

March 8, 2010

Sue A. Wallinger, CDBG Grants Administrator
215 Martin Luther King Jr., Blvd.
Madison, WI 53701-2985

Dear Sue,

PORCHLIGHT, INC.

306 N. BROOKS STREET
MADISON, WI 53715
608.257.2534
FAX 608.257.2507

This letter is written in response to the decision by the CDBG Commission to provide the \$20,000 in ESG grant funding for our project on 1102 Spring Street not allowing for a forgivable loan, but instead requiring a deferred loan. The rationale for the decision by staff and the CDBG Commission was that the circumstances for the request did not warrant a waiver of the framework. This letter is written to encourage the CDBG Commission, as it reviews the framework for the future, to make a change so that relatively small requests with substantial match funding be allowed on the basis of a forgivable loan of 5 to 10 years.

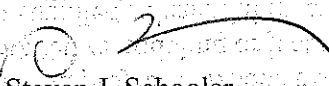
Reiterating the facts for 1102 Spring Street, Porchlight requested ESG funding of \$20,000 from a total of \$31,000 cost for exterior cladding to make the building more energy efficient and the exterior more durable. For purposes of the overall remodeling project, Porchlight provided over \$75,000 of its own funds into making the project possible (\$50,000 withdrawn from its WHEDA reserves and \$25,066 to make up a deficit for the remodeling project). Whether the \$20,000 was considered part of the overall \$450,000 remodeling or just a part of the \$31,000 exterior cladding work, Porchlight supplied substantial match funding.

During the discussion, we pointed out that relatively small deferred loans can be administratively expensive to deal with in the long run. Recently, in collapsing the CHLP limited partnership for Brooks Street, Porchlight had a number of deferred loans that all had to be subordinated and the cost of making that happen in attorneys fees probably added \$5,000 on to the cost. This really is not an efficient use of resources

Therefore, Porchlight requests that for the future, the CDBG framework be modified to permit awards of forgivable loans for relatively small amounts (I would advocate for \$20,000) with match funding requirements for those amounts of at least 50%. This is only a request for the future and would not impact on the decision already made as it relates to Spring Street.

I will not be in town to address this at the next CDBG Commission meeting but would be happy to answer any questions before then or a subsequent meeting if appropriate. Thanks for consideration of this request.

Very truly yours,


Steven J. Schooler
Executive Director
Porchlight, Inc.

"Solutions to Homelessness"

