



October 20, 2016

Julie Spears
City of Madison
Community Development Office
215 Martin Luther King Jr. Blvd.
Madison, WI. 53710

Dear Julie,

Common Wealth has an accepted Offer to Purchase for 2102 Leland, a seven unit property located in the Balsam-Russet NRT neighborhood. This property has been a problem property for several years. We have been encouraged by many different people, including Aldermen Matt Phair, to aggressively pursue the acquisition and stabilization of this troubled property.

As you may remember, Common Wealth previously had an accepted offer to purchase for this property in 2014. We opted out of the purchase after the inspection due to building defects. At that time we were unable to obtain a concession from the seller or raise additional funds to fully fund the needed rehab costs. Since then, the owner has made some improvements, corrected some of the defects, and lowered the acquisition price. With adequate assistance from the City we will be able to successfully acquire and rehab this property.

To make this project feasible, we are requesting assistance from the CDBG Team:

1. Waiver from maximum 125% Loan to Value (LTV) Ratio to <=130%.
2. Increase in total per unit investment of HOME funds from \$54,000 for eight (8) units to \$61,714 for seven (7) units.

Common Wealth is projecting approximately \$18,355 in energy conservation related rehab including:

1. Insulation and air sealing at all areas where siding is removed.
2. Remove and reset windows, tape, foam and properly weather seal.
3. HVAC equipment:
 - a. Replace seven (7) older gravity vented water heaters with a "sidecar" water heater that is fired by condensing boiler
 - b. Repair/replace/upgrades to all baseboards, thermostats and zone valves.

Common Wealth is also proposing to create an ADA accessible two-bedroom apartment. The incremental project cost is estimated to be approximately \$39,750. Extra costs related to creating an ADA accessible unit includes:

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1. Install an entry ramp to main front entrance.
2. Install a new entry door & opener.
3. Create accessible kitchen.
4. Create an accessible bathroom.
5. Widen doors to bathroom and bedrooms.
6. Reconfigure closet in bedroom(s).
7. Install a 36' wide secondary egress door with an accessible entry route.

Due to variety of factors, the overall condition of the property is poor. There are extensive rehab needs. We will need the increased HOME funds to fully fund the rehab costs. Without the increased HOME funding we do not have a viable project.

We have obtained an after rehab appraisal of \$535,000. The second mortgage HOME Loan LTV ratio is calculated at 129.1%.

Common Wealth has made a significant commitment to expand our Affordable Rental Program to Madison's SW side, with the purchase of 28 units. Additional purchases in this neighborhood are an important step in creating a positive change in this area.

I hope the above information and attached itemized cost is helpful. Please contact me if you need more information.

Thank you for considering our request.

Sincerely,



Paul Jasenski
Housing Project Manager