

# HAA Overview: CDBG, COVID Response Update, Affordable Housing Development Fund

Health and Human Needs Committee, April 29<sup>th</sup>, 2021

Casey Slaughter Becker

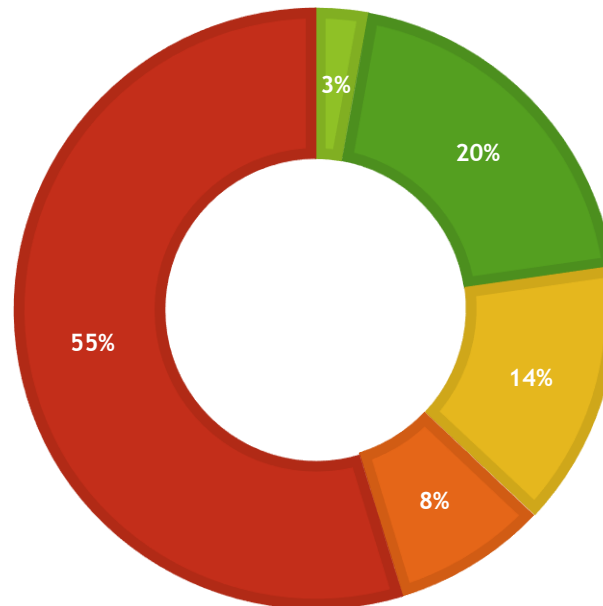
Division Administrator - Housing Access and Affordability (HAA)

# HAA Division in Brief

- ▶ Administer funding and maintain partnerships that prevent and end homelessness, increase access to and development of affordable housing, and assist in economic development.

## 2021 HAA BUDGET \$12.7 MILLION

■ Administration ■ GPR POS Contracts ■ CDBG/HOME ■ HUD COC ■ AHDF Capital

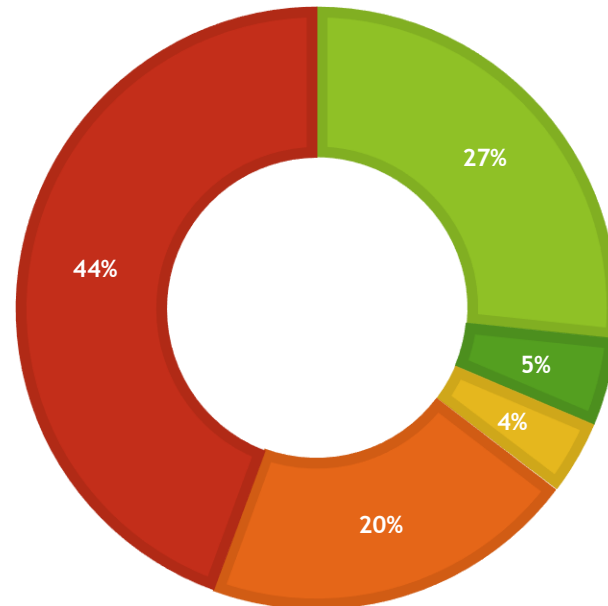


# HAA Division in Brief

- ▶ Lead entity on the COVID-19 pandemic response for neighbors experiencing homelessness, housing instability, and small business support and recovery.

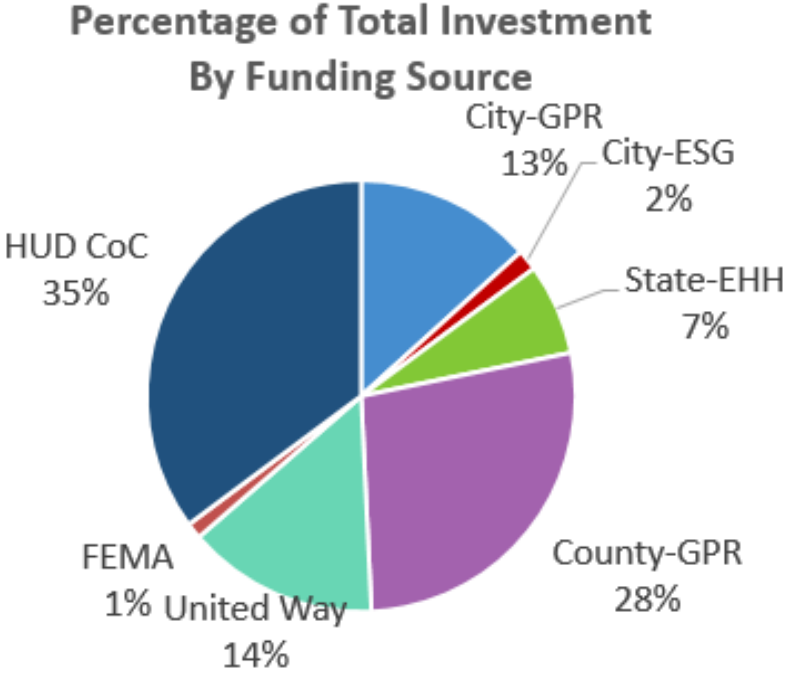
## HAA 2021 PANDEMIC RESPONSE/RECOVERY \$56.3 MILLION

■ Small Business Assistance ■ Rehousing Initiative ■ HOME ARP ■ Pandemic Social Distancing ■ Federal Emergency Rental Assistance



Dane County is one of the primary funding partners of homeless and housing services.

**APPROXIMATELY \$9.9 MILLION INVESTED IN HOMELESS SERVICES**



2020 Funding Analysis, does not include COVID-19 response funds.

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# CDBG / HOME Program

# HAA Administers Federal CDBG/HOME Dollars for Dane County

- ▶ Dane County became a HUD entitlement community in 1999.
- ▶ Funds must be spent outside of the City of Madison in communities that are members of our urban consortium.
- ▶ Communities not in the consortium include:
  - ▶ The Village of Deforest
  - ▶ The Village of Shorewood Hills
  - ▶ The Village of Maple Bluff
  - ▶ The City of Edgerton

# As a HUD grantee, we must further national objectives for funding.

- ▶ Funding goals include:
  - ▶ Create decent, affordable housing.
  - ▶ Create suitable living environments.
  - ▶ Expand economic opportunities.
- ▶ National objectives are:
  - ▶ Benefit to low and moderate income persons.  
(Over 70% of funds expended)
  - ▶ Aid in the prevention or elimination of slum or blight.
  - ▶ Meet a need having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

# Eligible applicants/activities for CDBG/HOME funding:

- ▶ Who: Project Partners
  - ▶ Businesses, non-profit organizations, municipalities, agencies
- ▶ What:
  - ▶ Housing
  - ▶ Economic Development
  - ▶ Public Facilities/ Infrastructure
  - ▶ Public Services
  - ▶ Disasters



# CDBG Activity: Housing

- ▶ Homeownership assistance
- ▶ Rehabilitation of Buildings
- ▶ New Housing Construction
- ▶ Rental Housing
- ▶ Tenant-Based Rental Assistance

# CDBG Activity: Economic Development

- ▶ Acquisition of land, buildings, machinery, and equipment; site preparation; clearance of land; rehabilitation of buildings; and working capital.
- ▶ Technical assistance to businesses.
- ▶ Public facilities and improvements.
- ▶ Job training.
- ▶ Job creation/retention a critical component.
- ▶ Examples: Business park, commercial building.

# CDBG Activity: Public Facilities

- ▶ Acquisition, construction, reconstruction, rehabilitation, or installation of public improvements or public facilities.
  - ▶ **“Public improvements”** includes, but is not limited to, streets, sidewalks, water and sewer lines, and parks.
  - ▶ **“Public facilities”** includes, but is not limited to, neighborhood/community facilities and facilities for persons with special needs (e.g. homeless shelters, group homes, and halfway houses).
- ▶ Examples: Food pantry, public library.

# CDBG Activity: Public Services

- ▶ Job training and employment services;
- ▶ Health care and substance abuse services;
- ▶ Transportation services;
- ▶ Crime prevention; and
- ▶ Fair Housing counseling.
- ▶ Examples: Job transit, eviction defense, homeless prevention
- ▶ Limited to 15% of the County's annual CDBG allocation

# CDBG Activity: Disasters

- ▶ Serious/ immediate threat to health/ welfare of the community.
- ▶ Disaster must have occurred in the previous 18 months.
- ▶ Inability of recipient to finance the activity on their own.
- ▶ No other means of funding available.
- ▶ Urgent need applications open on a rolling basis.

# Key CDBG processes in brief

- ▶ Allocation and Funding Process
  - ▶ RFPs issued annually in the spring for the following year.
  - ▶ Review committee review and recommendations with applicant interviews.
  - ▶ Public hearing and final commission vote on recommendations.
  - ▶ Process typically complete by fall, allocation is confirmed in the spring of the following year.
- ▶ 5 Year Consolidated Plan Development
  - ▶ HUD requirement outlining funding priorities and areas of need in the entitlement community.
  - ▶ Identifies the priorities to be targeted over the five year period covered by the plan.
  - ▶ Informed by 12 months of input from Dane County residents, social service organizations in the county and the municipalities comprising the Dane County Urban Consortium.
- ▶ Annual Action Plan
  - ▶ Affirms funding priorities and activities for the year.

# COVID Response Update

# COVID Response Update: Shelter Support and Social Distancing

- ▶ 906 households served by County-supported hotel shelter in 2020.
  - ▶ Includes hotels for adults who are at higher risk of severe illness if they contract COVID-19, family hotel shelter (Salvation Army), and the medical isolation/quarantine program.
- ▶ Housing Placements Across All Programs in 2020:
  - ▶ **90 households exited from the vulnerable population hotels/congregate shelter** to housing with the assistance of the housing navigation program.
  - ▶ **92 households exited from Salvation Army family hotel shelter/women's 24/7 shelter** to housing.
  - ▶ **32 families were assisted with accessing permanent housing through diversion**, an intervention that helps people find safe housing arrangements outside the shelter system and connects them to permanent housing through case management.
  - ▶ **\*15 households exited from men's shelter to housing.** (\*This number is as of August of 2020, the database providers use to run reports is down and Porchlight couldn't access new numbers.)



# COVID Response Update: Eviction Prevention

- ▶ Please see handout for final report on 2020 activity.
- ▶ Emergency rental assistance (ERA) authorized in the federal stimulus passed in December of 2020.
- ▶ \$8.5 million awarded to Dane County, over \$7 million to the City of Madison.
- ▶ 8,452 applications submitted as of 4/22.
- ▶ More than \$9 million in requests as of 4/22.
- ▶ Federal regulations leading to long processing times.
- ▶ Additional \$10 million anticipated from the State of Wisconsin.
- ▶ Stay up to date with the TRC emergency rental assistance dashboard: <https://core.tenantresourcecenter.org/data>

# COVID Response Update: Small Business Emergency Assistance

- ▶ **In 2020:**
- ▶ 2,662 businesses awarded grants, with an average grant award of \$4,006.
- ▶ 25% of the total grants were awarded to business owners of color.
- ▶ 63% of the total grants were awarded to woman-owned businesses.
- ▶ 54% of awards to businesses inside the City of Madison, 46% of awards to businesses outside the City of Madison.
- ▶ Recipients reported the retention of the equivalent of 13,007.51 full time jobs.
- ▶ \$74 million requested by applicants through June 15<sup>th</sup>, the program application deadline.
  
- ▶ **In 2021:**
- ▶ 399 businesses with an average grant award of \$9,750.
- ▶ 39% of the total grants were awarded to business owners of color.
- ▶ 59% of the total grants were awarded to woman-owned businesses.
- ▶ 57% of awards to businesses inside the City of Madison, 43% of awards to businesses outside the City of Madison.
- ▶ \$51 million requested by applications through February 15<sup>th</sup>, the program application deadline.



# The Dane County Affordable Housing Fund

# DANE COUNTY HOUSING ASSESSMENT

- Partnership between Dane County Planning Department and University of Wisconsin-Madison Professor Kurt Paulsen.
- Published in 2015 and updated in 2019.
- Estimated that Dane County needs more than 10,000 units of affordable housing to address our affordable housing gap.
- Majority of renters making 30% - 50% AMI are considered extremely cost burdened (more than 50% of monthly income goes to housing costs).
- <https://danehousing.countyofdane.com/documents/assessmentReport/2019/Dane-County-Housing-Needs-Assessment-2019.pdf>

# DANE COUNTY HOUSING ASSESSMENT

- Helped expand the Dane County Housing Initiative.
  - Education and outreach on affordable housing.
  - Annual housing summit.
  - Has increased the number of communities interested in affordable housing - 3 in 2015 to 10 in 2020.
  - <https://danehousing.countyofdane.com/>

# DANE COUNTY AFFORDABLE HOUSING DEVELOPMENT FUND

- *Established* in 2015
- *Emphasis* on new affordable rental housing for the following:
  - People experiencing homelessness
  - Families (3 bedroom units)
  - Veterans
  - Elderly
  - Persons with arrest & conviction records
  - People with disabilities
- *Preference* for projects that:
  - Meet LIHTC criteria
  - Commit to long-term affordability (over 30 years)
  - Include units for 30 percent CMI HHs
  - Include supportive services by local providers
  - Offer generous tenant screening criteria
  - Provide access to jobs, schools, transportation, etc.
  - Consider sustainability, e.g. renewable energy

# AHDF FUNDING

- Annual funding from Dane County capital budget.
- Total annual awards from \$1.75 to \$7.24 million
- \$7 million available in 2021.
- Grants awarded on a competitive basis via County RFP process.
- Funds typically comprise one piece of larger, more complex funding package (e.g. LIHTC, FHLB, TID/other local, etc.)

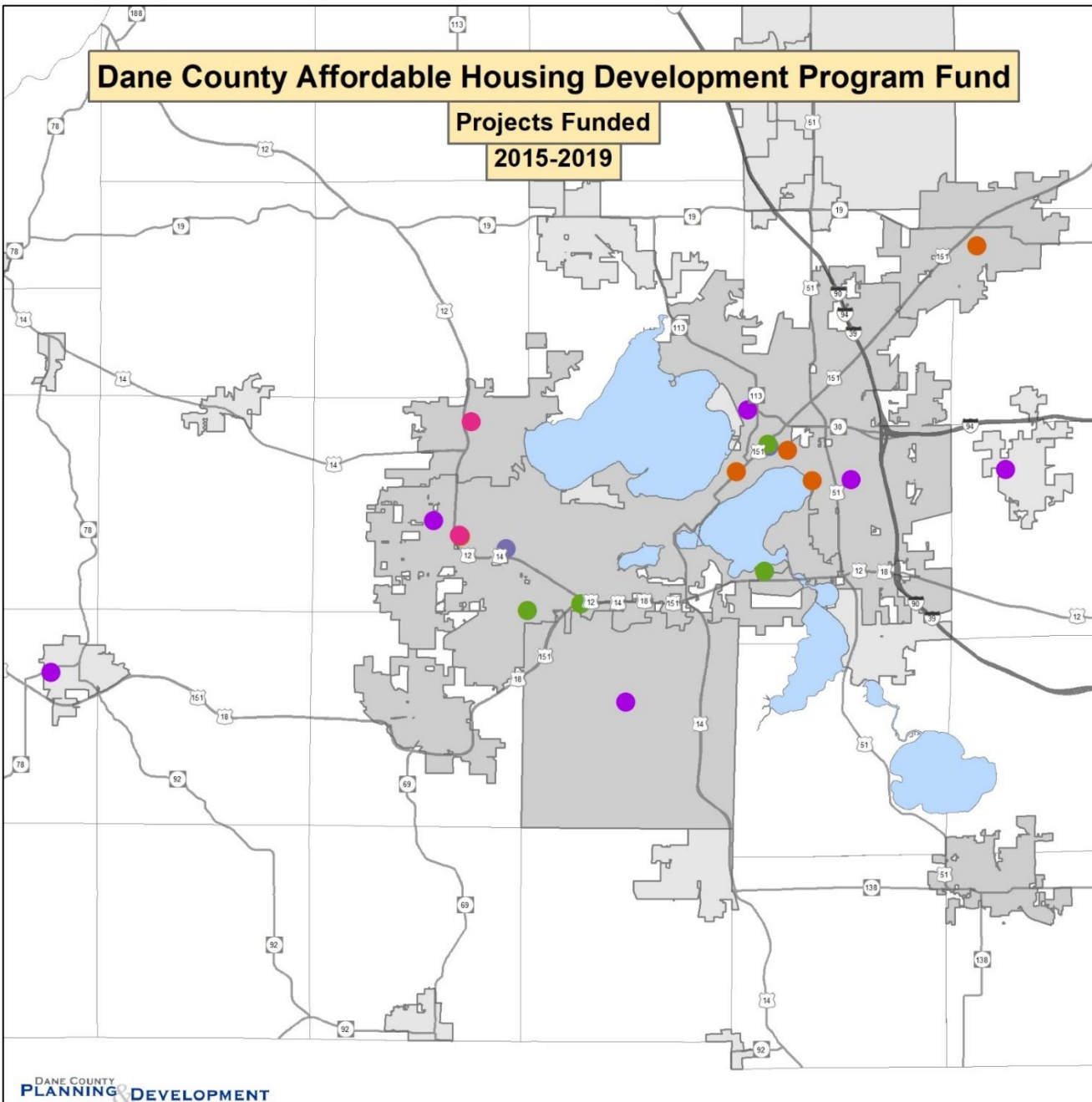
# AHDF ANNUAL CYCLE

- Application released: Late Spring
- County Review Team:
  - Department of Human Services – HAA
  - Controller's Office
  - Office of Equity and Inclusion
  - Planning & Development Department
- Annual awards affirmed by County Board in the Fall, individual agreements routed for approval as they are completed.



# Dane County Affordable Housing Development Program Fund

Projects Funded  
2015-2019



# AHDF AWARD HISTORY: 2015-2020

Year	Total Awards	Inside Madison	Outside Madison	Total Units	Affordable Units
2015	\$1,677,000	\$1,677,000	NA	150	136
2016	\$1,734,000	\$499,000	\$1,235,000	151	138
2017	\$1,317,220	\$867,220	\$450,000	136	124
2018	\$2,742,022	\$2,442,022	\$300,000	369	310
2019	\$6,787,550	\$1,837,550	\$4,950,000	447	414
2020	\$3,163,199	\$154,858	\$3,008,341	268	250
<b>TOTAL</b>	<b>\$17,420,991</b>	<b>\$7,477,650</b>	<b>\$9,943,341</b>	<b>1,521</b>	<b>1,372</b>
	Percentages	43%	57%	100%	90%

# RFP Scoring Components

# 2020 Request for Proposals (RFP)

- ▶ Development Team Capabilities (5%)
- ▶ Project Description (10%)
- ▶ Location (25%)
- ▶ Solar Array (5%)
- ▶ Funding Leverage (5%)
- ▶ Tenant Selection (10%)
- ▶ Tenancy Addendum (10%)
- ▶ Housing First (10%)
- ▶ Supportive Services Plan (20%)

# 2020 Request for Proposals (RFP)

- ▶ **Development Team Capabilities (5%)**
- ▶ Description of the organization including key staff who will be involved in the project, past projects the team has completed, and projects currently in process. Items that should be addressed include development and Service Team Experience in:
  - ▶ 1. Obtaining and utilizing Section 42 tax credits
  - ▶ 2. Participating in public/private joint ventures
  - ▶ 3. Developing multifamily housing for low-income households
  - ▶ 4. Developing permanent supportive housing if applying for such project
  - ▶ 5. Property management
  - ▶ 6. Provision of support services if the project entails permanent supportive housing

# 2020 Request for Proposals (RFP)

- ▶ **Project Description (10%)**
- ▶ Detailed description of the project that includes:
  - ▶ Planned location
  - ▶ Number and size of units
  - ▶ Development costs
  - ▶ Pro forma with projected operating costs and revenues
  - ▶ Minimum amount of county funding needed
  - ▶ Breakdown of unit mix if project will have affordable units and market rate units.
  - ▶ How Dane County funds will be applied to the project

# 2020 Request for Proposals (RFP)

## ▶ **Location (25%)**

- ▶ 10 points for projects outside of the City of Madison.
- ▶ 10 points for projects inside the City of Madison that are more than one-half mile away from another LIHTC project.
- ▶ No points awarded for projects that are closer than one-half mile away from another LIHTC project.

## ▶ **Solar Array (5%)**

- ▶ Projects that incorporate a photovoltaic (PV) system will receive 10 points.
- ▶ Dane County will contribute up to \$50,000 toward the cost of installation of a PV array to serve the development.

## ▶ **Funding Leverage 5%**

- ▶ Explanation of how the project will be funded, what Dane County dollars support, other sources of funding for the project. Requires:

# 2020 Request for Proposals (RFP)

- ▶ **Tenant Selection 10%**
- ▶ Applicants receive an additional 10 points if they agree to a number of items to support fair tenant selection criteria and increase access to affordable units for individuals with a less than perfect housing history.
- ▶ Screening cannot be used to deny applicants based on:
  - ▶ Lack of housing history
  - ▶ Certain credit score
  - ▶ Owing money to a prior landlord
  - ▶ Wisconsin CCAP records.
- ▶ \$500 fine for any violation of the agreement if applicant agrees to the flexible criteria.



# 2020 Request for Proposals (RFP)

- ▶ **Tenancy Addendum 10%**
- ▶ An additional 10 points if the applicant agrees to include several provisions within all tenant leases to provide additional rights to tenants.
- ▶ Examples:
  - ▶ Limiting security deposit amounts to first month's rent
  - ▶ Limits on late fees
  - ▶ Requires good cause for lease termination
  - ▶ Requires reasonable guest rules
- ▶ \$500 fine for any violation of the agreement if applicant agrees to the flexible criteria.

# 2020 Request for Proposals (RFP)

## ▶ **Housing First 10%**

- ▶ Additional points awarded if a project commits to working with the Homeless Services Consortium to create a preference for units for households experiencing homelessness.

## ▶ **Supportive Services Plan 20%**

- ▶ Applicants must provide a detailed description of how supportive services will be secured and provided for tenants.
  - ▶ Scope of services
  - ▶ Location of services (on-site or referral to off-site)
  - ▶ Frequency of services
- ▶ Must include formal partnership with a supportive services agency.

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# Racial Disparities in Housing and Homelessness

# It is expensive to live in Dane County.

Rising rents, stagnant wages, historically low vacancy rate, and severe decline of federally subsidized housing have led to a critical shortage of affordable housing units and homelessness.

**Table 1.** The Self-Sufficiency Standard for Select Family Types\*  
Dane County, WI 2019

	1 ADULT	1 ADULT 1 PRESCHOOLER
<b>MONTHLY COSTS</b>		
<b>Housing</b>	\$931	\$1,093
<b>Child Care</b>	\$0	\$1,213
<b>Food</b>	\$261	\$395
<b>Transportation</b>	\$280	\$288
<b>Health Care</b>	\$177	\$448
<b>Miscellaneous</b>	\$165	\$344
<b>Taxes</b>	\$324	\$873
<b>Earned Income Tax Credit (-)</b>	\$0	\$0
<b>Child Care Tax Credit (-)</b>	\$0	(\$50)
<b>Child Tax Credit (-)</b>	\$0	(\$167)
<b>SELF-SUFFICIENCY WAGE</b>		
<b>Hourly**</b>	<b>\$12.15</b>	<b>\$25.21</b>
<b>Monthly</b>	\$2,138	\$4,438
<b>Annual</b>	\$25,653	\$53,252
<b>Emergency Savings Fund</b>	\$47	\$147

► **From the Dane County Housing Assessment, updated in 2019:**

Disparities in income, combined with historic patterns of discrimination, red-lining, and exclusionary zoning lead to spatial patterns of segregation and disparities in homeownership rates. Disparities in homeownership rates are clearly seen in Table 18, even for households within the same income category.

Table 18. Homeownership rates, by race/ethnicity and income level, Dane County 2011-2015

	White	African-American	Asian	Hispanic
Less than 30-percent of AMI	24.6%	1.9%	7.3%	8.5%
Between 30- and 50-percent of AMI	37.0%	4.4%	7.9%	12.3%
Between 50- and 80-percent of AMI	49.8%	14.7%	29.2%	23.6%
Between 80- and 100-percent of AMI	65.6%	23.8%	53.4%	58.5%
More than 100-percent of AMI	82.7%	59.8%	65.3%	73.2%

Notes: Source is US Department of Housing and Urban Development Comprehensive Housing Affordability Strategy data (CHAS), based on 2011-2015 census (most recent available.)

► From the Dane County Housing Assessment, updated in 2019:

Disparities in income, a lack of affordable housing availability, and ongoing discrimination in the housing market combine to produce disparities across racial and ethnic groups in terms of “severe housing problems.” HUD defines “severe housing problems” as either being severely overcrowded or being extremely cost-burdened (spending more than 50 percent of income on housing.)<sup>23</sup>

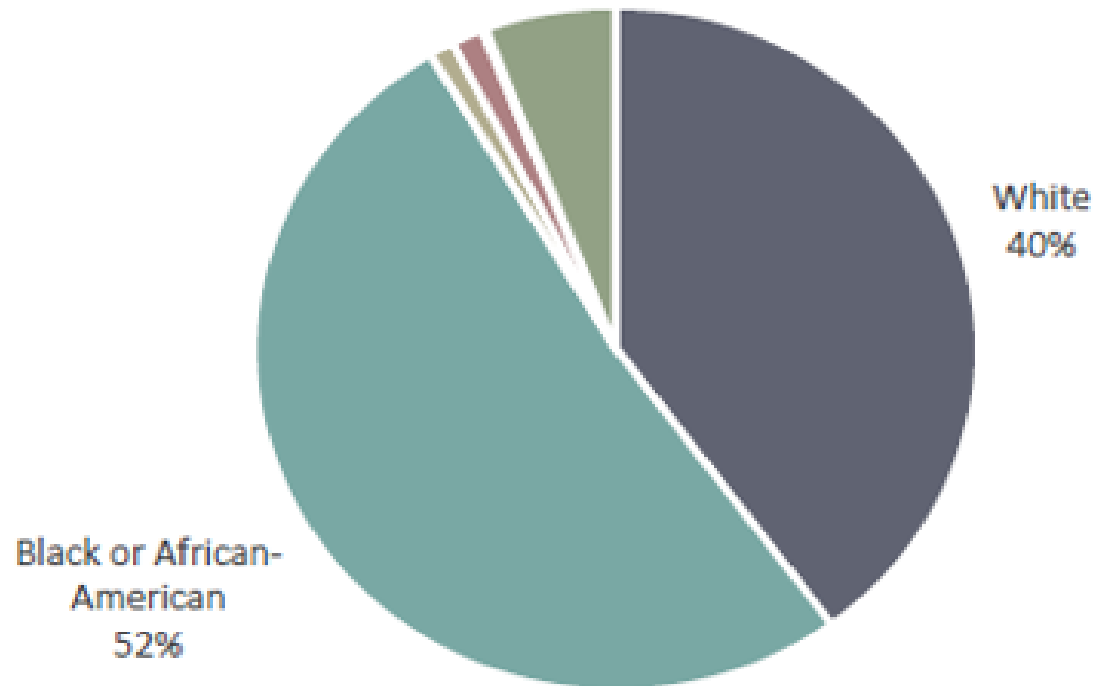
Table 19 reports the percent of households within each income category, by race/ethnicity, who experience “severe housing problems” (which includes extreme-cost-burdens).

Table 19. Percent with Severe Housing Problems, Dane County 2011-2015

	White	African-American	Asian	Hispanic
Less than 30-percent of AMI	72.2%	79.6%	73.0%	77.8%
Between 30- and 50-percent of AMI	26.2%	20.1%	29.6%	41.5%
Between 50- and 80-percent of AMI	9.0%	7.5%	19.5%	16.2%
Between 80- and 100-percent of AMI	3.3%	8.3%	4.9%	11.3%
More than 100-percent of AMI	1.0%	2.7%	6.6%	1.7%

Notes: Source is US Department of Housing and Urban Development Comprehensive Housing Affordability Strategy data (CHAS), based on 2011-2015 census (most recent available.) Severe housing problems is defined by HUD as either lacking complete plumbing or kitchen facilities, being severely overcrowded, or being severely cost-burdened (paying more than 50 percent of income on housing.)

People of color are significantly over-represented in Dane County's homeless population.



# RFP and Fund Review: Initial Steps

- ▶ Met with Tamara D. Grigsby Office of Equity and Inclusion to review 2020 fund application.
- ▶ Exploring adoption of the City of Madison's racial composition analysis for housing units supported with various Dane County funding streams.
- ▶ Expanding outreach regarding AHDF funding opportunity.