

**2009 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 Street Housing
2. **Agency Name:** Porchlight, Inc.
3. **Requested Amount:** \$234,255
4. **Project Type:**  New or  Continuing

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

Objective 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.

6. **Product/Service Description:**

Porchlight is selling a building with 8 SRO units at 315 S. Henry Street (the acquisition and rehab was funded by the CDBG Office in 1992-93). Porchlight is requesting to re-invest the proceeds plus an additional \$61,000 in a total of 16 efficiency and SRO units in two buildings – 324 E. Mifflin Street and 519 E. Johnson Street.

The property at 519 E. Johnson Street includes 8 efficiency units to be used as permanent housing for clients who “graduate” from other Porchlight housing programs. One of the efficiency units will house a resident manager. All residents are assigned a case manager whom they meet with frequently to help them maintain their housing. The property, which will receive approximately \$75,000 in needed rehabilitation, will be ready for occupancy by the end of August.

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

The total project will provide 7 efficiency units of supportive permanent housing and 1 efficiency unit for a resident manager. Porchlight is requesting assistance for 6 efficiency units which will house persons making 50% or less of AMI (currently \$28,000).

8. **Staff Review:**

- The CDBG Office approved HOME funds for ARISE Family Services to purchase 519 E. Johnson Street in 2005 in the amount of \$214,590. ARISE, which also received a mortgage from Monona State Bank, recently notified MSB that they are defaulting on their loan. Porchlight has negotiated a purchase price for this property from Monona State Bank, as well as 324 E. Mifflin, using proceeds from the sale of 215 S. Henry Street which the CDBG Office helped them purchase and rehabilitate in 1992-93. Porchlight and the CDBG Office agreed that as a result of Porchlight funded improvements and the CDBG Office’s shared appreciation at the Henry Street property, the City was entitled to 83% and Porchlight entitled to 17% of the value of the Henry Street property at sale. Porchlight is requesting that the City’s share of the proceeds be turned around and re-loaned to Porchlight for the E. Johnson Street (and E. Mifflin Street) property.
- In addition to the purchase price, there are additional expenses related to acquiring and rehabilitating the property in the amount of \$28,000. The amount rolled over from the sale of Henry Street plus the additional costs equal the requested \$234,255.
- Even though ARISE has defaulted on their loan, the City is required to comply with the 15 year affordability requirement for this property. The funds that the CDBG Office had invested in E. Johnson Street with ARISE and the funds from this request total \$448,845. Porchlight’s request for 6 units equals \$74,808 per unit, which exceeds the Framework maximum (\$54,000), but is well within the HUD per unit limit (\$126,869).
- Porchlight has agreed to keep the ARISE debt and 15 year affordability requirement on the property. The debt will be in the form of a forgivable loan with Porchlight which will be satisfied at the end of 15 years. The “new” CDBG Office funds will be in the form of a deferred loan. When the ARISE debt and Porchlight’s request are combined, the projects loan to value ratio is 136% which exceeds the Framework unit of 115%.

**Total Cost/Total Beneficiaries Equals:** \$496,090 / 8 = \$62,011

**CD Office Funds/CD-Eligible Beneficiaries Equals:** \$448,845 / 6 = \$74,808

**CD Office Funds as Percentage of Total Budget:** 91%

9. **Staff recommendation:** Staff recommends that the Commission approve Porchlight’s request for \$234,255 HOME match funds for 6 units in the form of a deferred loan which will be secured by a mortgage, promissory note and LURA (15 year affordability); agree to waive the Framework per unit limit the loan to value ratio and shared appreciation language; and approve the 15 year forgivable loan with Porchlight for the outstanding \$214,590 on this property.

<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	Yes
Accessibility of structure	No
Lead-based paint issues	No
Relocation/displacement	No, one ARISE tenant will be allowed to stay after Porchlight takes ownership
Zoning restrictions	No
Fair Labor Standards	No
Vulnerable populations	No
Matching Requirement	No
Period of Affordability for HOME funds	15 years
Site and neighborhood Standards	
IZ Enhancement Benefits or issues	NA
Supplanting issues	NA
Living wage issues	NA
B.A.D. building process	No
MBE goal	
Aldermanic/neighborhood communication	New alder, Bridget Maniaci, has been contacted
Management issues:	None