

CDA Redevelopment**Function: Planning & Development***Budget Overview*

Agency Budget by Fund

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
CDA	2,465,401	2,352,564	3,155,669	872,003	849,375	1,387,473
TOTAL	\$ 2,465,401	\$ 2,352,564	\$ 3,155,669	\$ 872,003	\$ 849,375	\$ 1,387,473

Agency Budget by Service

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
Redevelopment	2,465,401	2,352,564	3,155,669	872,003	849,375	1,387,473
TOTAL	\$ 2,465,401	\$ 2,352,564	\$ 3,155,669	\$ 872,003	\$ 849,375	\$ 1,387,473

Agency Budget by Major-Revenue

	2018 Actual	2019 Adopted	2019 Actuals	2020 Adopted	2021 C2C	2021 Request
Charges For Services	(1,667,849)	(1,779,450)	(1,814,304)	(146,540)	(146,540)	(310,640)
Investments & Other Contributions	(409,638)	(278,114)	(198,059)	(314,610)	(302,835)	(252,590)
Misc Revenue	(16,318)	(205,000)	(35,493)	-	-	(650)
Other Financing Source	(371,595)	(90,000)	(921,813)	(410,853)	(400,000)	(432,405)
Transfer In	-	-	(186,000)	-	-	-
TOTAL	(2,465,401)	(2,352,564)	(3,155,669)	(872,003)	(849,375)	(1,387,473)

Agency Budget by Major-Expenses

	2018 Actual	2019 Adopted	2019 Actuals	2020 Adopted	2021 C2C	2021 Request
Salaries	85,998	116,779	46,134	143,618	150,803	269,093
Benefits	27,890	40,306	60,895	49,781	50,951	58,688
Supplies	-	1,300	146	2,500	500	26,840
Purchased Services	629,011	684,562	625,229	70,988	70,988	134,883
Debt & Other Financing	1,722,201	1,509,617	2,237,266	605,116	576,133	897,969
Inter Depart Charges	301	-	-	-	-	-
Inter Depart Billing	-	-	-	-	-	-
Transfer Out	-	-	186,000	-	-	-
TOTAL	\$ 2,465,401	\$ 2,352,564	\$ 3,155,669	\$ 872,003	\$ 849,375	\$ 1,387,473



Community Development Authority of the City of Madison

CDA Redevelopment

Matthew Wachter, Executive Director

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<https://www.cityofmadison.com/dpced/housing/>

July 10, 2020

To: Mayor Satya Rhodes-Conway
From: Matthew Wachter, CDA Executive Director
Subject: 2021 Operating Budget: Transmittal Memo

The Community Development Authority was established in 1979 when the Housing Authority, Redevelopment Authority, and related functions were combined into one public body. The CDA is governed by a Board of Commissioners, two of whom are members of the Common Council. Under state statute, the CDA is charged with encouraging safe neighborhoods, the provision of healthful homes, and supporting adequate places for employment.

Major Goals

The redevelopment unit in the CDA has one service in the budget. This service supports the management of Monona Shores Apartments, Burr Oaks Senior Housing, Revival Ridge Apartments, the Reservoir Apartments, and commercial space at the Village on Park. Active projects include single-family home construction in the Allied Drive neighborhood and the redevelopment of aging public housing units.

As part of public housing redevelopment, the CDA is reengaging the Madison Revitalization and Community Development Corporation (MRCDC). The MRCDC is a 501(c)(3) established by the CDA for use in multiple-entity redevelopment projects. In this case, it will become the owner entity for 32 public housing units involved in the disposition and redevelopment process with the United States Department of Housing and Urban Development. The budget and financial transactions for this entity will reside in a subfund of the CDA Redevelopment account structure.

One of the CDA Board's priorities is to fill the vacant Housing Development Specialist position to advance this work. I am pleased that Dan Johns has accepted the position and will join the CDA in August. Dan previously worked with Vandewalle & Associates on a variety of redevelopment projects in the Midwest. I look forward to the experience that Dan brings to the organization and to the work that will move forward in 2021.

COVID Response and Recovery

CDA Redevelopment currently has no employees and relies on City and Housing Authority staff to advance its mission. Staff supporting the CDA have collectively risen to the challenge of continuing to manage the CDA's portfolio of properties, keeping residents and commercial tenants safe, and supporting the CDA Board. I appreciate their dedication to caring for the most vulnerable during the pandemic and to finding innovative ways to continue operating.

July 10, 2020

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2021 Request & Equity

Discriminatory housing practices have been a significant historical driver in preserving inequity in the community and preventing the acquisition of intergenerational wealth for families of color. The CDA is committed to providing safe and accessible housing and to supporting healthy neighborhoods.

In 2021, the CDA Board will identify and advance its long-term priorities for the agency. The Board has long expressed its dedication to advancing equity, particularly on Madison's south side, and I fully expect this to be a foundation of the Board's priorities.

2021 Request & Sustainability

As mentioned, the CDA is beginning the process of redeveloping its aging housing portfolio. This is a unique opportunity to make thoughtful investments in sustainability. The CDA is positioned as a permanent partner in the community that can consider a longer time horizon for a return on efficiency investments. There are years of planning and design ahead for a project of this magnitude, and it is my priority to bring the long vision of the CDA to those discussions.

Major Changes in the 2021 Operating Request

Consistent with the budget instructions, CDA Redevelopment has not submitted a five-percent reduction scenario because the CDA does not receive a subsidy from the City's general fund. Ultimately, the CDA must balance its activities with redevelopment funding opportunities and the revenue that CDA properties generate. Filling the Housing Development Specialist position is a critical component of the CDA's strategy to generate additional revenue.

The CDA appreciates its close relationship with the City and the ongoing support of City staff. The need for stable, affordable housing in our community has never been greater, and we look forward to being a partner in the solution.

I look forward to further discussing our operating budget in the coming weeks.

Sincerely,

Matthew Wachter
Executive Director
Community Development Authority

Cc: Deputy Mayors
Adam Pfost, DPCED Budget and Performance Excellence Manager
Budget & Program Evaluation Staff

2021 Operating Budget Service Budget Proposal

IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

CDA Redevelopment

SELECT YOUR AGENCY'S SERVICE:

Redevelopment

SERVICE NUMBER:

911

SERVICE DESCRIPTION:

This service is responsible for housing, economic, and redevelopment initiatives in the City for the Community Development Authority (CDA). CDA Redevelopment manages Monona Shores Apartments, Burr Oaks Senior Housing, Revival Ridge Apartments, the Reservoir Apartments, and commercial space at the Village on Park. Active projects include single-family home construction in the Allied Drive neighborhood and redevelopment of aging public housing units. The goals of this service are to provide high-quality housing for low-income households and to undertake redevelopment activities that strengthen low- and moderate-income neighborhoods.

Part 1: Base Budget Proposal

BUDGET INFORMATION

	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2021 C2C	2021 Request
<i>Budget by Fund</i>						
General-Net	\$0	\$0	\$0	\$0	\$0	\$0
Other-Expenditures	\$2,465,401	\$2,352,564	\$3,155,669	\$872,003	\$849,375	\$1,387,473
<i>Total</i>	<i>\$2,465,401</i>	<i>\$2,352,564</i>	<i>\$3,155,669</i>	<i>\$872,003</i>	<i>\$849,375</i>	<i>\$1,387,473</i>
<i>Budget by Major</i>						
Revenue						
Personnel	\$113,888	\$157,085	\$107,028	\$193,399	\$201,754	\$327,781
Non-Personnel	\$2,351,212	\$2,195,479	\$3,048,641	\$678,604	\$647,621	\$1,059,692
Agency Billings	\$301	\$0	\$0	\$0	\$0	\$0
<i>Total</i>	<i>\$2,465,401</i>	<i>\$2,352,564</i>	<i>\$3,155,669</i>	<i>\$872,003</i>	<i>\$849,375</i>	<i>\$1,387,473</i>
FTEs		2.25		2.45	2.55	2.80

PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

The Community Development Authority was established in 1979 when the Housing Authority, Redevelopment Authority, and related functions were combined into one public body. The CDA is governed by a Board of Commissioners, two of whom are members of the Common Council. Under state statute, the Community Development Authority is charged with encouraging safe neighborhoods, the provision of healthful homes, and supporting adequate places for employment. The redevelopment service supports entrepreneurial activities in pursuit of the CDA mission. Examples include the redevelopment of Monona Shores apartments, redevelopment of the Village on Park Mall, single family home construction in the Allied Drive neighborhood, and the development of Burr Oaks senior housing. This service will also play a critical role in the redevelopment of aging public housing on the Triangle.

ACTIVITIES PERFORMED BY THIS SERVICE

Activity	% of Effort	Description
Redevelopment Activities	55%	With the addition of a new Housing Development Specialist, the CDA will engage in significantly more redevelopment activity in 2021.
Housing Asset Management	22.5%	CDA Redevelopment contracts with property managers to administer housing projects. CDA

staff and assigned city staff manage the property management agreement and the assets of the CDA.

Commercial Asset Management	12.5%	The CDA owns the Village on Park mall. The property is managed by a third-party management company. Assigned city staff administer the property management agreement and support ongoing redevelopment efforts. The north end of the mall is past its useful life and will be the focus of a significant redevelopment effort.
Adminstration and Staffing the CDA Board	10%	As a separate public entity, the CDA is governed by a Board of Commissioners. CDA staff and assigned city staff support the operation of the Board and its committees.

SERVICE BUDGET CHANGES

Service Impact

What is the proposed change to the service’s budget from cost to continue to agency request?

What are the service level impacts of the proposed funding changes?

The net change to the cost-to-continue request is \$0. However, the anticipated expenses increased by \$538,098. The significant increase is primarily the result of the addition of the Madison Revitalization and Community Development Corporation (MRDC) to the budget strings under this agency. The MRDC is a 501(c)(3) established by the CDA for use in multiple-entity redevelopment projects. In this case, it will become the owner entity for 32 public housing units involved in the disposition and redevelopment process with the United States Department of Housing and Urban Development.

Other changes in the line-item budget are primarily driven by changes in anticipated interest payments on loans and notes. Changes include adjustments to align the budget with actual expenses (e.g., additional audit costs, increases in property insurance, and higher holding costs on vacant properties). Budgeted salaries also increased to recognize time spent by DPCED and Housing Authority staff on redevelopment activities. These adjustments are not expected to change the agency service level.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service?

Type	Fund	Amount	Description
Perm Wages	<input type="text" value="5100"/>	<input type="text" value="\$24,668"/>	
Benefits	<input type="text" value="5100"/>	<input type="text" value="\$7,737"/>	
Total		<input type="text" value="\$32,405"/>	

Explain the assumptions behind the allocation change.

Adding .05 FTE to recognize the DPCED Director serving as the CDA Executive Director. Adding .45 FTE for Housing Authority staff supporting the management of CDA Redevelopment properties. Reducing .1 FTE for reduced support from DPCED administrative staff to the CDA.

What is the justification behind the allocation change?

CDA Redevelopment reimburses City and Housing Authority staff time spent supporting its operations. As the support levels change, the FTE allocations are adjusted.

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay?

Type	Fund	Amount	Description
Overtime	<input type="text"/>	<input type="text"/>	
Premium Pay	<input type="text"/>	<input type="text"/>	
Hourly	<input type="text"/>	<input type="text"/>	
Total		<input type="text" value="\$0"/>	

Explain the assumptions behind the requested funding.

The budget for pending personnel was increased by \$93,622 to account for the anticipated expense of staff time spent supporting MRDC.

What is the justification behind the increased funding?

The MRCDC will be engaged in significant and complex public housing redevelopment and management activities over the coming year. Staff time will be necessary to execute these operations.

Revenue

Are you proposing a change to the service's budgeted revenue?

Yes

Are you proposing an increase or a decrease to the budgeted revenue?

Increase

Fund	Major	Amount	Description
5100	46	(\$50,245)	Interest paid to the CDA, which is subsequently passed through to lenders. The interest amount generally decreases as payments move through the debt service schedule.
5100	43	\$20,900	Anticipated increases in revenue from CDA-owned properties to support the central operations of the CDA and to reimburse management costs.
5100	48	\$32,405	Balance applied from CDA cash reserves to fund operations in 2021.
5100	42	\$391,188	This reflects an increase in estimated revenue from federal sources and rent collections to fund the operations of the MRCDC.
5100	43	\$143,200	This reflects revenue from rent collection as a result of MRCDC assuming management of public housing units.
5100	47	\$650	Miscellaneous revenue to the MRCDC.

Explain the assumptions behind the change to budgeted revenue.

What is the justification behind the proposed change?

Non-Personnel

Are you requesting additional non-personnel funding for this service?

No

Fund	Major	Amount	Description
5100	53	\$1,000	Additional supply funding to support the new Housing Development Specialist.
5100	54	\$19,500	Aligning the budget with anticipated cost increases for audits, property insurance, and vacant property holding costs. A significant portion of these costs are reimbursed by CDA-owned properties.
5100	53	\$25,340	Increasing budget authority to account for the anticipated activity of the MRCDC.
5100	54	\$44,895	Increasing budget authority to account for the anticipated activity of the MRCDC.
5100	56	\$371,181	MRCDC anticipates spending \$27,000 on paying agent services. The remainder is anticipated fund balance generated.

Explain the assumptions behind the requested funding.

What is the justification behind the increased funding?

Part 2: Proposed Budget Reduction

What is 5% of the agency's net budget?

What is the proposed reduction to this service's budget?

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

Activity	\$Amount	Description
Total	\$0	

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

Name	\$ Amount	Description
Personnel		
Non-Personnel		
Agency Billings		
Total	\$0	

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Under the direction of its Board, the Community Development Authority prioritizes its available resources to support its mission. The CDA does not receive subsidies from the City's general fund. In keeping with the budget instruction guidance, a five-percent reduction scenario has not been included.

Has this reduction been proposed in prior years?

Does the proposed reduction result in eliminating permanent positions?

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?