



703 Farnam St, #207, La Crosse, WI 54601

karunahousing.org

608-360-6430

To: City of La Crosse Planning Department

October 3, 2025

Dear Andrea and Mara,

Karuna Inc. is formally requesting an amendment to the budget for our use of the ARPA funds granted to us in November 2025. Our original plan was to use a portion of the funding to support current operations of the pilot project and the rest to help purchase and renovate additional buildings to make additional specialized housing units available for the La Crosse Community. Due to unforeseen, but positive, changes in our plans, we have reconsidered our timeline and use of the funds.

Our ultimate goal is to add a total of 40 specialized housing units in La Crosse to serve people with the highest barriers to maintaining their own stable housing. As of today, we have 11 units and our original goal was for the ARPA funds to directly support an additional 10-14 units. With this new plan, we believe we can increase that to 8 new units this year and 8-10 units in 2026.

ACCELERATED TIMELINE

Our original timeline was as follows:

- Complete revision of original business plan by end of December 2024
- Secure all financial support necessary for purchase and renovation of first building by end of December 2025
- Complete first building purchase by June 2026
- Complete all necessary renovations by end of December 2026
- New resident move-in January 2027

We have been able to speed up this plan by entering a land contract with a local property owner to purchase our first additional building. We have a signed agreement to purchase and will close on 11/17, taking possession immediately after closing. This will add 8 new units before the end of 2025 – a full year ahead of our original schedule.

Our plan is to use the excitement and momentum from this first expansion to raise the funds, through a large grant request from the Franciscan Sisters of Perpetual Adoration and through our own fundraising efforts, including our 2nd Annual Home for the Holidays gala this December 13th, to complete the purchase of the first new building as well as help to purchase a second building in 2026.

We need more funding for our current operating expenses as well as the expenses of opening the new building this year to make this plan work.

NEW BUDGET

ARPA BUDGET AMENDMENT REQUEST

Original Budget

Acquisition & Renovations	\$	200,000.00
Operating Costs	\$	100,000.00
	\$	300,000.00

Requested Amendment

Already expended - Prev. Allocated		
Operating Costs	\$	100,000.00
Acquisition & Renovations - Copeland	\$	100,000.00
Additional Operating Costs 2025/2026	\$	75,000.00
Acquisition & Renovations for 2nd Bldg. by End of 2026	\$	25,000.00
	\$	300,000.00

For the purchase of the Copeland Ave property, we are submitting a request for \$10,000 now for earnest money and will be submitting a request in November for \$40,000 to complete our first down payment. In January 2026, we have agreed to put another \$50,000 down on the Copeland Property.

Because we had not intended to operate a 2nd building until the end of 2026, we will have increased operating expenses this year and next that we were unprepared for. We have already been increasing our staff, including recruiting a new full-time Program Director, and preparing for the new units. We would like to use an additional \$75,000 of the ARPA funds to help cover current operations expenses as well as those of the new property on Copeland as we work to secure the necessary funding to continue operations.

Spenser Nickelatti, the property owner at Copeland Ave, has stated he would like to work with us on a second building as well. Additionally, we have had another property owner reach out to express interest. Our intent would be to use the remaining \$25,000 of ARPA funds to put towards the acquisition and renovations of an additional building in 2026. If these plans should fail, we would use the remaining \$25,000 as further payment on the Copeland Ave property, ensuring all the funds are used by the deadline of December 2026.

PLANS FOR SUSTAINABILITY

Our plans for sustainability remain roughly the same as those outlined in our original grant proposal including applying to become a Medicaid vendor for housing support services and

seeking to project-base a number of Housing Choice Vouchers in partnership with the City of la Crosse Housing Authority. We were unable to obtain any revenue from either of these sources in 2025. The new Medicaid waiver did not allow any current residents to be “grandfathered” into the program. Our plan is to complete our Medicaid application in hopes of enrolling all the new residents with the Copeland Ave property so that housing support services can be reimbursed through the program. Additionally, because we do not own the Grove St property, we were unable to begin advocating with the housing authority to obtain some project-based vouchers. Our plan is to approach the housing authority in January 2026.

In addition to increasing revenue, we are working to decrease costs. After two years of pilot operation, we are able to make adjustments to staffing, our single largest cost, while still maintaining a 24hr presence and quality support at both properties. The new Copeland property will have live-in staff, already hired and training, with some additional paid support to provide time off. We will pilot this through June 2026 and plan to implement live-in staff at the Grove St location as well after that. There will always be a Karuna staff person on duty at each building 24hrs/day. We do also have an on-call/back-up staff schedule.

We are continuing to research and work on several ideas for a social enterprise project that would not only provide an employment and job training opportunity for our residents but also some revenue for the project. We have applied for HAP grant funding this year and will continue to apply for renewable state and federal grant resources.

We greatly appreciate all the support from the City of La Crosse so far! Your investment in our project helped us secure new grants from the La Crosse Area Community Foundation and Great Rivers United Way in addition to the previous grants we had received from Emplify Health, Mayo Clinic Health System, the Franciscan Sisters of Perpetual Adoration, and more. We are excited to see where the future takes us and hope you will approve this new amendment to continue to provide the support, we need to get there!

Yours in partnership,

Julia McDermid

Julie McDermid, Executive Director

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