

**2015 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:** Porchlight Supportive Permanent Housing

2. **Agency Name:** Porchlight, Inc

3. **Requested Amount:** \$200,000

4. **Project Type:** New Continuing

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

Objective 1.1 Housing Supply- Preserve, improve and expand the supply of affordable housing for homeowners and renters.

6. **Product/Service Description:**

Porchlight, Inc. is seeking funding to acquire property located at 4130 Lien Road, a 82,882 sq. ft. (1.9 acre) parcel that includes a 21,116 sq. ft. building. CDBG funds will be used to acquire only the vacant portion of the parcel for the purpose of constructing 16 to 21 efficiency-style units of permanent supportive housing. Porchlight will target the units to single adults who are facing homelessness or who are at risk of homelessness. In addition to expanding the supply of rental housing, Porchlight will utilize the property's existing building as increased program space for the agency's Porchlight Products. Porchlight Products is a food manufacturing program that provides employment training opportunities to homeless persons with disabilities, and currently operates out of an overcrowded kitchen space located on Brooks Street. The Lien Road building space will afford Porchlight Products the capacity for additional growth, expanding the availability of employment training opportunities provided by the program from 38 to 60 trainees per year.

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

A minimum of 16 efficiency units estimated to be 500 to 550 sq. ft. each of rental housing will be newly constructed. Eleven (11) units will be targeted to individuals at/below 30% CMI. Four (4) units will be targeted to individuals at/below 50% CMI. One (1) unit will be available to individuals at/below 80% CMI. Five (5) units will be designated for veterans or chronically homeless individuals. Porchlight will use other funding resources to rehabilitate the current building on the property for use as a commercial kitchen and to include five additional rental housing units.

The additional space gained through the proposed acquisition of the current building will also provide employment training and meaningful stabilizing employment activity for 60 homeless persons with disabilities.

8. **Staff Review:**

The City of Madison has a significant population of underserved homeless single adults, many whom have disabilities, mental illness, or alcohol and other drug abuse issues. The private housing market is ill equipped to serve this population given their extremely low income and high needs for services. Dane County currently has 432 units of supportive permanent housing for single adults who are homeless or at risk of homelessness. There is a strong demand for additional supportive housing units, due to low vacancy rates, high rental costs and the need for more support services.

Porchlight has executed an offer to purchase the parcel at 4130 Lien Road as well as the existing structure located on the property. CDBG funds will be used in the acquisition of the land in which rental housing will be constructed in April 2016 once additional financing from Federal Home Loan Bank of Chicago is submitted and approved. This project will leverage a substantial amount of additional funds. Porchlight has indicated that 66.1% of the project budget (\$2,485,029 of the \$3,755,000 total project budget) has already been committed from various foundations and in-kind donations.

Porchlight has been successful in developing previous permanent housing sites and offering ongoing supportive services at each site. Porchlight is currently partnering with Community Development Authority to offer support services for an additional eight units of CDD funded permanent housing at the Truax Phase 2 location which was approved by Common Council September 2014.

The 2015-2016 Community Development Program Goals and Objectives list the following as key priorities and strategies for CDD to consider when funding development for new housing supply:

- Maximize access to jobs, workforce housing, transit, education, and other key amenities
- Promote dispersion of assisted housing units.
- Increase the supply of rental units, especially for individuals needing affordable single room occupancy (SRO) or efficiency units and with supportive services for special populations

This project meets the current priorities as established by CDBG Committee in terms of housing supply. Porchlight Products will offer onsite employment and employment training to residents offering access to both employment and education opportunities on the housing development site. Porchlight will purchase the building currently located on the site and rehabilitate a portion of the building to expand Porchlight Projects and move the employment training program from Brooks St to Lien Rd.

The allocation of \$200,000 in federal CDBG funds will be contingent upon Porchlight, Inc. demonstrating that it has secured financing sufficient to complete the project and that the agency has received from the City all necessary land use and permit approvals. Further, the funds will be provided to Porchlight in the form of a long-term deferred loan, payable upon the sale, transfer, or change in use of the property. The loan will be secured by a mortgage and a promissory note, and the note will require repayment of a percent of the appraised value of the property, based on the amount of City funds invested in the property, or net proceeds, whichever is less.

Sufficient CDBG funds are available in the Community Development Housing Reserve fund to support this project. The use of CDBG funds will have no impact on the local levy.

Total Cost/Total Beneficiaries Equals:

Cost to purchase 61,766 sq. ft of parcel \$969,108/ 16 units = \$64,607

CD Office Funds/CD-Eligible Beneficiaries Equals:

\$200,000/ 16 units = \$12,500

CD Office Funds as Percentage of Total Budget: \$200,000/ \$969,108= 20.6%

9. Staff recommendation:

Provide \$200,000 in CDBG funds. Funding will be used to acquire only the vacant portion of the parcel for the purpose of constructing 16 to 21 efficiency-style units.