

Application for Neighborhood and Community Development Funds

Submit original and 24 complete copies of this application to the CD Office by 4:30 p.m. by the 15th of the month, to be reviewed by the CDBG Commission on the first Thursday of the following month.

Program Title: HOME Rental Acquisition Amount Requested: \$ 432,000
Agency: Housing Initiatives, Inc.
Address: 1110 Ruskin Street, Madison, WI 53704
Contact Person: Dean Loumos Telephone: 808-277-8330
Email: dloumos@housinginit.org Fax: 808-277-1728

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. Limit response to 150 words.

There is a documented need for permanent housing for persons who are homeless and are also disabled through chronic mental illness. Housing Initiatives, Inc (HII) alone has over 200 persons on our waiting list for such housing.

The goal is to acquire/rehabilitate or construct new, eight units of this type of housing.

We will develop these properties by acquisition/rehabilitation to be funded by loans and grant monies from a variety of sources (depending on the success of the grant applications) such as CDBG HOME funds, HUD Shelter Plus Care, Federal Home Loan Bank-Chicago, WHEDA, WHEDA Foundation Grant, and State of Wisconsin - Department of Commerce Neighborhood Stabilization funds.

Currently we do not have an option on a specific property, but, upon notice of HOME funding availability, we will identify a property(s) such as duplexes and a/or fourplexes which we can purchase and rehabilitate.

The outcome will be HII's owning eight additional units and providing these as additional units for persons who are homeless and disabled through mental illness.

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.

Target population is single individuals who are either disabled by mental illness, low-income and homeless.

8 # unduplicated individuals estimated to be served by this project.

8 # unduplicated households estimated to be served by this project.

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.

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

This proposed project will, if completed, add eight units to the existing (and woefully inadequate) supply of permanent rental housing available to single individuals who are disabled by mental illness and homeless.

NOTE: The attached feasibility is based on current HII operations for other projects and includes all possible expenses to determine if the project is feasible under the most pessimistic conditions and as such includes additional replacement reserve costs to cover future contingencies, but also lowers the cash flow. In practice, we expect to be able to operate the project more efficiently and this will raise the cash flow and increase the DCR.

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

- | | | | |
|-----------------------|--|----------|---|
| Acquisition/
Rehab | <input checked="" type="checkbox"/> New Construction, Acquisition,
Expansion of Existing Building | Futures | <input type="checkbox"/> Prototype |
| | <input checked="" type="checkbox"/> Accessibility (if necessary) | | <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 checked="" type="checkbox"/> Rental Housing | Homeless | <input checked="" type="checkbox"/> Housing |
| | <input 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
A. Personnel Costs				
1. Salaries/Wages (attach detail)	\$76,775		\$76,775	WHEDA
2. Fringe Benefits				
3. Payroll Taxes				
B. Non-Personnel Costs				
1. Office Supplies/Postage				
2. Telephone				
3. Rent/Utilities				
4. Professional Fees & Contract Services				
5. Work Supplies and Tools				
8. Other: All Other Soft Costs	\$76,063		\$76,063	WHEDA
C. Capital Budget Expenditures (Detail in attachment C)				
1. Capital Cost of Assistance to Individuals (Loans)				
2. Other Capital Costs: Acquisition/Rehab of Building(s)	\$645,000	\$432,000	\$268,000	WHEDA/ CDBG/NSP
D. TOTAL (A+B+C)	\$852,838	\$432,000	\$420,838	

8. 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.

Estimated Month of Completion
(If applicable)

Use the following format:
(Who) will do (what) to (whom and how many) (when) (where) (how often). A flowchart may be helpful.

- | | |
|---|-------------------------|
| 1. HII Development Director to locate property | February 2009-May 2009 |
| 2. HII will acquire property or land (Executive Director) | March-May 2009 |
| 3. HII will rehabilitate building.
(all staff and contractors) | March-July 2009 (rehab) |

7. What was the response of the alderperson of the district to the project?

Not yet as we have yet to select the specific property location.

When we have a specific property designated, the alderperson will be fully briefed on the nature of our program and the acquisition project.

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 type="checkbox"/>	E	Housing for Buyers
<input checked="" type="checkbox"/>	F	Rental Housing and Proforma

Match funds will be State of Wisconsin NSP funds (\$200,000) and WHEDA below market loan funds of ???.

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:

<input type="checkbox"/> Future Fund (Attachment A)	<input type="checkbox"/> Housing for Resale (Attachment E)
<input type="checkbox"/> Property Description (Attachment B)	<input checked="" type="checkbox"/> Rental Housing and Proforma (Attachment F)
<input checked="" type="checkbox"/> Capital Budget (Attachment C)	<input checked="" type="checkbox"/> CHDO (Attachment G)
<input type="checkbox"/> Community Service Facility (Attachment D)	<input type="checkbox"/> Scattered Site Funds Addendum (Attachment H)
	<input type="checkbox"/> ESG Funding Addendum (Attachment I)

Signature: Randy Blum Treasurer Date: 1/14/09
President, Board of Directors/Department Head

Signature: [Signature] Date: 1.14.09
Executive Director

For additional information or assistance in completing this application, please contact the CD Office at 287-0740.

COMPLETE IF PROJECT INVOLVES PURCHASE, REHAB, OR CONSTRUCTION OF ANY REAL PROPERTY:
 INFORMATION CONCERNING PROPOSALS INVOLVING REAL PROPERTY

ADDRESS	ACTIVITY (Circle Each Applicable Phase)	NUMBER OF UNITS		Number of Units Currently Occupied	Number of Tenants To Be Displaced?	APPRAISED VALUE:		PURCHASE PRICE (if Applicable)	ACCESSIBLE TO INDIVIDUALS WITH PHYSICAL HANDICAPS?		PRIOR USE OF CD FUNDS IN BUILDING?
		Prior to Purchase	After Project			Current	After Rehab/Construction		Currently?	Post-project?	
TBD	Purchase Rehab Construct										
	Purchase Rehab Construct										
	Purchase Rehab Construct										

CAPITAL BUDGET

Amount and Source of Funding: ***	TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)				
	TOTAL	Amount	Source/Terms**	Amount	Source/Terms**
Acquisition Costs:					
Acquisition	\$600,000	\$200,000	WI DOC NSP (Grant)	\$300,000	CDBG HOME Funds (forgivable loan)
Title Insurance and Recording	\$1,000				WHEDA (loan)
Appraisal	\$2,000				WHEDA (loan)
*Predvlpmt/feasibility/market study					
Survey	\$1,500				WHEDA (loan)
*Marketing/Affirmative Marketing					
Relocation	\$40,000				WHEDA (loan)
Other:					
Construction:					
Construction Costs (Rehab)	\$200,000			\$132,000	CDBG HOME Funds (forgivable loan)
Soils/site preparation					
Construction management					
Landscaping, play lots, sign					
Const interest					
Permits; print plans/specs	\$500				WHEDA (loan)
Other:					
Fees:					
Architect					
Engineering					
*Accounting	\$500				WHEDA (loan)
*Legal	\$15,000				WHEDA (loan)
*Development Fee	\$76,775				WHEDA (loan)
*Origination Fee	\$3,313				WHEDA (loan)
Other: Environmental	\$500				WHEDA (loan)
Project Contingency:					
Furnishings:					
Reserves Funded from Capital:					

Operating Reserve									
Replacement Reserve	\$1,500								WHEDA (Loan)
Maintenance Reserve									
Vacancy Reserve									
Lease Up Reserve									
Other: Taxes during Construction	\$10,000								WHEDA (loan)
Other: WHEDA Loan Application	\$250								WHEDA (loan)
TOTAL COSTS:	\$852,838	\$200,000	WI DOC NSP (Grant)	\$432,000	CDBG HOME Funds (forgivable loan)	\$220,838			WHEDA (loan)

* If CDBG funds are used for items with an **, the total cost of these items may not exceed 15% of the CDBG amount.
 ** Note: Each amount for each source must be listed separately, i.e. Acquisition: \$30,000 HOME, \$125,000 CRF.
 *** Identify if grant or loan and terms.

HOUSING FOR BUYERS

N/A

RESIDENTIAL RENTAL PROPERTY

A. Provide the following information for rental properties:

Table A: RENTAL						
Site 1			Site 2		Site 3	
Unit #	# of Bedrooms	Amount of CD \$	Use of CD Funds*	Monthly Unit Rent	Includes Utilities?	Household Income Category
8	1	\$432,000	Acq/Rehab	\$725	Yes	<30% CMI

B. Indicate how the project will demonstrate that the housing units will meet housing and code standards.

Units will be inspected by City prior to occupancy for code compliance.

C. Describe briefly your tenant selection criteria and process.

Hill selects tenants from a waiting list of tenants referred from Dane County CSP organizations trying to place clients who are mentally ill and chronically homeless.

D. Does the project include plans to provide support services to assisted residents or to link assisted residents to appropriate services? If yes, describe.

While the specific project does not include funding for services, all Hill tenants are required to have case workers from community service organizations and Hill maintains staff to assist tenants in staying in touch with their case workers.

ATTACHMENT F
(continued)

TOTAL PROJECT PROFORMA (total units in the project)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue															
Gross Income															
Less Vacancy															
Net Income															
Expenses															
Audit															
Taxes															
Insurance															
Maintenance															
Utilities															
Property Management															
Operating Reserve Pmt															
Replacement Reserve Pmt															
Support Services															
Affirmative Marketing															
Other															
Total Expenses															
NET OPERATING INCOME															
Debt Service															
First Mortgage															
Other															
Other															
Total Debt Service															
Total Annual Cash Expenses															
Debt Service Reserve															
Cash Flow															
Assumptions:															
Vacancy Rate															
Annual Increase															
Carrying Charges															
Expenses															

COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) ONLY

A. Please describe how the organization meets the following key criteria:

- a. Possesses not-for-profit, tax exempt 501(c) status;
- b. Has a board with fewer than 1/3 of its members as public officials;
- c. Includes provision of affordable housing within its statement of purpose;
- d. Includes lower income or lower income representatives for a minimum of 1/3 of its board and includes a means for lower-income participation;
- e. Demonstrates its capacity and experience in service the community.

- a. HII is a 501(c) 3 corporation.
- b. HII has no public officials on its board
- c. HII statement of purpose includes affordable housing (HUD Shelter Plus Care requires tenants to be below 50% CMI)
- d. HII board is comprised of ten members and four of them are low-income per HII by-laws.
- e. HII is restricted to serving tenant with chronic mental illness and has served this function from 1993. In that time HII has grown from providing 9 persons with housing to 91 in 2008. All of which are low-income and diagnosed with chronic mental illness.

SOURCES & USES

SOURCES

WHEDA Loan	\$220,838	
Loan	\$0	Total Loans
Loan	\$0	\$220,838
NSP	\$200,000	
HOME	\$432,000	
Other	\$0	Total Grants
Other	\$0	\$632,000
Total Sources	\$852,838	
<u>Total Cost</u>	\$852,838	
Difference	\$0	

PROJECT SUMMARY

Project Name	tbd
Address	tbd
Total Units	8
Set-aside Units	\$8

INCOME

# of Units	#set-aside	# Br	Rent	Utility	Gross Rent	Rent Limit	Mon. Rent	Yr. Rent
8	8	1 (2)	\$725		\$725		\$5,800	\$69,600
					\$0		\$0	\$0
					\$0		\$0	\$0
					\$0		\$0	\$0
					\$0		\$0	\$0

Total Units	8
Total Rent	\$69,600
Rent Vacancy Rate	7%
Vacancy	\$4,872
Net Rent	\$64,728

Appraised Value	tbd
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Other Income	\$0
Other Vacancy Rate	0%
Other Vacancy	\$0
Net Other Income	\$0

TOTAL INCOME	\$64,728
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OPERATING EXPENSES

	Yearly Amount	Monthly Amount	PUY	PUPM		subtotals
Management Fee 6.00%	\$3,884	\$324	\$485	\$40		
Admin - Salaries	\$6,000	\$500	\$750	\$63		
Admin - Supplies	\$200	\$17	\$25	\$2		
Accounting	\$900	\$75	\$113	\$9		
Financial Statements	\$1,200	\$100	\$150	\$13	\$127	Admin
Util - Electric	\$4,200	\$350	\$525	\$44		
Util - Gas	\$6,000	\$500	\$750	\$63		
Util - Water/Sewer	\$2,800	\$233	\$350	\$29	\$135	Util
Maint Salaries	\$8,000	\$667	\$1,000	\$83		
Maint- Supplies	\$2,000	\$167	\$250	\$21		
Oper -Lawns	\$750	\$63	\$94	\$8		
Oper - Trash	\$0	\$0	\$0	\$0		
Oper - Cleaning	\$1,350	\$113	\$169	\$14	\$126	op/maint
Insurance	\$5,000	\$417	\$625	\$52		
Taxes (PILOT)	\$0	\$0	\$0	\$0	\$52	tax/insur
Replacement Reserve	\$3,000	\$250	\$375	\$31		
Other	\$0	\$0	\$0	\$0		

TOTAL OP EXPENSES	\$45,284	\$3,774	\$5,660	\$472		
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NET OPERATING INCOME	\$19,444	\$1,620	\$2,431	\$203		
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DEBT SERVICE

loan	\$220,838	Source of Loan	DCR	1.54
Interest Rate	4.00%		LTV	#VALUE!
Amortization (months)	360			
Term (Months)	0			
Monthly Debt Service	\$1,054.31			
Yearly Debt Service	\$12,651.77	\$55,210	loan #1	per unit

Loan Amount #2	\$0	Source of Loan	DCR	#DIV/0!	1.54
Interest Rate	0.00%		LTV	#VALUE!	#VALUE!
Amortization (months)	0				
Term (months)	0				
Monthly Debt Service					
Yearly Debt Service	\$0.00	\$0	loan #2	per unit	

Loan Amount #3	\$0	Source of Loan	DCR	#DIV/0!	1.54
Interest Rate	0.00%		LTV	#VALUE!	#VALUE!
Amortization (months)	0				
Term (Months)	0				
Monthly Debt Service					
Yearly Debt Service	\$0.00	\$0	loan #3	per unit	

Total Debt Service	\$12,652				
Total Loans	\$220,838	\$55,210	all loans	per unit	

YEARLY CASH FLOW	\$6,793
TOTAL DCR	1.54
TOTAL LTV	#VALUE!

Development Costs

ACQUISITION COSTS		% of Total	Per Unit	
Building	\$500,000	59%	\$62,500	
Land	\$0	0%	\$0	\$500,000
HARD COSTS				
New Structures	\$0	0%	\$0	
Rehab	\$200,000	23%	\$25,000	
Site Work		0%	\$0	
Landscaping		0%	\$0	
Utilities	\$0	0%	\$0	
Contingency		0%	\$0	
Other	\$0	0%	\$0	
General Requirements	\$0	0%	\$0	
Builder Profit	\$0	0%	\$0	
Builder Overhead	\$0	0%	\$0	\$200,000
SOFT COSTS				
Design Architect	\$0	0%	\$0	
Inspecting Architect	\$0	0%	\$0	
Construction Management	\$0	0%	\$0	
Engineering	\$0	0%	\$0	
Taxes during Construction	\$10,000	1%	\$1,250	
Construction Interest	\$0	0%	\$0	
Construction Insurance	\$0	0%	\$0	
Permits & Fees	\$500	0%	\$63	
Survey	\$1,500	0%	\$188	
Environmental	\$500	0%	\$63	
Market Study	\$0	0%	\$0	
Appraisal	\$2,000	0%	\$250	
Relocation	\$40,000	5%	\$5,000	
Rent-up Reserve	\$0	0%	\$0	
Personal Property	\$0	0%	\$0	
Other	\$0	0%	\$0	
Origination Fees - Const.	\$0	0%	\$0	
Origination Fees - Perm	\$3,313	0%	\$414	
Legal	\$15,000	2%	\$1,875	
Accounting	\$500	0%	\$63	
Loan Application Fee	\$250	0%	\$31	
Title & Recording	\$1,000	0%	\$125	
Closing	\$0	0%	\$0	
Replacement Reserve Deposit	\$1,500	0%	\$188	
Other	\$0	0%	\$0	
Consultants		0%	\$0	
Developer Fee	\$76,775	9%	\$9,597	\$152,838
Total Development Cost	\$852,838	100%	\$106,605	\$852,838

APPLICATION FOR SCATTERED SITE ACQUISITION FUNDS

N/A

EMERGENCY SHELTER GRANT FUNDING

N/A