

**2014 STAFF REVIEW OF PROPOSALS FOR
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS**
(Housing Development Funds, Affordable Housing Trust Funds, Facility Acquisition/Rehab Funds, Futures Funds)

Project Name/Title: Participatory process and Feasibility Report for CoHousing at Union Corners

Agency Name: Design Coalition Institute Inc.

Requested Amount: \$20,000

Project Type: New Continuing

Framework Plan Objective Most Directly Addressed by Proposed Activity:

Futures Fund Reserve- Projects that help a non-profit community agency conduct a feasibility study while also addressing one of the Community Development objectives. Proposal addresses Objective B: Housing for Buyers, with the goal to increase homeownership opportunities for low to moderate income households.

Product/Service Description:

Design Coalition Institute is seeking funding to complete a feasibility study on behalf of Schenk-Atwood-Starkweather-Yahara (SASY) Neighborhood Association and local activist from the LGBT community who are interested in affordable housing opportunities, particularly developing owner-occupied CoHousing as part of the Union Corners redevelopment. A series of workshops led by Design Coalition Institute will provide outreach and technical assistance to interested participants.

Anticipated Accomplishments (Numbers/Type/Outcome):

Design Coalition Institute will collect information from each of the workshops. They will use it to create one feasibility study that will determine homebuyer interest in CoHousing development, provide a developer with a conceptual site layout and educate a core group on CoHousing "programming". Their goal is that 30% of units developed will be targeted to low to moderate income homeowners.

Staff Review:

The site plan for Union Corners has been approved with the anticipation that there will be construction of residential units. Madison Eastside CoHousing Coalition has recently formed as a group of Madison residents who identify the need for alternative forms of housing such as CoHousing as part of the development. While Design Coalition Institute is collecting information for the feasibility study, these residents will be receiving education on the legal structure, expectations of a CoHousing community, and design components for "green" housing.

There continues to be a need for affordable owner occupied housing in City of Madison. The median sales price for Dane County is currently \$219,700, while moderate income (80% CMI) for a household of two is \$51,150. LMI households are experiencing barriers to homeownership due to affordability and the lack of down payment. Design Coalition Institute states it will identify approximately 70 to 80 households who are interested in CoHousing, of which 30% are anticipated to have low to moderate income. The City Community Development Division was a partner in the other two CoHousing developments located in City of Madison, providing affordable housing options for LMI households. It is anticipated that if CoHousing is developed at this site, or at another location, there will be a need for additional City resources to create affordability.

The proposed feasibility study would provide information to the City of Madison and developers regarding the financial viability of a large alternative housing project. CoHousing is generally most successful in developments of 45 units or less. This study would need to address the density of CoHousing units, and the market demand for the housing.

One recommended action item to the City of Madison in the *Analysis of Impediments to Fair Housing* (completed in 2014) suggested: The City should encourage and facilitate the development of non-traditional housing types and ownership structures to increase affordable options in both new and existing neighborhoods, including community land trusts, co-housing, cooperative housing and accessory dwelling units.¹

Futures funds are available for this type of project and the budget appears reasonable. Through this funding Design Coalition Institute will be able to prepare a focused Feasibility Study to recruit additional members. Once a pre-sold target of 50-70% of households have been secured, a full feasibility study will be completed and will include information such as the following:

- a) Preliminary unit design (preliminary and revised floor plans, elevations, and building massing)
- b) Outline specifications (per core group input; revisions per construction cost feedback)
- c) Preliminary site design (preliminary and revised site plans for City approval)
- d) Estimate of construction costs (includes interviews/selection of and coordination with building contractor(s) to provide affordability analysis)

A full Feasibility Study will cost an additional \$79,000. Design Coalition Institute has not secured matching funds for the full Feasibility Study.

Total Cost/Total Beneficiaries Equals: \$41,280/ 70 Households= \$589/household
CD Office Funds/CD-Eligible Beneficiaries Equals: \$20,000/ 21 Households = \$952/household
CD Office Funds as Percentage of Total Budget: 48%

Staff recommendation:

DCI seeks funding to expand its work on CoHousing by organizing the multi-party collaboration described in the proposal and seeking funding to support its own work on a feasibility study for CoHousing at Union Corners. The requested funding would pay salaries/wages, professional fees and contract services.

Staff has some concern about providing direct funding to DCI for a project that appears to be on behalf of the neighborhood. The application states Design Coalition Institute and Design Coalition Inc were glad to respond to an initial request for assistance from the SASY Neighborhood Association and local activists. The SASY Neighborhood Association might be a more appropriate applicant.

Community Development staff recommends continued discussions with DCI and possibly SASY Neighborhood Association regarding likely beneficiaries of the feasibility study, timeline for the Union Corners development prior to a formal funding recommendation from CDD.

¹ Affordability Impediments; Recommendation 2.1.4 (page 70)