

**2008 STAFF REVIEW OF PROPOSALS FOR  
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS  
(Housing Development Funds, Affordable Housing Trust Funds, Facility Acquisition/Rehab Funds, Futures  
Funds)**

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1. **Project Name/Title:** Johnson/Mifflin Subordination
2. **Agency Name:** Arise Family Services
3. **Requested Amount:** N/A
4. **Project Type:**                                      New            or            X            Continuing
5. **Framework Plan Objective Most Directly Addressed by Proposed Activity:**  
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.  
  
**Product/Service Description:**  
Arise provides housing and services to disadvantaged and displaced ex-offenders at three locations in Madison. They are in the process of expanding their services to include AODA treatment.
7. **Anticipated Accomplishments (Numbers/Type/Outcome):**  
Arise provides housing at HOME rent levels for 9 tenants at 519 E. Johnson and 324 E. Mifflin.
8. **Staff Review:**  
  
Arise acquired two properties in 2005, 519 E. Johnson St. and 324 E. Mifflin St., using a loan of \$414,790 in HOME funds from the City of Madison. The City's liens on the properties are in second position behind a bank loan of \$306,000. The total loan to value at the time of purchase was 104%.  
  
Arise would like to establish an \$80,000 line of credit to help in expanding their services. The current balance on their original bank loan is \$283,834 so the new loan amount would be \$363,834 (283,834 + 80,000). Arise has requested that the City subordinate their existing liens to this new amount. The new loan to value would be 112% which is within the limits of 115% authorized in the 2007-2008 Program Framework.  
  
The property values are based on an appraisals conducted in 2003 so new appraisals should be required. New appraisals will likely reduce further the loan to value percentages.  
  
**Total Cost/Total Beneficiaries Equals:**                                      **778,624 / 14 = 55,616**  
**CD Office Funds/CD-Eligible Beneficiaries Equals:**                                      **414,790 / 9 = 46,088**  
**CD Office Funds as Percentage of Total Budget:**                                      **53%**
9. **Staff recommendation:**  
Approve the subordination of the City's loan to an additional line of credit from a lender of up to \$80,000 and require contingent upon new appraisals of the properties sufficient to support a loan to value ratio of 115% or less..

<b>Technical and Regulatory Issues</b>	<b>Project information</b>
Within unit, capital, mortgage limits	Yes
Within Subsidy layering limits/ analysis	Yes
Environmental Review issues	No
Eligible project	Yes
Conflict of interest	No
Church/State issues	No
Accessibility of program	OK
Accessibility of structure	TBD
Lead-based paint issues	No
Relocation/displacement	No
Zoning restrictions	No
Fair Labor Standards	No
Vulnerable populations	No
Matching Requirement	No
Period of Affordability for HOME funds	No
Site and neighborhood Standards	No
IZ Enhancement Benefits or issues	No
Supplanting issues	No
Living wage issues	No
B.A.D. building process	No
MBE goal	No
Aldermanic/neighborhood communication	OK
Management issues:	No