



Department of City Development
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MEMORANDUM

FOR MEETING DATE: December 4, 2014
TO: Community Development Committee
FROM: Jeff Vitton, CD Program Specialist
SUBJECT: HALO, Inc. HOME Application

The Homeless Assistance Leadership Organization (HALO) has submitted a HOME Investment Partnership Program proposal in accordance with the Request for Proposals and Application process presented to the CDC in August. As you may recall, per the 2013 HOME Program rule changes the application process was revised to be much more in depth, including a thorough level of financial review. HALO was the sole applicant to apply.

HALO incorporated in 2004 and is an organization committed to preventing chronic homelessness in Racine County. They are requesting \$319,200 to rehabilitate an empty eight unit apartment building located at 2005 Washington Avenue. This 9,076 square foot, brick, three and a half story building was built in 1900 and features six two bedroom units and two garden level efficiencies. The units will feature a dining room, kitchen, and stackable laundry units. The building is in very poor condition and will require all new plumbing, new windows, electrical, and HVAC. Currently, all of the kitchens and baths need to be repaired. The total project cost is projected to be \$626,990.

Major budget costs using rough numbers are as follows:

- Acquisition: \$180,000
- Rehab: \$400,000
- Soft and Other: \$ 47,000

HALO is also seeking a \$230,000 loan from Forward Community Investments, a state-wide Community Development Financial Institution for this project. Per a requirement from this entity all units must be rented by households earning less than 60 percent of area median income unlike the HOME program that requires that households earn less than 80 percent of the area median income. Once completed, their primary target population for this project is HALO residents who are ready to leave their shelter, but because of disability, chronic mental health issues, or other factors are unable to live independently. However, these residents will continue to work with HALO caseworkers to meet their needs and access supportive services. Their second target population is low income members of the community in need of affordable rental housing. After rehabilitating the property, they plan to move it back into a for-profit company and begin generating tax revenues for the community, while maintaining the 15 year affordability criteria.

From reviewing the application material, staff advises that the application is consistent with the HOME program requirements and is an eligible project for HOME funding.

Staff recommends that the application of the Homeless Assistance Leadership Organization (HALO) for a grant of \$319,000 in HOME Investment Partnership funds be approved:

- Receipt of a signed “Acknowledgement of Required Assurances” (a list of relevant Federal “Cross-Cutting” laws and other regulations pertinent to the HOME Program).
- Confirmation from HUD as to the appropriateness of proposed rent levels
- Receipt of a “Firm Commitment Letter” from Forward Community Investments, and subsequent Staff underwriting review with their final terms.
- Executed Written Agreement with HALO, Inc, Land Quest Construction, and the forthcoming LLC the Property will be transferred to. This agreement will address proceeds from the sale/transfer of the property.
- Receipt of binding Partnership Agreement between HALO, Inc., Land Quest, and forthcoming ownership LLC.
- Financial commitments for the remaining gap in funding (approximately \$80,000) within six months. If not in place at that time, written agreement will be null and void.

Further recommends that the Mayor, City Clerk, and Director of City Development be authorized to execute a grant/written agreement with HALO consistent with its application and federal regulations for the use of the funds.

Fiscal Note: The application was submitted in response to the request for proposals issued by the Department of City Development. There are sufficient HOME funds available for the grant