



Community Development Authority

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: June 25, 2009

TO: Mayor David J. Cieslewicz
Common Council

FROM: Gregg T. Shimanski, Chair
Mark A. Olinger, Executive Director
Community Development Authority

Two handwritten signatures in blue ink are present. The first signature is a long, flowing cursive signature, likely belonging to Gregg T. Shimanski. The second signature is a shorter, more compact cursive signature, likely belonging to Mark A. Olinger.

SUBJECT: Phase 1 of Truax Park Apartments Master Plan Awarded WHEDA Tax Credits

It is with a great deal of pride to inform you that on June 11, 2009, the CDA was notified by the Wisconsin Housing and Economic Development Authority (WHEDA) that they had awarded the CDA \$13.3 million in Tax Credits for the renovation of seventy-one (71) units of public housing at the Truax Park Apartments. This award of the Tax Credits means that Phase 1 of the implementation of the Master Plan has begun. The buildings and area that will be covered under this project is shown on Attachment A.

As background, on March 31, 2009, the Common Council adopted as a supplement to the City's Comprehensive Plan, the Truax Park Apartments Master Plan (Enactment No. RES-09-00340, Legislative File ID No. 13981). Throughout the master planning process, the CDA worked closely with the residents of Truax Park to develop a plan that would begin to create a new neighborhood that provided for a mix of incomes and housing types. The Master Plan also noted that the long-term revitalization of Truax Park would require significant resources from a number of different sources. Implementing and financing the Master Plan would require phasing the redevelopment over several years.

One potential source of financing was Low-Income Housing Tax Credits. Examining where the CDA might be most competitive in the application process the CDA applied under the preservation set aside in the WHEDA Tax Credit pool. By doing this the CDA committed to improving the buildings the Master Plan indicated would remain; a signal from the CDA that we were concerned about our existing residents.

The rehabilitation package that will be completed using the Tax Credits will be substantial. All kitchens, bathrooms, common spaces will be upgraded, enlarged and improved. All new appliances will be Energy Star rated. Parking lots will be repaired and repaved. New garbage enclosures will be constructed.

Secondly, virtually all building systems will be improved or replaced. Significant upgrades will be incorporated into the HVAC package for the units and buildings to improve energy efficiency; reducing operating costs. In recent years Public Housing operating funds have not been able to keep up with the rather significant increases in utility costs. While improving energy efficiency is the right thing to do, it is particularly true with limited HUD operating funds. Saving on utility costs is a necessity so we can maintain and operate our facilities into the future. The CDA is actually examining alternative energy sources, e.g., geothermal for Truax Park, which will potentially provide significant environmental improvements to the site as well.

Lastly, the 71 units to be rehabilitated are located in six (6) identical buildings. These buildings are all three-story structures, with a full basement. The first floor is a half floor above grade. There are no elevators. The plan is to fully explore a free standing building in between two existing buildings which will contain an elevator and some limited space for Truax Park residents. The new building will then be connected, at all three levels, to the two adjacent buildings. This will allow the existing buildings to have elevators without needing to do substantial reconstruction to the existing units or buildings. The estimated budget of \$12 million assumes we can build three central core buildings, each connecting two existing buildings. This could make all of the units fully accessible; something that is not possible at all now.

While this project will use the same source for Phase 1 as the CDA did with Allied, on other levels it is very different. This should make the process move a bit more quickly since:

- There are no acquisition issues since the CDA already owns the property.
- There are no land use approval issues since the site is appropriately zoned.
- We do not need to find a market. The units are presently 93% occupied and once rehabilitated will be among the most popular in our inventory.
- We are not competing against other Tax Credit projects in the immediate area since the project will house existing CDA residents.
- The CDA will continue to manage the property once the units are rehabilitated with existing CDA staff.

As you may be aware, the Tax Credit markets are not particularly robust, and the amount of equity the CDA will get from the sale of the Tax Credits will yield something less than \$13.3 million, but we will

work aggressively to get the best price we can. The CDA will be mindful of the need to use our resources wisely to bring this project forward.

We are very excited about this opportunity and look forward to working with the residents and other stakeholders of Truax Park on its implementation. If you have any questions, please do not hesitate to contact either one of us personally.

Thank you.

Enclosure

c: CDA Commissioners
Ray Harmon
Percy Brown

Attachment A - Truax Park Apartments

PREFERRED MASTER PLAN



Preferred Master Plan with a density of 17 DU/Acre: View looking north