we are budgeting for expenses instead of waiting for them to occur, recognizing capital funds.

Guerra: What is the increase of purchased services of approx. \$150,000?

- **Erdman:** Should look at actual cost rather than projected.
- **Conrad and Rakowski:** There are many differences in the 2016 and 2017 budgets. The 2017 budget was prepared using reality-based estimates of costs. The 2016 budget was the first to use MUNIS. Also, the City and HUD accounting systems have different requirements and don't always match.

Brasser: Please explain the Capital Fund Security Waiver

- **Conrad:** HUD allows the capital fund to be used on security services with a waiver, but due to changing rules over the years, this isn't allowed for 2014

grants.

Conrad: The CDA losses (bottom line) will be paid for by the City.

Conrad: Regarding Section 8: the \$12.7 million operating expenses estimate is approx. the same as \$12.783 spent in 2016. We won't know until July what HUD will give us in funding. It will probably be only 95% of the 2016 amount.

- **Erdman:** We will have shortfall, and we will lose voucher users by shortfall-we will lose them by attrition.

Brasser: Is the budget based on annual, quarterly or monthly figures?

- **Erdman:** Annual only
- **Rakowski:** We can multiply quarters out.
- **Erdman:** This won't deal with seasonal issues, including utilities, insurance and interdepartmental payments.
- **Brasser:** For good management, you should estimate what will be spent when on these variable items.
- **Gilmore:** You always have to adjust as things go along.

Conrad said he is happy with this process. The local managers (June, Sally, Liz) said they have more confidence that the money is in the right areas.

The CDA members praised the report and the format.

5c [45644](#)

[CDA Resolution No. 4204, Adopting a Capital Expenditures Budget for Parkside Apartments.](#)

Conrad explained that even though this money comes from the government, it must be budgeted in MUNIS to be used for repair work, and a budget amendment will be needed. The Parkside mortgage will be retired in 2017, so the replacement reserves must be spent by 2018. Most will be spent in 2017

- **Eskrich:** Does these repairs make sense in a wider sense? Is it the best use of funds considering all of the buildings and facilities?
- **Erdman:** These are core systems and the money needs to be spent now to maintain them.

A motion was made by Guerra, Jr., seconded by Eskrich, to Approve. The motion passed by voice vote.

6 [45641](#)

CDA REDEVELOPMENT

Natalie Erdman provided this report:

General Fund Revenue: the major revenue source is "Investment-Other Contributions," which is interest on taxes and bond deals that we are just passing through and do not control, but we get a slight positive on this. Miscellaneous Revenue is excess cash from Monona Shores which was put into the General Fund.

General Fund Expenses includes salaries and benefits; purchased services: surveys, appraisals, etc. We aren't generating enough revenue to pay basic salaries and overhead.

Brasser: What salaries?

- **Erdman:** Matt Wachter, and some other people who do work on our behalf.

Villager:

- This is only booked through October, so she looked at November statements and projected for December to estimate \$1,470,000 total rent through the end of 2016.
- Purchased services of \$528,000 is all the expenses of operating before the pilot. The total will be approx. \$926,000, including various repair items and costs associated with the flood, etc.
- There is debt and other financing that is only interest.
- Adding the pilot and principal, our approx. break even point is \$35,000 for the year, and we have \$91,000 in cash. None of that is restricted.
- We are going through the Council to borrow approx. \$150,000 to repair the alley behind and to prevent further flood damage.
- We may be short on Villager debt in 2018, but the City will generally float us that money.

Brasser: Is the debt schedule flat or declining?

- **Erdman:** Because the City splits the debt over ten years, the payments are declining over time.

Monona Shores and Lake Point: as we no longer book those properties, they shouldn't be included in this report.

Allied Drive Redevelopment, which includes Revival Ridge and Mosaic Ridge:

- We are land rich, The City gave us the land, so there was no purchase cost, but we are selling the lots at a loss based on value, so the statement isn't indicative of the cash position of the fund. It actually has approx. The Allied fund has \$700,000 in cash.
- Revival Ridge has been making excess cash payments on debt that we have to it
- We sold land to Parks for \$350,000, but booked a \$280,000 loss, and also sold a house there.
- We are recovering the cost of the houses we build when they are sold, but show a loss due to the value of the land.
- We own a house there.

Brasser: Will there be adjustments?

- **Erdman:** These are much more difficult than the Villager. She is not sure how to give this information on a regular basis.

Guerra: This report doesn't show what money we actually have available to spend.

What can we do to improve the bottom line?

- **Erdman:** Look at assets we own. We could put more into the cash generators in order to improve our overall financial condition.
- **Guerra** The CDA should improve and redevelop properties and then return them to the private sector, with a net of zero or a small loss. Do big cash generators go against that philosophy? Where is the greatest opportunity to generate revenue? We need to be more clear about what the City wants us to do, and have process improvement. He is frustrated and less optimistic and hopeful than when he joined the CDA Board.
- **Erdman:** The CDA is a cash drain--revenue doesn't offset costs. Is the CDA wholly independent or a City-controlled body? The Council and Mayor think we do the work of the City, rather than to generate revenue, but Section 8 and other programs are vital. Our first responsibility is to run HUD programs properly. We fit into a broad network. The City has been the source of all major redevelopment projects, and the CDA has been asked to help, including the development of a strategic plan.

- **Eskrich:** The CDA needs to be more strategic and work with Economic Development, but is that the appropriate role?
- **Brasser:** There is not a lot of revenue for new projects.
- **Gilmore:** We have a role in keeping projects like the Villager viable. We and the City have a big obligation to the people involved. We do the best we can with it.
- **Erdman:** We house 900 low-income people housed and 1700 families are given assistance-this is the core of our financial structure, staffing and what we do for the City.
- **Brasser:** The Villager should be on the agenda for discussion before the next budget so the CDA can have input.

6a [45639](#) CDA Redevelopment Preliminary 2016 Financial Performance

A motion was made by Guerra, Jr., seconded by Gilmore, to Refer to the February meeting. The motion passed by voice vote.

6b [45640](#) CDA Redevelopment 2017 Capital and Operating Budget

Notes from **Erdman**:

- Bridge-Lake Point TIF funding won't go forward.
- Village on Park roof, alley and storm system work will cost an additional \$170,000.
- We will need authorization to spend reserves that we have.

A motion was made by Guerra, Jr., seconded by Gilmore, to Refer to the February meeting. The motion passed by voice vote.

7 [20808](#) THE VILLAGE ON PARK

Erdman reported that a budget amendment will be needed for storm sewer repairs in the back alley as soon as the ground thaws. Good work has been done to bring in additional revenue.

8 [45009](#) 7941 Tree Lane Update

Matt Wachter reported that this project was delayed because more environmental testing is needed. A purchase and sale agreement should be ready next month, and a property manager has been chosen. The developer is Common Bonds.

9 [45642](#) Park Street Permanent Supported Housing

Matt Wachter reported that for 1202 S. Park Street we have been assigned rights to purchase the property. The developer partner has had their first neighborhood meeting; a second is scheduled for February 24 and probably a third on February 26. There has been a lot of neighborhood engagement, working through development issues. The neighborhood plan and the process have been the main issues. This been assigned to purchaser/developer Hartland. A letter of intent was signed by us for purchase and sales. Vouchers from Dane County are involved that will require a resolution for us to access, to be prepared next month, but it will probably be May before we know if this will work.

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[44742](#)

TRIANGLE REDEVELOPMENT UPDATE

Matt Wachter reported that the Bayview Board meeting went well, and they are excited about the neighborhood planning process. They set up a permanent subcommittee and are working on a strategic plan. If they build more senior housing, maybe the CDA shouldn't build so much.

Guerra: Is there a strategy for neighborhood involvement?

- **Wachter:** The neighborhood plan sets the boundaries. The strategic plan is more an organizational thing with specific goals. The subcommittee gives us a regular forum to talk with Bayview and improve cooperation.
- **Eskrich:** There is genuine interest on both sides to coordinate well.
- **Gilmore:** Is there a timetable?
- **Erdman:** 2nd quarter-Planning Dept. has plans to start a neighborhood plan.

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[36526](#)

BUSINESS BY THE COMMISSIONERS

Gilmore: How can we get broader input from residents?

- **Erdman:** We should establish a Resident Advisory Board, instead of a Housing Operations Sub-Committee. It would meet quarterly to discuss priorities and needs. We need to think about how to set this up.
- **Gilmore:** We need to cover needs and services.
- **Conrad:** It should include leaders of resident committees. He has spoken to the building managers about this. RESJII systems and tools can be used.
- **Gilmore:** It needs a balanced configuration and representation.

ADJOURNMENT

A motion was made by Guerra, Jr., seconded by Eskrich, to Adjourn. The motion passed by voice vote, and the meeting adjourned at 6:45 p.m..