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CITY OF MADISON

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**Community  
Development  
Program**

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**2009-2010**

**Program Funding**

**FRAMEWORK  
FOR COMMUNITY AND  
NEIGHBORHOOD DEVELOPMENT**

Adopted by the Common Council on April 8, 2008.



Department of Planning & Development  
**Community Development Block Grant**

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**CITY OF MADISON COMMUNITY DEVELOPMENT  
2009-2010 PROGRAM FRAMEWORK**

**CONTENT**

**This two-year Program Framework is organized into six sections:**

- 1. A summary of the community/neighborhood development program mission and major objectives**
- 2. A narrative explanation of the objectives, priorities, and fundamental conditions**
- 3. A table of target allocations, and a two-year implementation method**
- 4. A description of the principal cross-cutting goals**
- 5. A description of reserve funds and the Housing Trust Fund for certain housing, recreation/service facilities and experimental projects, and separate processes for State ESG-funded homeless services**
- 6. A description, roadmap and checklist of the two major paths to apply for funds**

**SECTION 1: EXECUTIVE SUMMARY, MISSION, AND CHART OF MAJOR OBJECTIVES**

The purpose of the community and neighborhood development program is to help make Madison “a more viable urban community by providing decent housing and a suitable living environment and by expanding the economic opportunities for low and moderate-income persons.”<sup>1</sup> The program will work with non-profit community and neighborhood groups<sup>2</sup>, and their associated business, resident, and neighborhood partners to plan, develop and invest in projects which contribute to the 2005-2009 objectives established by the Commission, Mayor, and Common Council in consultation with Madison citizens.

**Outcome Objectives and Funding Sources**

The Commission has established four primary goals and nine outcome objectives for the use of funds to be administered by the CD Office in 2009 and 2010. These funds include three major Federal programs administered through the Department of Housing and Urban Development (Community Development Block Grant, HOME, Emergency Shelter Grant), several State-funded or administered programs (Division of Housing), and local City of Madison funds. The goals and objectives for this two-year period are derived from the CD Office’s Community and Neighborhood Development Five-Year Plan and support other Department and Citywide strategic goals, objectives and allocation processes. Copies of the Five-Year Plan, and the executive summary, may be obtained from the CD Office by calling 267-0740; the executive summary is available on the CD Office website at [www.cityofmadison.com/cdbg](http://www.cityofmadison.com/cdbg).

Primary goals	Product (Customer Group)	Nature of Project Achievement or Outcome
<b>Housing</b>	<b>A. Owner-occupied housing (Owner-occupant)</b>	<b>Housing made accessible, brought to code, or made safer or more energy-efficient</b>
	<b>B. Housing for buyers (First-time homebuyer)</b>	<b>Households become homeowners</b>
	<b>D. Rental Housing (Renter)</b>	<b>Housing units created, renovated to code or made accessible, better managed, and affordable; “fairly” sited</b>
<b>Business Development</b>	<b>E. Business creating jobs (People seeking jobs)</b>	<b>Jobs created which meet wage standard levels or create advancement opportunities, with 51% for LMI</b>
	<b>F. Micro-business (Small business entrepreneur)</b>	<b>Business created and viable after 4 years</b>
<b>Strengthening Madison’s Neighborhoods</b>	<b>G. Civic places (Neighborhood residents)</b>	<b>Centers and community gardens operated, sustained, and developed as neighborhood focal points</b>
	<b>L. Comprehensive Revitalization (Residents and businesses of selected “higher need” areas)</b>	<b>Priority projects completed effectively in a three-year period in ways which support healthy neighborhoods; other activities may include a 4-5 year effort in areas which need a longer period of revitalization</b>
<b>Access to Community Resources</b>	<b>M. Access to resources (Low/moderate income persons seeking housing)</b>	<b>Household informed, placed into housing, or helped to avoid homelessness</b>
	<b>K. Capital facilities (Agencies with capital facilities serving LMI)</b>	<b>Adequate space acquired or improved for accessibility, energy, code, or customer service improvements, plus a set aside for repayment of the Warner Park Center loan</b>

1 Low and moderate-income persons are defined as individuals/households whose annual income does not exceed 80% of the area median income. For Madison in 2008, 80% of median income for a family of 4 is \$61,500.

2 The City may approve CDBG, HOME, and ESG funds for a group registered with the State of Wisconsin as a not-for-profit, but may only contract for those funds with an organization with Federal tax-exempt status, generally a 501 c) 3 or 501 c) 4 organization. The City may use Housing Trust Fund funds for both non-profit (tax-exempt) organizations and for-profit businesses including LLC’s.

**SECTION 2: A NARRATIVE EXPLANATION OF THESE OBJECTIVES, INTERNAL PRIORITIES, AND RELATIONSHIPS TO OTHER CROSS-CUTTING GOALS**

**The following section describes in more detail the four goals, preferences and funding conditions associated with each major objective of the neighborhood and community development program.**

**GOAL ONE: AFFORDABLE HOUSING**

The City goal is to maintain and expand the supply of safe, affordable housing throughout the community.

**OUTCOME OBJECTIVE A: Existing Owner-occupied Housing**

**Improve the quality of existing owner-occupied housing stock to support community stability and neighborhood revitalization efforts.**

Funds will be targeted to housing stock in need of repair or rehab, ensuring that homes then meet City minimum housing and building codes, or provide accessibility improvements or are safer or more energy efficient.

Preferences

- \* The Commission will give preference to projects which focus at least 60% of all repairs or rehab activities to homes in neighborhoods within the CDBG Target Area. The CDBG Target Area includes all Madison census tracts where 51% of the individuals meet the HUD low/moderate income standards of 80% or less of the area median income, and include the census tracts identified on the map on page 14.

Conditions

- \* Funds may be used only for housing units which do not exceed the HOME assessment limit designated by the Federal Department of Housing and Urban Development (HUD). CD staff may allow for individual exceptions in cases involving hardship.
- \* Funds applied to a property shall require a minimum of \$300 in subsidized repair assistance per unit, and be limited to \$3,400 per property per ten-year period for subsidized repair projects; or \$22,000 in rehab loan assistance for each house (approximately 10% of the HOME single-family value limit). The limit for rehab involving lead hazard and/or asbestos reduction may be increased up to \$27,000, based on actual cost projections for the lead or asbestos mitigation work.
- \* Funds may not be used to repair or rehab a home in which the owner has previously received assistance through CD Office funded ownership assistance programs (excluding the ADDI funds).
- \* CD staff may allow for individual exceptions to this one-time use restriction in circumstances where the repair is for accessibility improvements or for unforeseen repair needs, if deferral would result in further damage to the property and/or noncompliance with City housing codes, or would cause undue hardship. In instances where rehab or repair funds are provided to previously assisted homeowners, the total amount of the combined assistance shall not exceed \$54,000 (up to \$60,000 for cases involving lead paint or asbestos mitigation.)
- \* The CD Office shall secure amounts of assistance greater than \$3,400 with a mortgage or a covenant or right of first refusal on each assisted property.

**OUTCOME OBJECTIVE B: Housing for Buyers**

**Increase opportunities for homeownership for low and moderate income households.**

Funds will be targeted to the acquisition, construction or renovation of housing that will be made available to eligible households for purchase of the housing units. The Commission may use a portion of the funds available from certain funding sources (ADDI, HOME, HCRI) to provide downpayment and closing cost assistance in order to promote opportunities for first-time homebuyers or longer-term affordability.

The CD Office will consider investment in an inclusionary zoning project if the project provides enhancements in a project beyond those that would normally be expected under the inclusionary dwelling unit ordinance. The CD Office will limit its aggregate investment of CD funds that may be used within inclusionary zoning units (IZ) projects in any one year to not more than 20% of its total estimated CDBG, HOME, EDI, Housing Trust fund, or program income budgeted for objectives A, B, and D of this Funding Framework.

## Preferences

- The Commission will give preference to homeownership projects that are designed to assure a period of housing affordability that is greater than HOME affordability requirements, or create new units through new construction or conversion of commercial or rental property to homeowner units.
- The Commission will give preference to homeownership projects that provide for some level of pre-purchase and post-purchase homebuyer counseling.

## Conditions

- \* Funds may be used only for housing units which do not exceed the HOME purchase price or value limit designated by the Federal Department of Housing and Urban Development (HUD). For non-HOME-funded projects, CD staff may recommend and the Commission may approve individual exceptions in cases involving hardship or in cases involving housing built as part of the City's Inclusionary Zoning requirements.
- \* The CD Office will consider an investment of up to a level of \$54,000 per unit (approximately 25% of the HOME single-family value limit, a benchmark standard that will change over time), and will evaluate all proposals based on the project's contribution and "value added" to increase the housing stock, upon project need, and availability of resources to determine the appropriate level of funding. The CD Office will give consideration to the higher end of this \$54,000 limit per unit when the proposal meets the preferences stated above (creates new units through construction or conversion of commercial or rental property to housing).
- \* Projects which incorporate accessibility into the design or involve lead paint reduction or asbestos mitigation or assure housing affordability that is greater than HOME affordability requirements shall be considered for amounts greater than \$54,000 per unit based on increased costs to provide these features, up to a maximum total of \$60,000 per unit.
- \* This maximum sum of \$60,000 per unit will include the total of all funds provided by the CD Office including, but not limited to, CDBG, HOME, Housing Trust Fund, EDI, HOME-BUY and TIF 10% set aside. The CD Office may also offer a higher amount per unit as temporary financing to reduce housing costs.
- \* Funding provided through the American Dream Down Payment Initiative will be administered according to the loan terms established for those funds.
- \* Projects may not exceed a total secured funds-to-value ratio greater than 115% from all sources. (Projects where a community land trust serves as owner of the underlying land will be permitted to meet a higher ratio of 125% secured funds-to-value ratio for the entire project of land and property, or 150% of secured funds-to-value ratio for the land alone if the ground lease meets the conditions of affordability and 100% of the full value of the land is secured by a mortgage to the City.)
- \* CD Office loans retained in an assisted property for an individual household may not exceed a loan-to-value ratio of 100% from all sources. The Commission will establish additional policies on subordination and sales to second-generation buyers of CD Office funded properties.
- \* A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs, rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CD Office funds received may be applied to staffing and other service delivery costs. Projects involving the training of lower income individuals and which lead to employment or higher education may apply up to 50% of funds to staffing, legal, or other development associated costs.
- The CD Office shall secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer or change in the use of the property. The mortgage will require a repayment equal to the amount of CD Office funds invested or the percent of appraised value which the - CD funds represent in the value of the property, whichever is higher, except in case of foreclosures where repayment shall be based on the net proceeds from the sale.

## OUTCOME OBJECTIVE D: **Rental Housing**

**Expand the number of affordable housing rental units and/or improve the quality and/or diversity of units available to lower income individuals throughout the community.**

- \* Funds will be applied to the acquisition, construction or rehab of permanent, or transitional rental housing with rents at HOME rent levels.

### Preferences

- \* The Commission will give preference to projects which provide housing for households with incomes less than 50% of the area median income, or create new units through new construction or conversion of commercial properties to rental units.

### Conditions

- \* Funds may generally be used only for housing units that do not exceed the HOME purchase price or value limit designated by the Federal Department of Housing and Urban Development (HUD). For non-HOME-funded projects, CD staff may recommend and the Commission may approve individual exceptions in cases involving hardship.
- \* Housing (after rehab) shall comply with all applicable City minimum housing and building codes.
- \* The CD Office will consider an investment of up to a level of \$54,000 per unit (approximately 25% of the HOME single-family value limit, a benchmark standard that will change over time), and will evaluate all proposals based on the project's contribution and "value added" to increase the housing stock, upon project need, and availability of resources to determine the appropriate level of funding. The CD Office will give consideration to the higher end of this \$54,000 limit per unit when the proposal meets the preferences stated above (provides housing for households with incomes less than 50% of median, and offers new rental units through construction or conversion of commercial property to housing).

Projects which incorporate accessibility into the design, involve lead paint reduction or asbestos removal, or assure a period of housing affordability that is greater than HOME affordability requirements shall be considered for amounts greater than \$54,000 per unit based on increased costs to provide these features, up to a maximum total of \$60,000 per unit.

The maximum sum of \$60,000 will include the total of all funds provided by the CD Office including, but not limited to CDBG, HOME, Housing Trust Fund, EDI, and TIF 10% set-aside. The CD Office may also offer a higher amount per unit as temporary financing to reduce holding costs. Projects meeting the criteria of the Scattered Site Fund may be eligible for an additional subsidy (see Section 5 for additional information) as an incentive to locate particular types of housing in areas of the city that do not have a high concentration of lower income housing.

- \* Newly constructed housing projects will be limited to the development of a total of 16 or fewer units unless, 1) located in areas of the city which do not have a high concentration of lower income housing (as identified on the attached map), 2) are part of a larger neighborhood revitalization effort, or 3) the housing developer demonstrates that a smaller scale project that otherwise meets the objectives within this Framework would not be economically feasible.
- \* Existing not-for-profit housing is eligible only for funds available through the Housing Development Reserve Fund (see Section 5 of this document).
- \* Projects may not exceed a total secured funds to value ratio greater than 115% from all sources.
- \* A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs, rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CD Office funds received may be applied to staffing and other service delivery costs.
- \* The CD Office shall secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer, or change in the use of the property. The mortgage will require a repayment equal to the amount of CD Office

funds invested or the percent of appraised value which the CD Office funds represent in the value of the property, whichever is higher.

- \* All projects must comply with the relevant funding source requirements. The CD Office will require that HOME-funded projects comply with the regulations in 24 CFR part 92. The CD Office will require that ESG-funded housing projects comply with ESG requirements and be designed to serve homeless individuals as defined in 24 CFR 576. Projects must be designed to contribute a 50/50 in-kind or cash match for all ESG funds awarded.
- \* The Commission will assist ESG projects which support a continuum of care strategy, and give priority for ESG funds to those projects which help expand the supply of transitional housing. Buildings using ESG funds for minor rehab must be maintained as transitional housing or as a shelter for the homeless for not less than a three-year period; if the funds are used for major rehab, for not less than a ten-year period.

NOTE FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATION HOUSING: 15% of the aggregate HOME funds available to the City are reserved for projects administered by agencies which meet the HUD definition of a Community Housing Development Organization CHDO, as defined in 24 CFR Part 92. The City may consider appropriate CHDO-sponsored, managed or owned projects for predevelopment or technical assistance loans.

**GOAL CATEGORY TWO: BUSINESS DEVELOPMENT**

The goal of the City is to help businesses grow in ways that create employment opportunities for lower income persons.

**OUTCOME OBJECTIVE E: Business Growth for Job Creation**

**Help businesses and non-profits create new employment opportunities for lower income persons**

- \* The Commission will fund non-profits which provide loans or equity funds or other support, such as incubator space, to businesses to expand in order to create new positions.

Preferences

- \* The Commission will give preference to projects that target the development of new full time jobs which pay at least two times the City's living wage rate or provide training and advancement opportunities.

Conditions

- \* Businesses may include not-for-profit entities which operate like a business to serve a fee-paying market and demonstrate a predictable source of revenue based upon sales or services not funded by the City.
- \* The CD Office will require the recipients of loans or equity investments or other support to agree to create, at a minimum, one full time job at a living wage rate for every \$25,000 of CDBG funds received, and one full time job at two times the living wage rate for every amount between \$25,001 and \$50,000 of CDBG funds received. At least 51% of the jobs created must be taken by low or moderate-income persons.
- \* The CD Office may approve the provision of up to 10% of a funded program's amount to provide loans to businesses to retain existing positions held by income-eligible persons. These projects must be able to meet the HUD requirements for "retention."

**OUTCOME OBJECTIVE F: Micro-enterprises**

**Assist micro-enterprises which are the principal occupations of their owners or which create new job opportunities for low or moderate-income persons.** (HUD defines a micro-enterprise as a business with 5 or fewer full time employees, one of whom owns the business.)

- \* The Commission will fund not-for-profits which provide technical assistance, or appropriate space for nascent businesses, or loans to individuals starting or operating micro-enterprises where:

- \* The low or moderate-income owner's job within the business is expected to become that individual's principal occupation within three years of provision of assistance, or
- \* The micro-enterprise is expected to create at least one full time equivalent position for a low or moderate-income person, other than an owner, within four years.

Conditions

- \* Assistance to any micro-enterprise is limited to a four- year period from the first CDBG-funded contact with the non-profit agency funded by the CD Office.

**GOAL CATEGORY THREE: STRENGTHENING MADISON'S NEIGHBORHOODS**

The goal of the City is to expand opportunities that promote neighborhood cohesion, stability, and sustainable development.

**OUTCOME OBJECTIVE G: Community Gardens and Neighborhood Centers**

**Create, enhance, or sustain the operation of neighborhood centers and community gardens that bring people of diverse backgrounds together, serve as neighborhood focal points, or provide residents with skills or opportunities that will lead to stronger neighborhoods.**

- \* Projects must demonstrate coordination with other community groups and have the support and participation of neighborhood residents.
- \* Projects must demonstrate that their service area contains a minimum of 51% lower income individuals, or at least 51% of their participants are lower income individuals.

Preferences

The Commission will give preference to funding centers, community gardens or other focal points in a manner that contributes to the predictability of funding and stability of centers, gardens or other facilities while still recognizing that over time the needs change within in a neighborhood.

Conditions

- \* Each assisted neighborhood center shall be required to adopt a policy to encourage resident participation in its major policy-making and operational decisions, such as representation on the Board of Directors, involvement in a center's program planning committee, participation in a center's hiring committee or the use of customer feedback surveys. The CD Office shall review these activities with each center as part of their biennial assessment, and the Commission shall consider the quality of the resident participation and center user satisfaction in recommending funding for the centers.

**OUTCOME OBJECTIVE L-1: Targeted Neighborhoods**

**Assist residents of designated neighborhoods in identifying opportunities and promoting sustainable revitalization efforts.**

- \* The Commission will reserve funds solely for use within a CDBG designated neighborhood/census tract. The Commission will target planning funds for up to a one-year period for each designated neighborhood/census tract, to include appropriate technical assistance for increasing the capacity of the neighborhood, and planning assistance for preparation of an updated neighborhood plan followed by a period of project funding.
- \* The Commission shall make available project funds only for proposals submitted by a qualified entity sponsored by a City designated steering committee in the designated census tract(s) with a Council-approved updated plan. Planning funds for 2009 and 2010 will be targeted to the Brentwood-Sherman area (census tract 22) with a second neighborhood to be designated by the Commission for planning assistance in 2010.

Conditions

- \* The Commission will provide funds to capitalized projects which are either one-time or will demonstrate self-sufficiency after the period of CD Office assistance. Projects categorized by HUD as planning/administrative or “public service” are not eligible.
- \* Capital and infrastructure projects normally funded by the City as part of the capital budget process are not eligible except for projects addressing accessibility or provide the neighborhood share of CitiArts projects or neighborhood park improvements.
- \* Projects must be consistent with the neighborhood plan or update developed by the Steering committee and approved by the Common Council. Neighborhoods will be encouraged to recommend projects that address interrelated issues within a comprehensive strategy and which generate a long-term positive impact on the neighborhood.

**OUTCOME OBJECTIVE L-2: Neighborhood Strategy Areas**

**Encourage sustained, complementary and comprehensive revitalization efforts in selected neighborhoods.** (Funds are only available for these City-designated Neighborhood Strategy Areas, and will be limited by the amount of special City funds designated by the Mayor for these activities.)

- \* The Commission will give preference to activities that connect residents to job training opportunities leading to permanent employment that offers a living wage or greater.
  - For the years 2009-2010, the Commission has designated Census Tracts 6 (Allied-Dunn’s Marsh) and the areas described as part of the South West Neighborhood Plan as a Neighborhood Strategy Area (parts of C.T. 4.01, 4.02, and 5.01).

**GOAL CATEGORY FOUR: ACCESS TO COMMUNITY RESOURCES**

The goal of the City is to expand opportunities for low- and moderate-income persons to access self-help activities in friendly, safe, accessible, and well-maintained civic spaces.

**OUTCOME OBJECTIVE M-1: Information Services**

**Increase access to housing resources that provide individuals with information, skills and abilities to obtain and/or retain housing.**

- \* Funds will be targeted to the operating costs of projects which provide information or other non-monetary resources to low and moderate-income persons, such as housing counseling, training, or mediation.

Preferences

- \* The Commission will give preference to projects that equip individuals with the skills needed to improve housing tenure.
- \* The Commission will give preferences to projects which either address broader housing opportunities for people of all races and other protected classes, fair housing goals, or activities which support the expansion of affordable housing opportunities throughout the community.

**OUTCOME OBJECTIVE M-2: Homeless Services**

**Stabilize or improve the housing situation of homeless individuals or near homeless individuals.**

- \* The Commission will fund proposals which strengthen the area's continuum of care for homeless people, which prevent homelessness, or which move people into more stable or permanent living arrangements.

### Preferences

- The Commission will give preference to service proposals designed to develop longer-term solutions that assist homeless individuals in gaining the skills necessary to live independently, improve housing tenure and reduce future homeless episodes.
- The Commission will give preference to proposals that address issues related to people living in public places or parks, and seek to connect these people with more permanent living arrangements and services.

### Conditions

\* All ESG-funded projects must comply with ESG requirements outlined in 24 CFR 576. All ESG-funded projects must be designed to contribute a 50/50 in-kind or cash match for all ESG funds awarded.

\* All SHP funded projects must be designed to comply with SHP match requirements and other regulations outlined in 24 CFR 583.

### **OUTCOME OBJECTIVE K-1: Community and Neighborhood Facilities**

#### **Create or improve safe, accessible and well-maintained environments for the delivery of human and recreational services to the CDBG target population.**

- \* The Commission will target its funds towards the capital expenses of acquisition of property, and/or renovation of the facilities of agencies which can document that a minimum of 51% of their customers are low and moderate-income persons and that a minimum of 51% of their customers are City of Madison residents. The acquisition or rehab may lead to lower longer-term space costs, the improvement of physical accessibility, the encouragement of service coordination or may improve environments for the delivery of service.

### Preferences

- \* The City will provide funds only for the following activities: accessibility, new construction, acquisition, expansion of existing buildings, or rehab/renovation. Rehab shall include replacement of major items such as roof, furnace or energy improvements, rather than ordinary maintenance items. The City may vary the amount of assistance based upon project need, agency capacity, degree of relationship to Framework objectives and availability of resources.

### Conditions and Terms

For agencies acquiring or renovating their own property, the City will provide assistance in the form of a non-recourse, deferred payment loan that will be due and payable upon the sale, transfer, or change in use of the property. The CD Office will secure deferred loans with a promissory note and a mortgage on the property, with repayment to be equal to the amount of CDBG (or ESG) funds invested or the percent of appraised value which the CDBG funds represent in the property, whichever is higher. Deferred payment loans to neighborhood centers shall include a City option to purchase the property or to find another agency to operate the project.

For agencies renting space, the City may provide up to \$25,000 as a ten-year forgivable loan, (the approximate period of depreciation for many improvements) unless the property owner will secure the loan with a mortgage on the property. Agencies renting space will be asked to provide a ten-year lease from the owner instead of a mortgage on the property.

- \* Funds for owner agencies are limited to a cumulative outstanding total secured CDBG/ESG assistance of \$150,000 per property. Agencies renting space are limited to a cumulative total of \$25,000. Assistance provided prior to January 1, 1999 will not be counted toward the maximum secured amount.
- \* The City will not fund projects smaller than \$10,000, except in the case of ESG funds.
- \* In the interest of promoting longer-term maintenance and planning, the City will limit agencies to one application per property in a 3-year period.

\* Funds to address this objective are available through the Acquisition/Rehab Reserve Fund. (See Section 5, Reserve Funds.)

### SECTION 3: ALLOCATION OF NEW FUNDS

The CD Office and Commission intend to continue to explore longer term funding arrangements with agencies to provide a source of stability to long term, well-working established projects, and to reduce the level of annual proposal writing. To this end, the Commission will continue to capitalize and recommend the establishment of long term revolving funds where appropriate or will continue to seek and commit funds on a one-to-five year basis where the funding source or the nature of the project will permit such a commitment. For new funds committed for this next two year period, the Commission will seek to either commit projects to a two year contract for the period 2009-2010, subject to a review of effective performance and continued external (HUD or State) funding, or designate some project funding on a year by year basis when the nature of the project or the project context is undergoing transition.

The CD Office anticipates allocating new funds it receives from federal, state, and local sources as outlined on the attached chart. The Commission may alter these target allocations based on the quality of proposals received in response to request for proposals for these funds. The Commission also reserves the right to reject or amend or negotiate specific terms on individual projects to strengthen its effectiveness with regard to City goals.

The Commission may also consider an increase or change in the preferences, conditions or funding limitations on specific projects which it determines may contribute substantially to a neighborhood revitalization or redevelopment strategy adopted by the Council or the Commission.

In addition to the listed targeted allocation, the CD Office will seek out other funding opportunities to meet the CD Office outcome objectives as outlined in this Framework.

GOAL/Objective		Summer RFP for 2009-2010		Reserve Funds	Other sources or processes
		CDBG	HOME		
HOUSING	A – Owner-occupied	5%	26%*		
	B – Buyer	7%	26%	Housing Dev. Fund: CDBG 4% HOME 12% HOME MATCH Housing Trust Fund 100% ESG	HCRI, TIF, EDI
	D – Rental	7%	26%		Scattered Site Housing, SHP, HCRI, Wisconsin Homeless Prevention Program, and TIF
		Plus ESG HUD 35%			
BUSINESS DEVELOPMENT	E – Job Creation	14%		Econ. Dev. Fund: 5% CDBG	
	F – Micro-enterprise	2%			
STRENGTHENING NEIGHBORHOODS	G – Centers/Gardens	15% **			
		CITY			
	L – Strategic Area Revitalization	5%			
		Concentration Neighborhood			
		2%			
Neighborhood Strategy					
ACCESS TO RESOURCES	M-1 – Access to Resources	1%			
		CITY***			
	M-2 – Homeless	CITY HUD ESG: 60%			WI-ESG
K-1 – Facilities	See Reserve Funds.		Acq/Rehab Fund: CDBG 12%, ESG		

GOAL/Objective	Summer RFP for 2009-2010		Reserve Funds	Other sources or processes
	CDBG	HOME		
RESERVES ()	CDBG 2% for use in 2010		Futures Fund: CDBG 1%	
Z. OVERALL PROGRAM ADMINISTRATION	18%	10%		HCRI, SHP, other
	ESG 5%			
SUBTOTALS:	CDBG 78% CITY 100% ESG 100%	HOME 88% HOME MATCH	CDBG 22% HOME 12% HOME MATCH	
* 26% of the estimated total City HOME allocation is earmarked for the CED Deferred Payment Loan program.				
** A minimum of 1/15 of this Centers/Gardens category or 1% of the total is earmarked for community gardens.				
*** City funds in this area reserved for current projects.				
The anticipated total new funds available in CDBG in 2009 is \$1,900,000; in HOME, \$1,700,000. For a description of the revenue flow of both new and program income funds from all sources, consult either the Five Year Plan, pages 18-19, the Comprehensive Annual Performance and Evaluation Report for the most recent year, or check the CD Office website at www.cityofmadison.com/cdbg.				

Note: The Commission has reserved 18% of the estimated CDBG Entitlement funds, 10% of the HOME funds, and 5% of the Federal ESG funds for program administration. Please note that each funding source places some limits on particular types of activities and expenses. CDBG is limited to 15% for "public services" and 20% for administrative/fair housing activities; HOME is limited to 10% for administration; ESG is limited to 5% for administration, 30% for prevention services, and 30% for "essential services."

### Contract process

The CD program will issue for projects recommended for two-year funding a contract for a two-year period contingent upon successful performance and receipt of similar funding from HUD for year two. The CD program may also issue certain projects contracts for a one-year period.

### Fund allocation

The Commission will allocate all funds for this two-year period except for the reserve funds. The Commission will reserve sufficient funds to allow for emergency or short-lived opportunities that arise during the year. Reserve funds will include a portion of funds to be set aside for new projects during the second year.

## **SECTION 4: GENERAL CRITERIA AND CROSS-CUTTING POLICY AND GEOGRAPHICAL GOALS**

### **General Criteria**

The CD Office will require projects to meet these national, state and local cross-cutting regulatory requirements:

1. Serve low and moderate-income persons.
2. Utilize minority business enterprises.
3. Promote affirmative action, non-discrimination and equal opportunity in each of its assisted programs.
4. Comply with physical accessibility standards.
5. Minimize negative environmental impacts and meet environmental goals.
6. Reduce lead paint hazards.
7. Comply with Federal Fair Labor Standards and local Living Wage requirements.
8. Minimize displacement in acquisition or rehabilitation projects.
9. Promote the goal of fair housing, housing diversity, and housing choices.

10. Minimize both the direct and indirect displacement of persons. Where appropriate, the CD Office will adhere to the state and federal benefit levels and procedures. The CD Office will also use its funds only in projects that minimize the demolition or conversion of affordable housing units to another use.
11. Avoid conflict of interest situations, and comply with anti-lobbying requirements. Note: If a group is seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if a group is seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF or similar assistance), then the group is likely to be subject to Madison's lobbying ordinance, sec. 2.40 MGO. The group is required to register and report its lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.
12. Adhere to the constitutional and regulatory provisions of separation of church and state and avoidance of public funding of inherently religious activities.
13. Design program operations to safeguard vulnerable populations, such as young children and frail elderly people.

## **SECTION 5: FUNDS AVAILABLE OUTSIDE OF THE SUMMER PROCESS**

### **CDBG, HOUSING TRUST FUND, ESG, SCATTERED SITE, TIF 10% SET-ASIDE, AND HOME RESERVE FUNDS: THE HOUSING DEVELOPMENT FUND, THE ECONOMIC DEVELOPMENT FUND, THE FACILITY ACQUISITION/REHAB FUND, THE FUTURES FUND, AND ESG HOMELESS SERVICES FUND**

#### **1. Housing Development Revolving Fund**

- \* Projects must meet either outcome objective B or D, and the relevant funding conditions of the particular funding source, such as the Housing Trust Fund.
- \* Funds are available anytime throughout the year contingent upon availability of funds. Twenty-four (24) copies of the application are due to the CD Office by 4:30 p.m. on the 15th of the month and will be reviewed by the Commission on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$25,000 to be assisted with Housing Development Funds (except for the Scattered Site assistance); the Mayor shall determine final approval for all recommended projects \$25,000 or less. The Commission shall determine final approval of all Scattered Site funds. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property to allow time for orderly decision making.
- \* Projects that help acquire service-enriched housing in the scattered site areas, identified on the map, may be eligible for additional local funds. These Scattered Site funds offer to eligible non-profits down payment and acquisition assistance up to 30% of the assessed value of a property. Properties must be used for supported living arrangements defined as housing where eligibility for residency is based on aging, physical disabilities, developmental disabilities, chronic mental illness or drug/alcohol dependencies, or where residency is greater than three months but no more than 24 months, and intended to move people into more independent living arrangements, and which contain no more than eight complete living units (as defined by IRS tax codes) or eight shared living units.
- \* Proposals for this Housing Development Fund must identify a specific site address and be able to commit all funds within twelve months of Council approval. The City will provide assistance to properties that are or will be owned by the applicant.
- \* Applications for all funds within the Housing Development Fund (CDBG, HOME, ESG-Federal, Affordable Housing Trust Fund, and Scattered Site) are available from the CD Office.

#### **2. Economic Development Revolving Fund**

- \* Projects must meet Objective E or F of this Framework through the acquisition or rehab of real property.

- \* Funds are available anytime throughout the year contingent upon the availability of funds. Twenty-four copies of the application are due to the CD Office by 4:30 PM on the fifteenth of the month and will be reviewed by the Commission on the first Thursday of the following month. The Common Council shall determine final approval for all recommended projects over \$25,000 to be assisted with Economic Development Funds; the Mayor shall determine final approval for all recommended projects of \$25,000 or less. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property in order to all time for orderly decision-making.
- \* Proposals for this Economic Development Fund must identify a specific site address and be able to commit and expend all funds within twelve months of Council approval. The City will provide assistance solely to properties that are or will be owned by the applicant.
- \* The CD Office will secure its funding for capital costs with a mortgage in the form of a non-recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon the sale, transfer, or change in use of the property. The mortgage will require a repayment equal to the amount of CDBG funds invested or the percent of the appraised value which the CDBG funds represent in the value of the property, whichever is higher.
- \* Applications are available from the CD Office.

### **3. Acquisition/Rehab Revolving Fund**

- \* Projects must meet Objective K of this Framework.
- \* Funds are available anytime throughout the year contingent upon availability of funds. Twenty-four (24) copies of the application are due to the CD Office by 4:30 p.m. on the 15th of the month and will be reviewed by the Commission on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$25,000; the Mayor shall determine final approval for all recommended projects \$25,000 or less. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property.
- \* Funds must be committed within twelve months of Council approval to a specific written agreement for acquisition or rehab.
- \* Applications are available from the CD Office.

### **4. Futures Fund Reserve Fund**

- \* Projects must help a non-profit community agency develop a prototype or conduct a feasibility study or address a short-lived revitalization opportunity or develop a new method or approach while also addressing one of the objectives articulated in this Framework. Funds can be applied toward the capitalized costs of a feasibility study, or the project costs of an experimental or project pilot implementation phase.
- \* Funds will be limited to \$20,000 per project and are provided in the form of a one-time grant.
- \* Funds are available anytime throughout the year contingent upon availability of funds. Twenty-four (24) copies of the application are due to the CD Office by 4:30 p.m. on the 15th day of the month and will be reviewed by the Commission on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$20,000; the Mayor shall determine final approval for all recommended projects \$20,000 or less. Applications should be submitted four months prior to the planned project.
- \* Applications are available from the CD Office.

### **5. ESG/Homeless Services Funding Process**

- \* The City will facilitate an annual process with community services providers to develop and administer State ESG funds which meet the objectives, preferences, and conditions of M-2 and D.

## **6. Other Funding Sources**

- \* The City will also seek funds from sources other than those enumerated above and welcomes suggestions or the opportunities to co-sponsor or develop and administer those applications. During the next two years, for instance, the City anticipates that the CD Office will administer the 10% set-aside for affordable housing from newly created Tax Incremental Financing Districts, and will administer additional special funds earmarked during the Congressional budgeting processes.

## **CONCLUSION**

Questions or comments and suggestions about this Framework are always welcome.

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215 Martin Luther King Jr. Blvd.  
P.O. Box 2985  
Madison, WI 53701-2985

Phone: (608) 267-0740

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Web: [www.cityofmadison.com/cdbg](http://www.cityofmadison.com/cdbg)

**IF YOU NEED SPECIAL ACCOMMODATIONS SUCH AS A TRANSLATOR OR MATERIALS IN AN ALTERNATE FORMAT, PLEASE CALL THE CD OFFICE AT 267-0740 (267-0744 - TDD).**

**SECTION 6: CHECKLIST AND ROADMAP FOR APPLICATIONS TO THE CD OFFICE**





FUNDING PATHS:

APPLICANT'S NOTES	MAJOR STEPS	PATH 1: SUMMER PROCESS FOR FUNDING YEARS 2009-2010	PATH 2: NON-SUMMER PROCESS FOR RESERVE FUNDS: Acquisition/Rehab, Housing Development, and Futures Funds
	Agency observes community needs and explores best methods to address those opportunities	Spring, 2008	
	Agency develops proposal concept, explores capacities to manage project, discusses concept with its governing board and potential partners		Two months prior to application
	Agency discusses concept with staff of funding sources		
	Agency determines funding and project schedules		
	Agency decides to apply, if appropriate and ready	May, 2008	One month prior to application
	Agency writes draft proposal; it is advisable to review this draft with the potential funding source.	May, 2008	One month prior to application
	Agency submits 24 copies to CD Office	June 4, 2008 (noon)	Fifteenth of any month <u>except</u> June and July
	CD staff review written application; may discuss details and rationale with applicant	June and July, 2008	
	Commission reviews written application		Generally the last week of each month, except July or August
	Applicant agency makes oral presentation to Commission; Commission determines its recommendation.		Generally the first Thursday of each month, except June or July
	Council determines its approval	October and November, 2008	Generally 5-6 weeks following the Commission, on either the first or third Tuesday of the month
	CD staff negotiates with agency for contract.	November and December, 2008	Three weeks after approval by the Council or the Mayor
	Program begins after written contract is executed	After January 1, 2008	After contract is executed.

# City of Madison Map of CDBG Target Area and CDBG Scattered Site Location Areas



1 Miles

-  2000 Census Tract
-  CDBG Target Area - (51% or more of individuals have income of less than or = 80% of area median income)
-  CDBG Scattered Sites Location Areas
-  City of Madison Boundary

Prepared by City of Madison Department of Planning and Development 5/17/2005

