

**2018 STAFF REVIEW OF PROPOSALS FOR
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS**
(Housing Development Funds, Affordable Housing Trust Funds, Facility Acquisition/Rehab Funds, Futures Funds)

1. **Project Name/Title:** Acquiring 2012 Fisher Street Property

2. **Agency Name:** One City Schools, Inc.

3. **Requested Amount:** \$300,000

4. **Project Type:** ☒ New ☐ Continuing

5. **Framework Plan Objective Most Directly Addressed by Proposed Activity:**

- Objective 3.2 Capital Improvements for Community Organizations: Create or improve safe, accessible, energy efficient, and well-maintained community and neighborhood facilities.
- CDBG National Objective: Benefit to Low and Moderate Income (LMI) Persons – Limited Clientele

6. **Product/Service Description:**

One City Schools, Inc. (One City) proposes to use CDBG funds to help acquire property located at 2012 Fisher Street, which One City currently occupies and has leased from Forward Community Investments of Madison (FCI) since 2015. The project does not include any rehabilitation or work beyond the purchase of the property from FCI.

7. **Anticipated Accomplishments (Numbers/Type/Outcome):**

One hundred ten children aged one to five years, and 220 adults (as parents or legal guardians) are projected to benefit from or be served by this project. At least 51% of these individuals will earn at or below 80% of the Area Median Income. It is anticipated that a greater proportion of beneficiaries served will be low- or moderate-income individuals, as over 55% of One City's students are from families earning at or below 200% of the Federal Poverty Line. One City anticipates raising the remaining needed funds, approximately \$100,000, through a capital campaign in the summer of 2018. One City has leased the building from FCI since 2015, after that organization purchased the building from its previous owner. In 2016, One City, in partnership with FCI, completed a \$1.5 million renovation of the facility ahead of commencing operations at the school in the summer of 2016.

During the Fisher Street facility's first three years of operations, the percentage of students living at or below 200% of the Federal Poverty Line has fluctuated between 55% and 75% of total enrollment. One City expects to serve approximately 330 unduplicated low and moderate income individuals each year, including children and adults.

8. **Staff Review:**

One City is a non-profit organization in Madison that provides affordable, accessible, and high-quality preschool education for children ages 1 to 5 in Dane County. The organization serves low-income families in Madison, and has partnered with FCI since 2015 to lease and renovate its early childhood education charter school facility located at 2012 Fisher Street. When FCI initially purchased the building from its previous owner, it was agreed that One City would lease the school from FCI and purchase the facility by December 31, 2018 for \$401,877.23. One City completed a \$1.5 million renovation in early 2016 that was financed through a capital campaign. As a result, the requested CDBG funds will be used solely for the acquisition of the property. As part of the mission of One City, the Fisher Street school has served, and will continue to serve, students from throughout Madison, with a focus on the South Madison neighborhood. A majority of students are in families earning at or below 200% of the Federal Poverty Line. The provision of CDBG funds to this project will ensure that One City can continue providing quality early childhood education to children from low- and moderate-income households.

The City of Madison Community Development Division has not provided funding to One City in the past, and One City does not have any outstanding debt on the property. The \$300,000 in CDBG funds would make the loan-to-value ratio for the property approximately 50%, using the property's most recent appraised value of

\$600,000. In addition to the commitment of CDBG funds, One City anticipates securing the remaining \$101,827 necessary to finance the acquisition of the property by conducting a capital campaign during the summer of 2018. The acquisition of the facility will be completed no later than December 31, 2018, per the terms of One City's agreement with FCI.

One City serves a vital role in the South Madison area by serving a large number of low- and moderate-income persons through the provision of quality and affordable early childhood education that will prepare students for success in elementary school and beyond. One City's commitment to providing affordable education and child care services has underscored this facility's importance to neighborhood stabilization efforts in the City of Madison.

The demand for affordable child care and early childhood education in the City of Madison is a priority. Funding this project will ensure that this facility will continue to serve primarily low- and moderate-income students and their parents or legal guardians.

9.	Total Cost/Total Beneficiaries Equals:	$\$401,827/330 = \$1,218$ per beneficiary
	CD Office Funds/CD-Eligible Beneficiaries Equals:	$\$300,000/330 = \909 per beneficiary
	CD Office Funds as Percentage of Total Budget:	$\$300,000/\$401,827 = 75\%$

Staff Recommendation:

The staff recommendation is to provide up to \$300,000 in CDBG Reserve funds to One City for the acquisition of the property located at 2012 Fisher Street under the terms of the existing CDD Goals and Objectives. The offer of funds will be contingent on One City obtaining a recent appraisal that supports a maximum 115% loan-to-value ratio, a commitment of sufficient permanent financing to complete the acquisition, and related due diligence documentation.