



**City of Madison  
Community Development Division  
May 4, 2017**

**Application for Funding for CohoMadison Cohousing Community**

We are submitting our application to the Community Development Division to create twelve (12) permanently affordable homes at the CohoMadison Cohousing Community. This would be the first multifamily ownership project on the eastside in over a decade, and the only one to include an affordability component since the elimination of the inclusionary zoning ordinance. This cohousing community has been committed to being a mixed-income project since its roots at Union Corners, and as developer, we share that commitment. Therefore, we are discounting each of these twelve units between \$25 and \$35 per square foot to do our part to make this project affordable.

To further bridge the “affordability gap”, we are seeking \$54,000 in CDD funds for each of these units, for a total of \$648,000, which will enable us to do two things: (1) reduce the size of our construction loan by using these funds for land acquisition, and (2) create “soft second” mortgages for each of these homes that will substantially reduce first mortgage amounts, and which will be assumable by subsequent income-eligible buyers over the decades to come. We will use a combination of a land use restriction agreement and deed restrictions to ensure ongoing affordable through subsequent resales, utilizing the model of perpetual affordability that has proven to be very effective at Troy Gardens Cohousing. In utilizing CDD funds, we will also be requesting that the \$54,000 per unit be an average figure (and not a hard cap), which in turn will enable us to better serve families with children needing two or three bedroom units, and further reduce impediments to fair housing choice.

We will collaborate with Movin’ Out to provide homebuyer counseling, program eligibility screening, and ongoing stewardship services to ensure that the buyers of these homes meet all CDD underwriting requirements, and clearly understand the terms under which they would be purchasing these homes.

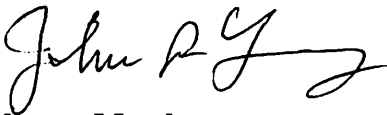
As these twelve units will be part of a larger cohousing project of 45 total units, we are committed to implement best practices in regards to mixed income ownership housing. Cohousing has been shown to be one of the very best housing models for improving social cohesion in mixed-income communities, through shared decision making and group social interaction.


This project firmly addresses the needs identified in multiple City of Madison housing reports for both affordable and mainstream ownership housing in Madison’s central neighborhoods, utilizing the cohousing model (with an underlying condominium legal structure), which has been identified as an innovative and proven approach.

As Mayor Paul Soglin recently stated to the Wisconsin State Journal, Madison's ownership housing market requires the development of "some sort of new, modest-priced condominiums with three or four bedrooms, with the challenges being in design, location and getting lenders to provide financing". We are firmly committed to meeting these challenges, and demonstrating an innovative approach to providing both affordable and mainstream ownership housing in Madison's urban core.

Thank you for your consideration.

**Linden Cohousing, LLC**  
By: Accipiter Real Estate, LLC  
Its: Managing Member

By:   
**John Young, Member**

By:   
**Adam Chern, Member**

## Application for Neighborhood and Community Development Funds

Applications should be submitted electronically to [cdbg@cityofmadison.com](mailto:cdbg@cityofmadison.com) by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month.

**Program Title:** CohoMadison Cohousing Project

**Amount Requested:** \$648,000

**Agency:** Linden Cohousing, LLC

**Tax ID/EIN/FEIN:** FEIN pending

**Address:** 1882 East Main Street, Suite 201

**DUNS #:** DUNS application pending

**Contact Person:** Greg Rosenberg

**Telephone:** 245-0746

**Email:** [greg@gregrosenberg.com](mailto:greg@gregrosenberg.com)

**Fax:** 244-6337

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**(1) *PROGRAM ABSTRACT:*** *Provide an overview of the project. Identify the community need to be addressed. Summarize the program's major purpose in terms of need to be addressed, the goals, procedures to be utilized, and the expected outcomes.*

### Project Overview

CohoMadison Cohousing Community grew out of strong community interest in seeing mixed-income cohousing included in the redevelopment of Union Corners in Madison's eastside. After several years of efforts to reach agreement with Gorman and Company to include cohousing proved unsuccessful, the cohousing group went in search of another site, which led to the successful negotiation of a memorandum of understanding with Accipiter Properties in September of 2016, and a subsequent development agreement in January 2017, for the redevelopment of 2048 Winnebago Street into a mixed-income cohousing community.

This project represents a hybrid approach to cohousing development, with CohoMadison, Inc. serving as the representative organization of interested buyers of cohousing units, and with Accipiter Properties (through their development entity Linden Cohousing, LLC) serving as project developer. Accipiter Properties has agreed to share decision-making over design and unit pricing with CohoMadison, Inc., with the two organizations further collaborating on issues relating to affordable housing subsidy and land use approvals.

Accipiter Properties, led by Adam Chern and John Young, has been active in the redevelopment of many properties (both commercial and residential) in Madison for the past 15 years. They are the owners of 2048 and 2100 Winnebago Street, which would be reconfigured to house the cohousing project, as well as a new home for Madison Circus Space. CohoMadison Inc. is a non-stock corporation made up of 44 member households. The professional services team includes Jim Glueck (architect), Greg Rosenberg (project manager), David Sparer (attorney), and Tripp Widder (attorney).

**PROJECT DESCRIPTION:** The CohoMadison Cohousing Community will be a 63,000 to 64,000 square foot building comprised of the following elements:

- 45 residential condominium units, with a mix of 1, 2 and 3 bedroom units, with 12 units to be sold at a discounted price to buyers at or below 80% of area median income (AMI).
- Common areas, including a large multipurpose room, common kitchen, library/sitting areas, kids and crafts room, shared laundry facilities, as well as a rear courtyard areas for recreation and socializing.
- Underground parking (56 spaces) will be reserved resident use, as well as shared use of surface parking.
- First floor commercial condominium units for exclusive use as artist studios.

## **COMMUNITY NEED TO BE ADDRESSED**

Lack of both affordable and mainstream ownership construction projects in the past decade. The only new construction condominium project within the last 13 years in the urban core is Starliner Loft Condominiums, currently under construction priced at \$304 to \$334 per square foot, with no affordability provisions whatsoever.

In an April 15, 2017 article in the Wisconsin State Journal, Mayor Paul Soglin expressed his concern about the rising cost of starter homes, and furthermore stated that Madison's ownership housing market requires the development of "some sort of new, modest-priced condominiums with three or four bedrooms, with the challenges being in design, location and getting lenders to provide financing".

The 2014 City of Madison Housing Report on the Affordable Housing Market identified a critical need for an increased supply of ownership housing for households at or below 80% of area median income (AMI). The 2016 City of Madison Housing Report on Market Rate Ownership identified a lack of mainstream ownership housing in central neighborhoods as a result of the housing market crash, where a significant portion of our single family homebuilders left the market or retreated to the still profitable high-end of the market. In both reports, cohousing was identified as a recommended strategy for increasing the supply of both moderately-priced housing, as well as housing affordable to households at 80% AMI and below. The 2013 City of Madison Analysis of Impediments to Fair Housing Choice identified an indirect impediment in the inadequate supply of affordable housing, and that the City should encourage the inclusion of affordable units in development in all parts of the City, including units deemed affordable to households at or below 80% of AMI. Furthermore, the report called upon the City to encourage and facilitate the development of non-traditional housing types and ownership structures such as cohousing to increase affordable options in existing neighborhoods. *All three of these reports identified cohousing as an innovative approach that could increase the supply of both mainstream and 80% AMI ownership units in the central neighborhoods, while reducing impediments to fair housing choice.*

<b>PROGRAM PURPOSES</b>	To provide homeownership opportunities for households at or below 80% AMI in Madison's urban core..
	To enable low to moderate income households to become members of the CohoMadison Cohousing Community.
	To create a mixed-income cohousing community in a neighborhood where affordable housing options are disappearing quickly.

<b>PROJECT GOALS</b>	To include twelve (12) units of affordable housing designated for households at or below 80% AMI.
	To keep these affordable units affordable in perpetuity.
	To incorporate all twelve of these households as equal partners/members in the CohoMadison Cohousing Community.

<b>PROCEDURES TO BE UTILIZED</b>	
<b>Condominium Legal Structure:</b> The CohoMadison Cohousing Community will utilize the condominium legal structure, as have all of the previous three cohousing projects in Madison.	
<b>Cohousing Model:</b> CohoMadison will be a cohousing community, which is a type of collaborative housing in which residents actively participate in the design and management of their own neighborhoods. If CDD funding is provided, this would be the fourth cohousing project in Madison to receive affordable housing subsidy funding from the City of Madison.	
<b>Mixed-Income Housing:</b> The members of CohoMadison have been committed to mixed-income housing since the inception of the group. Cohousing has been shown to increase social-cohesion in mixed-income communities, as a result of shared decision making and group social interaction.	
<b>Affordability Provisions:</b> Twelve (12) of the homes at CohoMadison Cohousing will be sold at a substantial discount from market-rate pricing, with discounts ranging from \$25 to \$35 per square foot in sale prices, with CDBG funding being utilized to provide a "soft second mortgage" to further decrease the size of their first mortgages. Additional housing subsidy will be sought from the Federal Home Loan Bank, as well as from private donors. Affordability will be continued in perpetuity through subsequent resales of units through the use of a land use restriction agreement (LURA), deed covenants, as well as assumable soft-second mortgages. Combined, these resale restrictions will ensure that the twelve (12) homes will remain affordable to households at 80% AMI and below long into the future. CohoMadison will partner with Movin' Out to provide affordability stewardship services, including but not limited to eligibility reviews and preparation of documents, both for the initial sale, as well as all subsequent resales.	

**Homebuyer Education:** All members of CohoMadison Cohousing will be required to attend mandatory workshops prior to submitting reservations, so that all buyers will be familiar with the condominium legal structure, cohousing concepts, group process and conflict resolution, as well as the essential elements of the condominium purchase process. Buyers of the twelve affordable homes will also be required to attend a CDD-approved homebuyer education class, and will furthermore be required to submit a homebuyer education certificate of completion prior to closing.

**EXPECTED OUTCOMES**

Twelve (12) units at CohoMadison Cohousing to be kept affordable in perpetuity to households at or below 80% of AMI.

**(2) TARGET POPULATION:** Identify the projected target population for this program in terms of age, residency, race, income eligibility criteria, and other unique characteristics or sub-groups.

Individuals Served	Number	Comments
Initially	24	Average of 2 persons per unit times 12 units.
Over lifespan of project	336	100 year lifespan for building with average of 7 years tenure per individual.
<b>Households Served</b>		
Initially	12	12 housing units.
Over lifespan of project	168	100 year lifespan for building with average of 7 years tenure per household.

<b>Age Profile</b>	A significant percentage of the market rate unit buyers are anticipated to be persons between 50 and 80 years of age who are downsizing from single family homes and want to live in the urban core.
<b>Residency Profile</b>	Ninety percent of cohousing group members are current residents of Madison.
<b>Affirmative Marketing</b>	The CohoMadison Reach Committee has been engaged in affirmative marketing efforts since September 2016, and will continue to do so until there are accepted offers to purchase for all units.
<b>Income Eligibility</b>	The twelve (12) affordable units will be sold to persons at or below 80% of area median income (AMI), both at the initial sale, as well as at all subsequent resales. Buyers of these units will also be required to comply with Community Development Division underwriting guidelines, which, for example, would screen out "house-rich" retirees based on minimum debt to income standards. [There will be no income limitations on the market rate units.]

**(3) Program Objectives:** The 5-Year Plan lists 9 project objectives (A through N). Circle the one most applicable to your proposal and describe how this project addresses that objective.

- |  |   |
|--|---|
| <input type="checkbox"/> A. Housing – Existing Owner-Occupied      | <input type="checkbox"/> G. Neighborhood Civic Places   |
| <input checked="" type="checkbox"/> B. Housing – For Buyers        | <input type="checkbox"/> K. Community-based Facilities  |
| <input type="checkbox"/> C. Housing – Rental Housing               | <input type="checkbox"/> L. Neighborhood Revitalization |
| <input type="checkbox"/> E. Economic Dev. – Business Creating Jobs | <input type="checkbox"/> N. Access to Housing Resources |
| <input type="checkbox"/> F. Economic Dev. – Micro-enterprise       |   |

CohoMadison Cohousing will provide affordable homeownership opportunities to twelve households initially, with twelve units kept affordable in perpetuity to serve many more low to moderate income households over the lifespan of the building. These twelve units will be sold at a substantial discount over market rate units, with pricing discounts of \$25 to \$35 per square foot. Subsidy from the Community Development Division will enable us to provide "soft-second" mortgages to further bring down the first mortgage financing needed to purchase these homes.

**(4) Fund Objectives:** Check the fund program objective which this project meets. (Check all for which you seek funding.)

- |                       |  |          |   |
|-----------------------|--|----------|---|
| Acquisition/<br>Rehab | <input checked="" type="checkbox"/> New Construction, Acquisition,<br>Expansion of Existing Building | Futures  | <input type="checkbox"/> Prototype                  |
|                       | <input type="checkbox"/> Accessibility   |          | <input type="checkbox"/> Feasibility Study          |
|                       | <input type="checkbox"/> Maintenance/Rehab   |          | <input type="checkbox"/> Revitalization Opportunity |
|                       | <input type="checkbox"/> Other   |          | <input type="checkbox"/> New Method or Approach     |
| Housing               | <input type="checkbox"/> Rental Housing  | Homeless | <input type="checkbox"/> Housing                    |
|                       | <input checked="" type="checkbox"/> Housing For Buyers   |          | <input type="checkbox"/> Services                   |

**(5) Budget:** Summarize your project budget by estimated costs, revenue, and fund source.

EXPENDITURES	TOTAL PROJECT COSTS	AMOUNT OF CD REVENUES	AMOUNT OF NON-CD REVENUES	SOURCE OF NON-CD FUNDED PORTION
<b>A. Personnel Costs</b>				
1. Salaries/Wages (attach detail)				
2. Fringe Benefits				
3. Payroll Taxes				
<b>B. Non-Personnel Costs</b>				
1. Office Supplies/Postage				
2. Telephone	<b>See Attachment J Project Proforma</b>			
3. Rent/Utilities				
4. Professional Fees & Contract Services				
5. Work Supplies and Tools				
6. Other:				
<b>C. Capital Budget Expenditures (Detail in attachment C)</b>				
1. Capital Cost of Assistance to Individuals (Loans)				
2. Other Capital Costs:				
<b>D. TOTAL (A+B+C)</b>				

**(6) Action Plan/Timetable:** Describe the major actors and activities, sequence, and service location, days and hours which will be used to achieve the outcomes listed in # 1.

Dates	Description	Staff Lead
<b>June 2017</b>	Submit land use application to the City of Madison.	Jim Glueck, John Young and Adam Chern
	Unit reservation process begins	Greg Rosenberg
	Secure CDBG funding commitment	John Young and Adam Chern
<b>Aug/Sept 2017</b>	Secure conditional land use approvals	Jim Glueck, John Young and Adam Chern
<b>Sept/Oct 2017</b>	Construction drawings and specifications complete	Jim Glueck
<b>Nov/Dec 2017</b>	General contractor selected	Jim Glueck, John Young and Adam Chern



<b>Feb/March 2018</b>	Construction loan closing and site acquisition	John Young and Adam Chern
	Reservations converted into offers to purchase.	Greg Rosenberg and John Young
<b>March/April 2018</b>	Demolition/construction begins	Jim Glueck
<b>April 2019</b>	Building construction complete	Jim Glueck
	Buyers can close on the purchase of their homes and start moving in!	Greg Rosenberg, Adam Chern and John Young
<b>June 2019</b>	Landscaping/outdoor areas completed	Jim Glueck

***(7) What was the response of the alderperson of the district to the project?***

**Email from Alder Marsha Rummel (5/3/17)**

I am pleased to share with CDBG staff and commission members my enthusiastic support of your proposal to create new housing and creative commercial and nonprofit space on Winnebago and Sutherland Ct. I have been working with the cohousing group(s) since the idea first bubbled up during the Union Corners planning. While I was disappointed that it didn't work at Union Corners, I was soon excited to learn that you and John Young at Accipiter Properties and the CoHo Madison group found a way to work together to provide an attractive proposal.

The feedback received at the first neighborhood meeting of approximately 50 neighbors was overwhelmingly supportive. It was noted by Brad Hinkfuss, the SASY neighborhood association chair that the meeting was unlike any other neighborhood meeting about a development proposal he had ever seen. As someone who organizes lots of these meetings, I can attest to the observation. The major concern was about displacing artists.

Jim Glueck, the architect for the project, has been involved in designing and constructing cohousing for many years and brings valuable knowledge and experience. The Accipiter owners are experienced property managers with a commitment to affordable spaces for residents and artists/arts groups. With the addition of Greg Rosenberg as the project manager for the CoHo Madison group, with his depth of experience working with land trusts, I believe the CoHo Madison future owners have a talented group of people to assist them to realize their dream.

I understand the CDBG request for \$648,000 would support 12 condo units to buyers at or below 80% AMI. CDBG funding is crucial to help provide long term affordability for the project. We know the demand for owner occupied housing is picking up, Many people want to age in place in the neighborhood and seek accessible space with community benefits. CDBG is a key partner to the success of this project.

I hope CDBG will support the request and spur more interest in cohousing as a viable housing option. I know the near east side is ready for more affordable housing choices. Thank you for your consideration.

8. Does agency seek funds for property acquisition and/or rehab? [If applicable, describe the amount of funds committed or proposed to be used to meet the 25% match requirements (HOME or ESG) with its qualifications.]

- No Complete Attachment A
- Yes Complete Attachment B and C and one of the following:
- |                                       |                             |
|---------------------------------------|-----------------------------|
| <input type="checkbox"/> D            | Facilities                  |
| <input checked="" type="checkbox"/> E | Housing for Buyers          |
| <input type="checkbox"/> F            | Rental Housing and Proforma |

9. Do you qualify as a Community Housing Development Organization (CHDO)? (See attachment G for qualifications.)

- No  Yes - Complete Attachment G

10. Do you seek Scattered Site Acquisition Funds for acquisition of service-enriched housing?

- No  Yes - Complete Attachment B, C, F, and H

11. Do you seek ESG funds for services to homeless persons?

- No  Yes - Complete Attachment I

12. This proposal is hereby submitted with the approval of the Board of Directors/Department Head and with the knowledge of the agency executive director, and includes the following:

- Future Fund (Attachment A)  Housing for Resale (Attachment E)
- Property Description (Attachment B)  Rental Housing and Proforma (Attachment F)
- Capital Budget (Attachment C)  CHDO (Attachment G)
- Community Service Facility (Attachment D)  Scattered Site Funds Addendum (Attachment H)
- ESG Funding Addendum (Attachment I)

**(13) Affirmative Action:** If funded, applicant hereby agrees to comply with City of Madison Ordinance 39.02(9) and file either an exemption or an affirmative action plan with the Department of Civil Rights. A Model Affirmative Action Plan and instructions are available at:

<http://www.cityofmadison.com/dcr/aaForms.cfm>.

**14. Non-Discrimination Based on Disability:** Applicant shall comply with Section 39.05, Madison General Ordinances, Nondiscrimination Based on Disability in City-Assisted Programs and Activities. Under section 39.05(7) of the Madison General Ordinances, no City financial assistance shall be granted unless an Assurance of Compliance with Sec. 39.05 is provided by the applicant

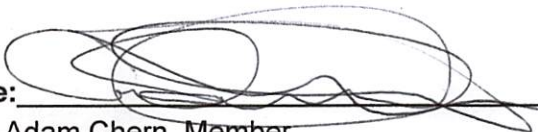
or recipient, prior to the granting of the City financial assistance. Applicant hereby makes the following assurances: Applicant assures and certifies that it will comply with section 39.05 of the Madison General Ordinances, entitled "Nondiscrimination Based on Disability in City Facilities and City-Assisted Programs and Activities," and agrees to ensure that any subcontractor who performs any part of this agreement complies with sec. 39.05, where applicable, including all actions prohibited under section 39.05(4),. MGO." <http://www.cityofmadison.com/dcr/aaForms.cfm>.

**15. Notice regarding lobbying ordinance:** If you are seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF or similar assistance), then you likely are subject to Madison's lobbying ordinance, sec. 2.40, MGO. You are required to register and report your lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.

**Linden Cohousing, LLC**  
**By: Accipiter Real Estate, LLC**  
**Its: Managing Member**

**Signature:**   
John Young, Member

**Date:** May 4, 2017

**Signature:**   
Adam Chern, Member

**Date:** May 4, 2017