

HEARTLAND ALLIANCE

HOUSING

PROPERTY MANAGEMENT PLAN

Madison Supportive Housing

I. DEVELOPMENT OVERVIEW

Madison Supportive Housing (“Development”) is a 60-unit development catering to low and very-low income individuals in the Madison area.

All sixty (60) units will be tax credit restricted. Fifty-four (54) units will have Project-Based Rental Assistance (PBRA); twenty-seven (27) units from the City of Madison Community Development Authority (CDA) and twenty-seven (27) units from Dane County Housing Authority (DCHA). Tenants qualifying for these units will be responsible for paying 30% of their adjusted gross income for rent. The CDA and DCHA will pay the Development the difference between the tenant’s portion of the rent and the contract rent.

The CDA will pursue opportunities to work with the Wm. S. Middleton Memorial Veterans Hospital to project base VASH (Veterans Administration Supportive Housing) vouchers at the Development. The goal is for twenty (20) of the CDA/DCHA units to be covered by VASH.

The remaining six (6) units are affordable units restricted to 30% AMI. The full unit mix is represented in the following table:

# Units	Unit Type	Max CMI	Sq. Ft.	Contract Rent (Month)
6	Studio	30%	350	\$383
33	Studio	50%	350	\$682
21	Studio	60%	350	\$682
60				

II. PARTIES

Unless otherwise stated in this management plan:

“CDA” will refer to City of Madison Community Development Authority

“DCHA” will refer to Dane County Housing Authority.

“Development” will refer to Madison Supportive Housing

“HUD” will refer to U.S. Department of Housing and Urban Development

"Managing Agent" or "Property Management" or "Property Manager" will refer to Heartland Housing, Inc. ("HH")

"Owner" will refer to Rethke Washington, LLC, or its tax credit entities

"WHEDA" will refer to the Wisconsin Housing and Economic Development Authority

III. **GOVERNING DOCUMENTS**

The Development will be managed under the direction and supervision of the Managing Agent, as agent of the Owner. The Development will be subject to all applicable laws and regulations (including specifically, but without limitation, laws and regulations cited below) and the documents identified below:

- A. The Operating Agreement of Limited Liability Company Rethke Washington, LLC, dated _____, 2015.
- B. The Management Agreement between the Owner and the Managing Agent, dated _____, 2015.
- C. The Low Income Housing Tax Credit Extended Use Agreement with WHEDA
- E. Restrictive Covenant with U.S. Department of Housing and Urban Development
- F. Tenant Lease Agreement

IV. **OWNER AND MANAGING AGENT**

A. **Owner**

The Owner of the Development is Rethke Washington, LLC, a Wisconsin limited liability corporation, and its tax credit entities. The Owner is located at 208 S. LaSalle Street, Suite 1300, Chicago, IL 60604. The Owner is comprised of an investor member, TBD, and Rethke Washington MM, LLC, which is the managing member. Rethke Washington MM, LLC is a single-purpose entity comprised of a sole member, Heartland Housing, Inc.

B. **Managing Agent**

Heartland Housing, Inc. is the exclusive Managing Agent of the Development. The Managing Agent is located at 208 S. LaSalle Street, Suite 1300, Chicago, IL 60604, and is registered as a Foreign Non-Stock Corporation in the State of Wisconsin.

C. **Management Philosophy and Goals**

Madison Supportive Housing will use HH's housing model, which is based on maintaining affordability and encouraging advisory resident participation. The HH approach has been critically important in addressing problems that might prove disruptive to the building or cause a tenant to lose his/her housing. By working closely together, HH building management staff and residents are able to create a harmonious living environment with few incidents.

D. **Role and Responsibilities of Managing Agent**

HH is responsible for property operations oversight. As the Managing Agent, HH will work closely with Heartland Health Outreach (HHO), which is the service provider for the Development. HHO will conduct a social service screen for all applicants. HH and HHO will work closely with the CDA and DCHA to identify and screen potential applicants.

C. Staffing

The building will be managed by a full-time Property Manager, employed by HH, who will be responsible for building operations, including administration, management (rent collections and billing) and maintenance. S/he will be responsible for the supervision of the Maintenance Worker and Office Coordinator. S/he will be on call 24 hours a day for emergencies.

A part-time Office Coordinator will assist the Property Manager in his/her duties. In addition s/he will be responsible for assisting in recertifying existing residents (in accordance to Low Income Housing Tax Credit Rules) on an annual basis to ensure the resident still qualify to reside in the program.

A full-time Maintenance Worker will provide maintenance of the building. The Maintenance Worker will be responsible for repair and maintenance inspections, performance of minor repairs, and supervising major building repairs by outside contractors. The Maintenance Worker will be on call 24 hours a day for emergencies.

Front Desk staff will work approximately 128 hours per week. Coverage hours are to be determined as the Property Manager sees appropriate, but will not be less than what is necessary to maintain 24-hour staff building presence.

HHO, as the service provider, will have site staff, which includes:

- 1 FTE licensed supervisor
- 2 FTE case managers
- 1 FTE substance use specialist
- 1 FTE community health worker (person with lived experience)

More detail can be found in the Services Plan.

II. PROCEDURES FOR DETERMINING APPLICANT ELIGIBILITY

A. Marketing Outreach

Marketing for the development will be a three-pronged approach. First, the VASH units (20 in total) will be filled with referrals from the Madison VA referral system.

40 units will be filled with referrals from service providers in the Madison Continuum of Care, which will make up an Interest List. The Heartland Health Outreach case manager and Heartland Housing will work with emergency shelter agencies and transitional housing programs provided to us by the City of Madison Development Authority and the Dane County Housing Authority to identify potential residents.

Finally, the 6 affordable units will be filled through traditional marketing techniques such as newspaper ads, online housing resources, signage, and community referrals.

B. Tenant Selection

Tenant selection will be primarily under the supervision of the Managing Agent and the Property Manager. Tenant selection will include interviews and income verification, notification of selection or rejection, and maintenance of the LIHTC units wait list. The CDA will maintain the VASH and PBV wait lists. HH will adhere to all rules and regulations as applicable and approved by WHEDA, HUD, Low Income Housing Tax Credit (LIHTC) tenancy rules.

The Development will maintain three (3) Interest Lists:

1. Veterans
2. Madison area COC
3. General LIHTC

Appropriate procedures to re-certify tenant incomes will be followed annually. All tenant selections, certifications, and other tenant related actions will comply with the other Regulatory Agreements identified in the Management Agreement.

Once the building is leased, the LIHTC wait lists will be updated and purged on an annual basis through response cards and letters according to the HH Standard Operating Procedures Manual.

C. Tenant Move-In

Prior to move-in, a tenant will be required to attend an orientation session with the Property Manager. This will be used to complete the leasing agreements, address building procedures, and to answer any questions about building amenities or neighborhood benefits. Move-ins will be scheduled through the Property Manager.

III. RENT COLLECTION POLICIES AND PROCEDURES

A. Leases

Leases will be a minimum of a one-year period. Lease renewals and income re-certification will occur annually. Residents will be given 30+ days notice their new monthly rents in writing and will sign a new lease with new rents. Tenants must inform Property Management of their decision to move out as soon as possible. Falsification of information provided on any certifications will be grounds for termination of tenancy/denial of tenancy.

B. Rent Collection

Rent will be due on the first day of the month. Rent will be considered late if not paid by the due date. Tenants' five-day grace period will begin thereafter. Eviction proceedings will be a considered option if tenant has not paid rent following the grace period. Property Management offers payment plans for tenants that qualify.

C. Security Deposits

Security Deposits will be collected from all leaseholders. Apartments will require a security deposit that equals a one-month of the tenant rental rate for the unit. The amount of the security deposit is set at move-in and does not change as the tenant's rent changes.

If a tenant transfers to another unit, Property Management will close out the old deposit, deduct damages and refund the difference. A new security deposit would then be charged based on the new rent.

Any refund due must be returned within 45-days after the tenant has turned over possession of the unit.

Property Management will follow all state and local regulations regarding interest paid on Security Deposits.

IV. RESIDENT AND MANAGEMENT RELATIONS

A. Resolving Tenant Problems

Property Management will identify problems and lease violations and immediately inform HH upper management and appropriate persons at HHO. The goal will be to help the tenant work out a solution that is acceptable to both tenant and Property Management. There will be a three-day window for this timeframe after which the Property Management will inform the tenant of issues and take any legal steps necessary.

When a problem comes up regarding lease violations, the tenant will receive appropriate notice from the Property Manager (this also includes Building Rules violations). A meeting will be scheduled for the tenant, Property Manager, other appropriate HH staff and witnesses. The resident has the right to have an additional person present. A plan of action should result from this meeting with specific objectives to be met. If the problem is rent related, a solution may include a budget session and payment plan arrangement for the tenant. If housekeeping is an issue, housekeeping services can be arranged for the tenant. After a solution is worked out, it is submitted to the Property Manager and an agreement is negotiated, all parties must execute the agreement. The Director of Property Management has the sole and final approval over acceptance of these negotiated plans of action.

It is explained to the tenant that failure to follow through with the agreement will lead to serious consequences. For example, if the problem is non-payment of rent, eviction will be the result; if it is having loud parties that disturb fellow tenants, the tenant will have his/her rights to have visitors restricted.

B. Tenant Participation

HH encourages tenants to become actively involved in the upkeep of the property and the community in general. HH will work with HHO and other community groups to provide meaningful outlets to tenants, including voter registration, social events, and meetings to discuss property concerns.

C. Evictions

Property Management shall follow all procedures of the Standard Operating Procedures Manual related to any eviction process, including state and local law. The CDA and DCHA, the PBRA Administrators, must be notified in writing of any termination of tenancy for PBRA subsidy units. HHO must be notified in writing of the commencement of any procedures for the termination of tenancy for all units.

V. MAINTENANCE AND REPAIRS

A. Inspections

Building inspections will include all units and common areas, with emphasis on the roof, boiler room, penthouse, laundry room, exterior structure and grounds. All inspections will be documented in writing. All repairs identified by the inspection will be immediately converted to work orders. Unit inspections will occur at least biannually by Property Management and during work orders in the unit by Maintenance.

B. Preventative Maintenance

Property Management will be responsible for developing and implementing a preventative building maintenance plan. This plan will have provisions for individual work orders and 100% of all maintenance work orders.

Preventative maintenance will include activities that are required in order to preserve and extend the useful life of materials, equipment, fixtures and other elements of the development. For the most part, these tasks can be identified and scheduled from the moment a particular component is installed.

Property Management will develop a Capital Improvement Plan, which will cover five years and will be updated annually by priority items necessary items and desirable items. The plan is for items that cost \$2,500 or more and that have a life span of 5 years or more (i.e. roof, boiler, hot water heater, appliances, common area carpeting, etc.).

VI. ACCOUNTING AND REPORTING SYSTEM

A. Fiscal Responsibilities

HHI will be responsible for all owner and asset management functions including maintaining solvency of buildings operations, financial variance analysis, preventative maintenance and submission of all compliance documents to all lenders and housing agencies.

HH will be responsible for preparing an annual budget for Madison Supportive Housing and the HH Executive Director will approve the budget. This budget will then be broken up into monthly cash flow statements, with the goal being to prepare monthly financial statements that can be compared with the budget to determine variables and trends.

B. Reporting

HH will be responsible for all negotiations and contracts with the funding institutions for this project. These documents will be supplied to Investor Member per terms and conditions of Operating Agreement for Rethke Washington, LLC. Following are the responsibilities:

1. Prepare annual operating budget
2. Tenant screening requirements
3. Collect monthly rental receipts and act as custodian for said receipts
4. Request payment from PBRA Administration and collect subsidized rent payments
5. Disburse all monthly payments to vendors
6. Prepare and submit monthly financial statements including operating statements, rent roll, balance sheets, check runs and other necessary information
7. Provide biannual "site-inspections" to identify any corrective action necessary related to operations and maintenance of the building

C. Resident Files

HH will send the first tenant move in file to TRG immediately following occupancy. TRG will review for any file structure or component changes and HHI will implement requested changes. When all residents have move in TRG will complete an audit of all resident files for compliance and accuracy. TRG will also audit the files annually or on as as-needed basis. Electronic versions of the files will be accepted.

VII. EXPERIENCE PROFILE

Heartland Housing is a leader in developing and managing affordable housing in the Midwest. As Heartland Alliance's housing division, Heartland Housing has developed and manages over a thousand affordable homes across the Chicago region and Midwest since our founding in 1988. Our

experience has helped us perfect the art of balancing solid property management with programs that create opportunities for residents. As a result, our work not only sparks community revitalization but also creates stable lives and homes.

The foundation of Heartland Housing Inc.'s development and management philosophy is to promote individual and family self-sufficiency through stable housing, social supports and employment resources. Heartland Housing Inc.'s housing initiatives have received awards from and have been recognized by a number of institutions, organizations, and media including the Urban Land Institute - Chicago District Council, Local Initiatives Support Corporation, Fannie Mae Foundation, Chicago Realtors Association, Multi-Housing News, *Chicago Tribune*, and *Chicago Sun-Times*.

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