



CommunityDevelopmentAuthority

Mark A. Olinger, Executive Director
Madison Municipal Building, Suite LL100
215 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53703

ph (608) 266.4635 fx (608) 267.8739 TTY/TEXTNET (866) 704-2318
email molinger@cityofmadison.com
mail P.O. Box 2985, Madison, WI 53701-2985

DATE: January 14, 2008

TO: Board of Estimates
 Plan Commission
 CDBG Commission

FROM: Stuart Levitan, Chair,
 Community Development Authority

SUBJECT: File 08380 (Allied Drive Redevelopment)

I write to ask your support for Leg. File No. 08380, authorizing the execution of a cooperation agreement between the City and the CDA for the redevelopment of the City-owned properties in the Allied Drive neighborhood. This memo is to summarize the CDA’s proposal, which satisfies the terms of all adopted preliminary resolutions. It is also to inform you that we accept as friendly the amendments offered by the Allied Area Task Force on January 10.

Unit Mix and Affordability

The CDA proposes to build 48 residential units in five buildings, including significant public open space at the corner of Allied and Jenewein as follows:

| | |
|--------------|-----------------------------|
| Building A* | 18 units, 3 stories |
| Building B** | 13 units, 3 stories |
| Building C | 8 units, 2-story town homes |
| Building E | 4 units, 2-story town homes |
| Building F | 5 units, 2-story town homes |

*Live/work unit for Resident Manager in Bldg A
**2,000 SF Clubhouse/Computer room in Bldg B

Of the forty-eight (48) units proposed in Phase 1, the unit count and unit mix are as follows:

| No. | Bedroom Count | % of Total | Sq. Ft. |
|-----|------------------------------------|------------|---------|
| 13 | 3-bedroom | 27% | 1,350 |
| 13 | 2-bedroom + den | 27% | 1,200 |
| 9 | 2-bedroom (handicapped accessible) | 19% | 975 |
| 9 | 1-bedroom | 19% | 800 |
| 4 | Studio/lofts | 8% | 500 |

To assure long-term affordability, the CDA will petition the U.S. Department of Housing and Urban Development to permit the use of thirty-six (36) Project-Based Section 8 Vouchers (PBVs), leaving the tenants (all at 50% median income and below) to pay 30% of their income towards the following rents (which would then be subsidized by the PBVs):

| No. | Bedroom Count | Rent |
|-----|--------------------|----------|
| 3 | Studio/Loft | \$602 |
| 7 | 1-bedroom | 751 |
| 6 | 2-bedroom | 888 |
| 10 | 2-bedroom with den | 888/1191 |
| 10 | 3-bedroom | 1191 |

12 units would be affordable to households between 50-60% of Median Income, with the following rents:

| No. | Bedroom Count | Rent |
|-----|--------------------|-------|
| 1 | Studio/loft | \$486 |
| 2 | 1-bedroom | 606 |
| 3 | 2-bedroom | 699 |
| 3 | 2-bedroom with den | 722 |
| 3 | 3-bedroom | 750 |

Thus, we have met the commitment I made to the Council to provide that the entire project would be affordable to households at or below 60% of County Median Income. We have also provided that over half (54%) of the units in Phase One would be sized for families needing larger units. (With the proper door, the 2-bedrooms plus den are the functional equivalents of a 3-bedroom unit, except they cannot be counted as such for the WHEDA application).

Relocation Plan

The CDA has adopted a Relocation Plan for the 32 households currently on site in three different complexes, which the Allied Area Task Force essentially endorsed by adding paragraphs 9 and 10 to File 08380. That plan, which I have attached, calls for us to retain two of the Birch Hill Square buildings, and move the 13 current households in Alpine Lodge and the 5 households from the Westbrook Apartments into them during construction. The CDA will spend about \$3,000 per unit

bringing these units back into service. We will also pay front-end moving and hook-up costs, and provide a free month's rent, totaling about \$45,000. We will also pay an estimated \$62,000 in back-end costs for what we estimate to be 25 households, for a total relocation cost of \$162,000. As it happens, we have available in Birch Hill the precise number of bedroom configurations needed to accommodate these households. And to the extent that any other neighborhood households are displaced, they will be able to move into Birch Hill as space allows, subject to the screening criteria developed by the Allied Area Task Force. I believe this plan, as embodied in the two Task Force amendments, supersedes paragraph 7 in File 08380.

Phase Two

Although File 08380 does not explicitly require a detailed plan for Phase Two, the CDA believes the Council and the Allied neighborhood have a right to know our preliminary thoughts for the southern 2/3 of the Redevelopment Property. Accordingly, the CDA has adopted a Conceptual Plan, a Development Concept and Statement and Framework for Phase Two (attached). We are projecting a total of 61 owner-occupied units, with the following unit mix:

| No. | Bedroom Count |
|------------|------------------------------|
| 7 | 1-bedroom |
| 15 | 2-bedroom |
| 37 | 2-bedroom plus den/3-bedroom |
| 2 | 4-bedroom |

We have committed to striving for an affordability mix in which the units will be about evenly split between the 30-50%, 50-80% and 80%-above (of median income) populations. Accordingly, as noted above, we accept the Task Force's amendment on this point as friendly. We also accept as friendly the amendment regarding Task Force review of further Phase Two plans.

As you will note, our Statement and Framework contains several other innovative aspects, including references to land trusts, co-housing, live/work units and rent-to-own, among other tenure and ownership models. It also:

- Pledges 20% of the Developer's Fee after completion of Phase One for loans and grants to support ownership affordability;
- Seeks to provide that a majority of the units carry mortgages of \$100,000 and below;
- States a preference for proposals which provide employment and training opportunities for area residents;
- Provides that the CDA may either retain or sell various parcels;
- Provides that the CDA may transfer one or more lots back to the city for development in conjunction with the CDBG Commission;
- Provides that some units may include equity caps or other restrictions to preserve long-term affordability.

Site Plan

I believe that the current Development Concept is an attractive and workable concept, subject to further refinement. However, there is one significant controversy that we must address directly – connectivity.

As you may be aware, City plans have sought an east/west connection, which could be accomplished by linking an extended Lovell Lane to Pawnee Pass. An early iteration of Phase Two showed such a connection. However, for a variety of reasons, Fitchburg residents and officials are resolutely opposed to such a connection, which cannot be created without their support. Accordingly, our plans have removed that connection.

I understand that many people believe such a connection is vital. However, I believe that an equally compelling argument can be made that it is better for the Redevelopment Property to *not* have such a connection. Certainly, not having the connection will allow for calmer streets, a larger community garden and bioswale, less run-off, and lower infrastructure costs. In trying to anticipate whom such a connection would serve, I believe the future residents of the Redevelopment Property will be adequately served by Jenewein and Crescent. And I do not think it is particularly sustainable to induce traffic to cut from the Beltline or Frontage Road, down Carling and through this development to get to Seminole.

I note that the details of the Phase Two site plan are not before you in considering File 08380. Adoption of this item does not preclude our including such a connection in the event conditions change, and I hope supporters of connectivity will not cite this preliminary decision as grounds to oppose File 08380.

The Redevelopment Property

I understand how significant it is that File 08380 provides for the transfer of the entire Redevelopment Property to the CDA. Here is why I believe such an action is justified:

1. It has been an integral aspect in the City/CDA negotiations from the outset, and has been incorporated into all adopted resolutions. The CDA has complied with all the terms in those resolutions, and has given the City no reason to change such a significant term.
2. It is an integral aspect to our Section 42 application. Without the commitment by the City and CDA to develop Phase Two as affordable ownership opportunities, this is just a routine Section 42 application in a neighborhood that already has a number of such projects. But with Phase Two, it is an exciting and far-reaching project that will enable WHEDA to showcase just how a Section 42 project can stimulate a larger area. Without this commitment to Phase Two, I think Phase One might not get approved; with Phase Two, I think Phase One is an extremely attractive proposal.
3. Development activity such as this is integral to the CDA's long-term financial health. We have called to your attention our concerns for the many pressures public housing agencies have been under, including declining resources. If we are to stabilize and grow, we need to undertake various development activities such as this.

Over the past few months, the CDA has undertaken a planning process for this vital development that is both collaborative and expedited. We have complied with all adopted resolutions. We have been responsive to the neighborhood's needs and desires. We have produced a plan that will provide about 109 rental and ownership units, affordable to the target populations, with the necessary unit mix. We have an ambitious and innovative plan for Phase Two, which supports and builds on Phase One. We respectfully ask for a favorable recommendation of File 08380, so we may continue our mutual efforts to revitalize the Allied Drive neighborhood.