

# 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 15<sup>th</sup> 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 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 and 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  |
| <b>C. Housing – Rental Housing</b>        | 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.

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 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
<b>A. Personnel Costs</b>				
1. Salaries/Wages (attach detail)	\$70,000		\$70,000	HUD S+C
2. Fringe Benefits				
3. Payroll Taxes				
<b>B. Non-Personnel Costs</b>				
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	\$29,500		\$29,500	HUD S+C
<b>C. Capital Budget Expenditures (Detail in attachment C)</b>				
1. Capital Cost of Assistance to Individuals (Loans)				
2. Other Capital Costs: Acquisition/Rehab of Building(s)	\$515,000	\$432,000	\$83,000	CDBG/NSP
<b>D. TOTAL (A+B+C)</b>	<b>\$614,500</b>	<b>\$432,000</b>	<b>\$182,500</b>	

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                    | April 2010-Sept 2010        |
| 2. HII will acquire property or land (Executive Director)         | April 2010-Sept 2010        |
| 3. HII will rehabilitate building.<br>(all staff and contractors) | April 2010-Oct 2010 (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.]

- |                                     |     |  |                                     |                               |
|-------------------------------------|-----|--|-------------------------------------|-------------------------------|
| <input type="checkbox"/>            | No  | Complete Attachment A  |                                     |                               |
| <input checked="" type="checkbox"/> | Yes | Complete Attachment B and C and <u>one</u> 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 HUD Shelter Plus Care Bonus funds and State of Wisconsin NSP funds.

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: Robert L. Beilma Date: Mar. 15, 2010  
President-Board of Directors/Department Head

Signature: Dean M. [Signature] Date: Mar 15, 2010  
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

TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)							
Amount and Source of Funding: ***	TOTAL	Amount	Source/Terms**	Amount	Source/Terms**	Amount	Source/Terms**
<b>Acquisition Costs:</b>							
Acquisition	\$390,000			\$390,000	CDBG HOME Funds (forgivable loan)		
Title Insurance and Recording	\$1,000					\$1,000	HUD S+C Grant
Appraisal	\$2,000					\$2,000	HUD S+C Grant
*Pred/plmnt/feasibilty/market study Survey	\$1,500					\$1,500	HUD S+C Grant
*Marketing/Affirmative Marketing							
Relocation							
Other: _____							
<b>Construction:</b>							
Construction Costs (Rehab)	\$125,000	\$6,500	WI DOC NSP Grant	\$42,000	CDBG HOME Funds (forgivable loan)	\$26,500	HUD S+C Grant
Soils/site preparation							
Construction management							
Landscaping, play lots, sign							
Const interest							
Permits; print plans/specs	\$500					\$500	HUD S+C Grant
Other: _____							
<b>Fees:</b>							
Architect							
Engineering							
*Accounting	\$500					\$500	HUD S+C Grant
*Legal	\$10,000					\$10,000	HUD S+C Grant
*Development Fee	\$70,000					\$70,000	HUD S+C Grant
*Origination Fee – Bridge Loan	\$2,000					\$2,000	HUD S+C Grant
Other: Environmental							
<b>Project Contingency:</b>							
<b>Furnishings:</b>							
<b>Reserves Funded from Capital:</b>							

Operating Reserve							
Replacement Reserve	\$2,000					\$2,000	HUD S+C Grant
Maintenance Reserve							
Vacancy Reserve							
Lease Up Reserve							
Other: Taxes during Construction	\$10,000					\$10,000	HUD S+C Grant
Other:							
<b>TOTAL COSTS:</b>	\$614,500	\$56,500	WI DOC NSP (Grant)	\$432,000	CDBG HOME Funds (forgivable loan)	\$126,000	HUD S+C Grant

\* 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.

HII 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 HII tenants are required to have case workers from community service organizations and HII maintains staff to assist tenants in staying in touch with their case workers.

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		<u>See</u>	<u>attached</u>	<u>Spread</u>	<u>sheet</u>										
Gross Income															
Less Vacancy															
<b>Net Income</b>															
Expenses															
Audit															
Taxes															
Insurance															
Maintenance															
Utilities															
Property Management															
Operating Reserve Pmt															
Replacement Reserve Pmt															
Support Services															
Affirmative Marketing															
Other _____															
<b>Total Expenses</b>															
<b>NET OPERATING INCOME</b>															
Debt Service															
First Mortgage															
Other															
Other															
<b>Total Debt Service</b>															
<b>Total Annual Cash Expenses</b>															
<b>Debt Service Reserve</b>															
<b>Cash Flow</b>															
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.

**APPLICATION FOR SCATTERED SITE ACQUISITION FUNDS**

N/A

**EMERGENCY SHELTER GRANT FUNDING**

N/A

<b>SOURCES &amp; USES</b>
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**SOURCES**

WHEDA Loan	\$0	
Loan	\$0	Total Loans
Loan	\$0	\$0
NSP	\$56,500	
HOME	\$432,000	
HUD CC Bonus	\$126,000	Total Grants
	\$0	\$614,500

**Total Sources**      \$614,500

**Total Cost**      \$614,500

**Difference**      \$0

## Development Costs

ACQUISITION COSTS		% of Total	Per Unit	
Building	\$390,000 ✓	63%	\$48,750	
Land	\$0	0%	\$0	\$390,000
<b>HARD COSTS</b>				
New Structures	\$0	0%	\$0	
Rehab	\$125,000 ✓	20%	\$15,625	
Site Work	\$0	0%	\$0	
Landscaping	\$0	0%	\$0	
Utilities	\$0	0%	\$0	
Contingency	\$0	0%	\$0	
Other	\$0	0%	\$0	
General Requirements	\$0	0%	\$0	
Builder Profit	\$0	0%	\$0	
Builder Overhead	\$0	0%	\$0	\$125,000
<b>SOFT COSTS</b>				
Design Architect	\$0	0%	\$0	
Inspecting Architect	\$0	0%	\$0	
Construction Management	\$0	0%	\$0	
Engineering	\$0	0%	\$0	
Taxes during Construction	\$10,000 ✓	2%	\$1,250	
Construction Interest	\$0	0%	\$0	
Construction Insurance	\$0	0%	\$0	
Permits & Fees	\$500 ✓	0%	\$63	
Survey	\$1,500 ✓	0%	\$188	
Environmental	\$0	0%	\$0	
Market Study	\$0	0%	\$0	
Appraisal	\$2,000 ✓	0%	\$250	
Relocation	\$0	0%	\$0	
Capital Needs Assessment	\$0	0%	\$0	
Personal Property	\$0	0%	\$0	
Other	\$0	0%	\$0	
Loan Fees - Bridge Loan	\$2,000	0%	\$250	
Origination Fees - Perm	\$0	0%	\$0	
Legal	\$10,000 ✓	2%	\$1,250	
Accounting	\$500 ✓	0%	\$63	
Loan Application Fee	\$0	0%	\$0	
Title & Recording	\$1,000 ✓	0%	\$125	
Closing	\$0	0%	\$0	
Replacement Reserve Deposit	\$2,000 ✓	0%	\$250	
Other	\$0	0%	\$0	
Consultants	\$0	0%	\$0	
Developer Fee	\$70,000 ✓	11%	\$8,750	\$99,500
<b>Total Development Cost</b>	<b>\$614,500</b>	<b>100%</b>	<b>\$76,813</b>	<b>\$614,500</b>

## 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

<b>TOTAL INCOME</b>	<b>\$64,728</b>
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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	\$2,000	\$167	\$250	\$21		
Other	\$0	\$0	\$0	\$0		
<b>TOTAL OP EXPENSES</b>	<b>\$44,284</b>	<b>\$3,690</b>	<b>\$5,535</b>	<b>\$461</b>		

<b>NET OPERATING INCOME</b>	<b>\$20,444</b>	<b>\$1,704</b>	<b>\$2,556</b>	<b>\$213</b>
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## DEBT SERVICE

loan	\$0	Source of Loan		DCR	#DIV/0!
Interest Rate	4.00%			LTV	#VALUE!
Amortization (months)	360				
Term (Months)	0				
Monthly Debt Service	\$0.00		loan #1		
Yearly Debt Service	\$0.00	\$0	per unit		

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

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

<b>Total Debt Service</b>	\$0			all loans	
<b>Total Loans</b>	\$0	\$0	per unit		

<b>YEARLY CASH FLOW</b>	\$20,444
<b>TOTAL DCR</b>	#DIV/0!
<b>TOTAL LTV</b>	#VALUE!

## Cash Flows

	inflation %	Construction Year	Year 1	Year 2	Year 3	Year 4	Year 5
Total Rent	1%		\$69,600	\$70,296	\$70,999	\$71,709	\$72,426
Rent Vacancy Rate			7%	7%	7%	7%	7%
Vacancy			\$4,872	\$4,921	\$4,970	\$5,020	\$5,070
Net Rent			\$64,728	\$65,375	\$66,029	\$66,689	\$67,356
Other Income	2%		\$0	\$0	\$0	\$0	\$0
Other Vacancy Rate			0%	0%	0%	0%	0%
Other Vacancy			\$0	\$0	\$0	\$0	\$0
Net Other Income			\$0	\$0	\$0	\$0	\$0
<b>TOTAL INCOME</b>			<b>\$64,728</b>	<b>\$65,375</b>	<b>\$66,029</b>	<b>\$66,689</b>	<b>\$67,356</b>
Management Fee			\$3,884	\$3,923	\$3,962	\$4,001	\$4,041
Admin - Salaries	2%		\$6,000	\$6,120	\$6,242	\$6,367	\$6,495
Admin - Supplies			\$200	\$204	\$208	\$212	\$216
Accounting			\$900	\$918	\$936	\$955	\$974
Financial Statements			\$1,200	\$1,224	\$1,248	\$1,273	\$1,299
Util - Electric	2%		\$4,200	\$4,284	\$4,370	\$4,457	\$4,546
Util - Gas			\$6,000	\$6,120	\$6,242	\$6,367	\$6,495
Util - Water/Sewer			\$2,800	\$2,856	\$2,913	\$2,971	\$3,031
Maint Salaries	2%		\$8,000	\$8,160	\$8,323	\$8,490	\$8,659
Maint- Supplies			\$2,000	\$2,040	\$2,081	\$2,122	\$2,165
Oper -Lawns			\$750	\$765	\$780	\$796	\$812
Oper - Trash			\$0	\$0	\$0	\$0	\$0
Oper - Cleaning			\$1,350	\$1,377	\$1,405	\$1,433	\$1,461
Insurance	2%		\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
Taxes	2%		\$0	\$0	\$0	\$0	\$0
Replacement Reserve	1%		\$2,000	\$2,020	\$2,040	\$2,061	\$2,081
Other							
<b>TOTAL OP EXPENSES</b>			<b>\$44,284</b>	<b>\$45,111</b>	<b>\$45,953</b>	<b>\$46,812</b>	<b>\$47,688</b>
<b>NET OPERATING INCOME</b>			<b>\$20,444</b>	<b>\$20,265</b>	<b>\$20,076</b>	<b>\$19,877</b>	<b>\$19,668</b>
Debt Service			\$0	\$0	\$0	\$0	\$0
Debt Service			\$0	\$0	\$0	\$0	\$0
Debt Service			\$0	\$0	\$0	\$0	\$0
<b>TOTAL DEBT SERVICE</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW</b>			<b>\$20,444</b>	<b>\$20,265</b>	<b>\$20,076</b>	<b>\$19,877</b>	<b>\$19,668</b>
<b>TOTAL DCR</b>			<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

