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6/21/2016

Mr. Charlie Lanter
Director
Office of Homelessness Prevention and Intervention
Lexington-Fayette Urban County Government
101 E. Vine Street, Suite 175
Lexington, KY 40507

Dear Charlie,

I am writing to let you know about a new project we are embarking upon and to request financial support from the Office of Homelessness Prevention and Intervention for this project.

According to the *Report of the Mayor's Commission on Homelessness*, there is an unmet need of 350 transitional housing beds in our community for people graduating from substance abuse recovery programs. In addition, the report cites a need for transitional housing and employment support for ex-offenders who are discharged from jail and returning home to our community.¹ Since the publication of this report in January 2013, these needs have become even more pressing. The abuse of opioids, particularly heroin and fentanyl, has skyrocketed across the state, and especially in Fayette County where the overdose rate has risen by 63% in two years – from 86 deaths in 2013 to 141 in 2015.² To help address this problem, the Kentucky General Assembly passed Senate Bill 192 in March, known as “The Heroin Bill,” which provides new funding to make drug treatment more widely available to those seeking help. The state’s addiction treatment system will receive an immediate \$10 million boost and \$24 million annually.³ While this funding will expand access to critical treatment, graduates of these recovery programs will need transitional housing that is safe, affordable and supportive to ensure they maintain sobriety, find jobs, and make a successful transition to independent living.

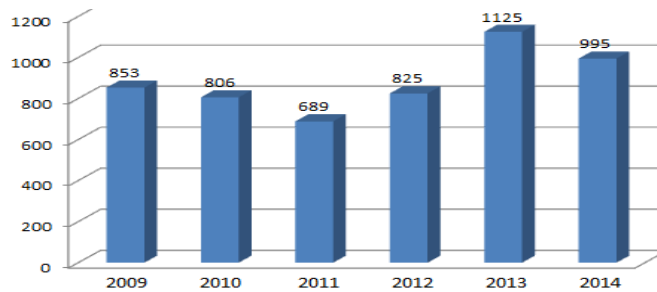
At the same time the need for transitional housing for those in recovery is growing, the number of ex-offenders returning home is on the rise. According to the Kentucky Department of Corrections, Fayette County is second only to Jefferson County in the number of ex-offenders returning home, with an average of 882 men and women reentering our community annually (see chart below). These newly released inmates often lack the resources they need to obtain safe, affordable housing, find stable employment, and rebuild relationships with their family. Without transitional housing, support and guidance, they are likely to fall into the same cycle of criminal behavior and go back to prison.

¹ Mayor's Commission on Homelessness. (January 2013). For the Greater Good. 50-51, 56-57.

² Tilley, John C., Ingram, Van. (2015). 2015 Overdose Fatality Report. *Kentucky Office of Drug Control Policy*. 8. Retrieved from <http://odcp.ky.gov/Reports/2015%20KY%20ODCP%20Overdose%20Fatality%20Report%20Final.pdf>

³ The Heroin Epidemic. *Kentucky Office of Drug Control Policy*. Retrieved from <http://odcp.ky.gov/Pages/The-Heroin-Epidemic.aspx>

Number of Ex-offenders Re-Entering Fayette Co.



Lexington Rescue Mission sees these needs first-hand. Our transitional home, The Potter's House, provides housing for men who graduate from recovery programs, leave incarceration, or need additional support as they make the transition from homelessness to independence. Over the last two years, as we have expanded the scope of our ministry with inmates at Fayette County Detention Center and grown our employment services, we have seen the demand for beds at our residential facility far exceed our capacity. We only have 14 beds at the Potter's House, which is located at 649 N. Limestone, and we consistently have every bed filled or committed with more than 20 applicants on the waiting list.

Given this need, Lexington Rescue Mission plans to acquire and renovate a building at 629 N. Broadway that would provide an innovative and sustainable solution to this problem. This two-story, 7,520 square-foot property will house a community center on the ground floor that provides on-site job training and placement as well as re-entry support services, and on the second floor, it will provide an additional 20 beds for men in need of transitional housing. The average resident stay is four months, which means that with 20 additional beds, we could serve approximately 60 more people each year.

The ground floor will house our Jobs for Life program, where job-seekers receive five weeks of daily training on how to find, obtain and maintain lasting employment. Once they complete the program, Jobs for Life graduates are eligible to enroll in our Advance Lexington staffing service, which contracts with local businesses to provide temporary work for hard-to-place job-seekers and assists them in finding permanent employment. It will also house our Re-Entry Services, which provides life-skills classes, case management and support (including obtaining birth certificates, IDs, clothing, assistance with transportation, etc.) to ex-offenders.

The men who live on the second floor of this facility will receive support to help them make a successful transition from homelessness to independent living. Upon intake, they will meet with a case manager, who will help them develop a personal transition plan that includes: finding employment, creating a budget, paying off debts, saving money, restoring broken family relationships, and obtaining permanent housing. Residents will meet weekly with their case manager to track progress on their goals and help them overcome barriers to success. Each resident will be held accountable for their sobriety through random drug and alcohol tests, and they must attend weekly meetings with a support group and their recovery sponsor.

In addition to *expanding our capacity* to serve more residents, this facility will *reduce barriers* to employment and help residents overcome common challenges in re-entry since we will provide our Jobs for Life, Advance Lexington, and Re-Entry services on-site. Currently, these are located in a separate rental facility on North Forbes Road. This innovative solution is truly unique in its approach of combining transitional housing with comprehensive employment training, a staffing service, and specialized re-entry support for ex-offenders.

On June 1, we signed a contract for the property at 629 N. Broadway, which is zoned P1, for a sale price of \$380,000. We anticipate spending \$275,000 in renovations and \$100,000 in soft costs for a total project cost of \$755,000. We are applying for a \$550,000 grant from the Federal Home Loan Bank through PNC, and we expect to be notified of that award on December 15, 2016. The sale is pending this award. We have already set aside \$90,000 from our General Operating Fund and will request \$60,000 in Community Development Block Grant (CDBG) funds from the city this fall. We request the remaining \$55,000 from the Office of Homelessness Prevention and Intervention to fund renovations to the facility.

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| Property Acquisition | \$380,000 |
| Property Renovations | \$275,000 |
| Architect | \$45,300 |
| Capital for Compassion | \$31,000 |
| Bank interest on construction loan | \$18,000 |
| Environmental Assessment & Asbestos Inspection | \$3,500 |
| Site Survey | \$1,000 |
| Appraisal | \$1,200 |
| TOTAL EXPENSES | \$755,000 |
| | |
| Federal Home Loan Bank | \$550,000 |
| General Operating Fund | \$90,000 |
| Community Development Block Grant | \$60,000 |
| Office of Homelessness Prevention & Intervention | \$55,000 |
| TOTAL REVENUE | \$755,000 |

The Office of Homelessness Prevention and Intervention can be assured that this project is sustainable. Lexington Rescue Mission has a broad base of support in the community, with 7,434 donors contributing \$1,255,916.30 in the last 12 months to support the ongoing operations of the ministry. Over the last five years, our donor revenue has grown by an average of 7% each year. Additionally, our Advance Lexington staffing service, which employs Jobs for Life graduates, will help fund the operating costs of our employment program through contracts with local employers. Also, residents living in the facility will pay rent once they are employed, which is calculated on a sliding scale, based on income to ensure affordability. This will also help sustain the ongoing operations of the transitional housing.

I respectfully request a one-time grant from the Office of Homelessness Prevention and Intervention's Innovative and Sustainable Solutions Fund for \$55,000 to pay for renovations on this facility that will provide an innovative and sustainable solution to homelessness for men who are recovering from substance abuse, leaving incarceration or need additional support to move from homelessness to independent living. Thank you for your consideration of this request.

Sincerely,



Jim Connell
Executive Director