

## Affordable Housing Fund (AHF) Application

This application form should be used for projects seeking City of Madison AHF funds. Applications must be submitted electronically to the City of Madison Community Development Division by **the due date specified by CDD staff**.  
 Email to: [cddapplications@cityofmadison.com](mailto:cddapplications@cityofmadison.com)

**APPLICANT INFORMATION**

Proposal Title:	Block 88 SHD, LLC		
Development Address:	216 S. Pinckney St.		
Amount of Funds Requested:	\$450,000	Type of Project:	<input checked="" type="checkbox"/> New Construction <input type="checkbox"/> Acquisition/Rehab
Name of Applicant:	Stone House Development, Inc.		
Mailing Address:	1010 East Washington Ave., Suite 101, Madison, WI 53703		
Telephone:	608-251-6000	Fax:	608-251-6077
Admin Contact:	Jillian Bradbury	Email Address:	jillian@stonehousedevelopment.com
Project Contact:	Helen Bradbury	Email Address:	hhb@stonehousedevelopment.com
Financial Contact:	Richard Arnesen	Email Address:	rba@stonehousedevelopment.com
Website:	www.stonehousedevelopment.com		
Legal Status:	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Non-profit	Type of LIHTC App.:	<input type="checkbox"/> N/A <input type="checkbox"/> 4% <input type="checkbox"/> 9%
Anticipated WHEDA Set-Aside:	<input type="checkbox"/> General <input type="checkbox"/> Preservation <input type="checkbox"/> Non-Profit		
Federal EIN:	39-1836288	DUNS #:	01-533-8775

**AFFIRMATIVE ACTION**

If funded, applicant hereby agrees to comply with the City of Madison Ordinance 39.02 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/aaFormsID.cfm>.

**LOBBYING RESIGTRATION**

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. You may register at <https://www.cityofmadison.com/clerk/lobbyists/lobbyist-registration>.

**CITY OF MADISON CONTRACTS**

If funded, applicant agrees to comply with all applicable local, state and federal provisions. A sample contract that includes standard provisions may be obtained by contacting the Community Development Division at (608) 266-6520.

If funded, the City of Madison reserves the right to negotiate the final terms of a contract with the selected agency.

**SIGNATURE OF APPLICANT**

Enter Name: Helen Bradbury

By submitting this application, I affirm that the statements and representations are true to the best of my knowledge.

By entering your initials in this box **HB** you are electronically signing your name as the submitter of the application and agree to the terms listed above.

Date: 10/16/2019

## PROPOSAL DESCRIPTION

1. Please provide an overview of the proposal. Describe whether project is acquisition, rehabilitation, and/or new construction; multifamily or senior. Provide the total number of units proposed, the number and percent of affordable units proposed, and the impact of the proposed development on the community.

This will be a newly constructed, mixed-income housing project with approximately 7,000 square feet of retail and 161 apartments. There will be 37 units set aside at 80% CMI or lower. This is over 22% of the total project. 20 of the 37 affordable units will be set aside at 60% CMI. This is 12% of the total project. Affordable housing needs continue to rise in the City of Madison. The impact of having 20% percent of an otherwise market rate building be reserved for households with incomes at or below 80% and 20 units at or below 60% of the county median income will be beneficial to the City and neighborhood. It will assist in the City's goals of providing new construction, affordable apartments in the flourishing downtown area. This downtown area is one where low-income households are especially underserved.

2. What are the total number of units proposed to be assisted with City AHF (i.e. total number of income- and rent-restricted, affordable housing units) and amount of AHF requested per affordable unit? Identify if any of the units will be supported by Section 8 project-based vouchers.

The total number of units in the project proposed to be assisted with City AHF is 20. All 20 of these units will be set aside at 60% CMI. The total requested is, equating to \$22,500 per affordable unit.

3. Describe the project's organizational structure. Please attach an organizational chart detailing the roles of the applicant, all partners, and the ownership interest percentages of each party.

Stone House Development, Inc. is the developer and property manager for the Block 88 Apartments. The ownership entity will be formed with an affiliate of Stone House Development, Inc. as the managing member. See attached organizational chart.

4. For projects that will be co-developed with a non-profit partner, please explain the non-profit's role in the development. State if the non-profit will have a controlling interest, Right of First Refusal, or General Partner Purchase Option.

N/A

## AFFORDABLE HOUSING INITIATIVE FUND GOALS & OBJECTIVES

5. Please check which of the following objectives outlined in the Request for Proposals your proposal meets:

- 1. Increase the supply of safe, quality, affordable rental housing throughout the City.
- 2. Preserve existing income- and rent-restricted rental housing to ensure long-term affordability and sustainability.
- 3. Improve the existing rental housing stock in targeted neighborhoods through acquisition/rehab to create long-term affordability and sustainability.

## AFFORDABLE HOUSING NEEDS

6. Describe your knowledge of and experience in identifying community needs in the City of Madison and developing affordable housing to meet those needs.

Stone House has developed 22 mixed-income and affordable properties across the state of Wisconsin and is currently the managing member and/or property manager of 17 mixed income and affordable housing projects throughout the state with eleven being in the Madison area. In addition, Stone House is currently developing two new mixed income properties in Madison.

Stone House's knowledge of the Madison market is a direct result of their ownership and management of eleven similar properties. All Madison affordable properties have maintained 97-100% occupancy since opening, with the affordable apartments generally maintaining 100% occupancy. The long waiting lists for these properties is a testament to the strong demand for affordable housing in Madison.

Stone House's knowledge of the downtown Madison housing market stems from their experience with the Madison Mark Apartments, located across the street from Block 88. Stone House has owned and managed the property since 2005. It is a mixed-income high rise with first floor commercial. The apartments include units at 40%, 50% and 60% CMI as well as market rate units, and has maintained an occupancy rate above 97% since its opening.

7. Please describe the anticipated demand for the proposed target populations served in this location.

Based on our experience and familiarity with the needs of affordable housing in Madison we believe a large demand for this housing exists. Stone House Development manages 11 properties in Madison with 801 units of affordable housing at or below 60% CMI. We are currently developing 149 additional units of affordable housing at or below 60% CMI. Of the developing 149 units, 36 of these units will be set aside at 30% CMI. These affordable housing units have a long history of maintaining 100% occupancy with extensive waiting lists. Our property on E. Wilson St, the Madison Mark Apartments, is only a few blocks from Block 88. The Madison Mark has 57 units with set asides ranging from 40%-60% CMI. The affordable units in this property have generally maintained full occupancy since project completion in 2005.

## TENANT SELECTION

8. Describe the interior apartment amenities, including plans for internet service (and cost, if any) and a non-smoking environment.

All apartments include vinyl plank flooring, in unit washers and dryers, energy star appliances (including microwaves), ample storage space, most will have a patio or balcony, and all will have wiring for cable, phone and internet service to accommodate multiple service providers. The project will be non-smoking in the apartments and the common areas.

9. Describe your plans to incorporate flexible tenant selection criteria that will provide housing opportunities for persons or families who would otherwise face common obstacles obtaining housing (e.g., poor credit, negative rental history, criminal conviction records, etc.). Specifically outline how this proposal embraces the City of Madison Tenant Selection Best Practices ([CDD Website](#)) and provides the maximum feasible flexibility in tenant selection.

Stone House Development will implement a flexible Tenant Selection Plan that embraces all areas of the City of Madison Tenant Selection Best Practices in an effort to reduce barriers to fair housing choices. Some elements of our Tenant Selection Plan that highlight its flexibility are as follows: we do not use a credit score in evaluating a tenant's credit history; a tenant will not be denied based solely on minimum income-to-rent ratio and evidence of applicant's actual ability to pay rent is taken into account; for tenant's with a Section 8 voucher, income-to-rent ratio is calculated based on tenant's portion of rent after their voucher is applied.

10. Describe the proposed development's minimum occupancy standards that will prevent or reduce over-housing residents in such limited affordable housing opportunities.

Minimum occupancy standards exist to ensure the benefit of affordable housing units is maximized. To ensure the maximum benefit is being obtained, we require a minimum of one person per bedroom in each affordable apartment.

11. Describe your affirmative marketing strategy and any other strategies to engage your intended population. Specifically outline how you will embrace the City of Madison's Affirmative Marketing Plan Best Practices ([CDD Website](#)).

Stone House Development, Inc. will engage in an affirmative marketing strategy that provides for housing inclusion by ensuring that those that are least likely to apply for this housing will have the opportunity to apply. Our strategy will include an expanded marketing area to reach populations beyond those already living in downtown Madison. This will expand the racial, ethnic and income composition of our target market area. To ensure that our affirmative marketing plan is successful, we will record details of all leasing traffic inquiries. A review of these details will be an indicator that our target market strategies are effective.

We will embrace the City of Madison's Affirmative Marketing Plan Best Practices in the following ways: Applicant/Project Identification, Targeted Outreach, Marketing Efforts and Staff Experience. Coordinating our Tenant Selection Plan and Affirmative Marketing Plan with these criteria will help reduce common access barriers to affordable, downtown fair housing choices.

12. How will you affirmatively market to populations that will be identified as least likely to apply? Please reference successful past practices, relationships with agencies and/or marketing materials used.

Stone House uses a variety of practices to affirmatively market to populations that have been identified as least likely to apply. These affirmative marketing practices are informed by Equal Housing practices and supported by nondiscriminatory and inclusive tenant selection procedures.

Our marketing practices will go beyond the standard marketing of rental guides, rental online platforms and the property website. One key to affirmative marketing is outreach to community organizations. A sample of organizations we will market to include, but are not limited to the YWCA, Salvation Army, Community Action Coalition, DCHA, CDA, Veterans Organizations, Centro Hispano and the Urban League. We have marketed to and worked with all mentioned

organizations in the past. This has helped us to successfully lease our Madison affordable properties over the past 10+ years.

Our marketing materials will be available in print and digital format with non-English text available. Spanish printed media will be provided to agencies such as Centro Hispano. The Equal Housing Opportunity logo is prominently featured on all printed and digital materials.

Stone House will continue developing relationships with agencies that assist vulnerable populations, especially those that assist with their housing needs. Case workers at these agencies play a vital role in connecting our team to prospective tenants. They are often an important link for those on waiting lists that may not have access to phones and email on a regular basis.

Lastly, Stone House will bridge a gap for those that find it difficult, or even impossible, to apply for housing in person. We will accept rental applications in a variety of ways and without an application fee requirement. We accept applications via mail, fax, in-person drop off, or e-mail from applicants or representatives, such as case workers. In addition, Stone House has a large presence of affordable properties throughout Madison. We make each of these properties available for prospects to drop off application materials, ask questions, sign documents, etc. These properties are accessible by foot, car or bus.

**PUBLIC PURPOSE, RISK & PROCESS**

13. Please describe the public purpose of your proposal and the risks associated with the project.

The project will increase the needed supply of affordable housing in the downtown area. The primary risk for this project is obtaining funding to support affordable units without WHEDA low-income housing tax credits.

14. Describe any necessary zoning-related approvals (rezoning, conditional use permit, demolition, major alteration, etc.) that must be obtained for the proposal to move forward.

This is a major alteration to a Planned Development. Plan Commission approval is anticipated in the spring of 2020.

**SITE AMENITIES**

15. Describe the exterior and common area amenities that will be available to tenants and guests, including parking (and cost, if any).

There will be amenity space on the fifth floor of the property right on top of the City's already constructed podium. This space will include interior and exterior community areas with a kitchen, seating, TVs and grill area, as well as an interior fitness room and space for outdoor group fitness like yoga. There will be a covered parking garage with 138 stalls for tenant use. The cost of the parking stalls will be \$150/month.

16. Describe the interior apartment amenities, including plans for internet service (and cost, if any) and a non-smoking environment.

All apartments include vinyl plank flooring, in-unit washers and dryers, energy star appliances (including microwaves), ample storage space, most will have a patio or balcony, and all will have wiring for cable, phone and internet service to accommodate multiple service providers. The project will be non-smoking in the apartments and the common areas.

**PROPOSAL TIMELINE**

17. Please list the estimated/target completion dates associated with the following activities/benchmarks to illustrate the timeline of how your proposal will be implemented.

Activity/Benchmark	Target Month/Year of Completion
Neighborhood Meeting	10/24/19
Negotiation of Development Agreements	12/19
Execution of Development Agreements	1/20

Activity/Benchmark	Target Month/Year of Completion
CDBG Committee Consideration of Funding Application	1/20
Finance Committee Consideration of Funding Application	11/19
CC Final Approval of Consideration of Funding Application	12/19
Submission of Land Use Application/Major Alteration	11/19
Landmarks Commission Consideration, if applicable- Informational	10/19
Urban Design Commission Informational	10/19
Urban Design Commission Consideration	2/20
Plan Commission Consideration	3/20
Application to WHEDA	N/A
Complete Equity & Debt Financing	5/20
Acquisition/Real Estate Closing	5/20
New Construction Bid Publishing	4/20
New Construction Start	6/20
Begin Lease-Up/Marketing	3/21
New Construction Completion	6/21
Certificates(s) of Occupancy Obtained	9/21
Complete Lease-Up	9/21
Request Final AHF Draw	2/22

## DEVELOPMENT TEAM

18. Identify all key roles in your project development team, including architect, general contractor, legal counsel, property management agent, supportive services provider(s), and any other key consultants, if known.

Contact Person	Company	Role in Development	E-mail	Phone
Helen Bradbury	Stone House	Developer	<a href="mailto:hbradbury@stonehousedevelopment.com">hbradbury@stonehousedevelopment.com</a>	608-251-6000
Ricard Arnesen	Stone House	Developer	<a href="mailto:rarnesen@stonehousedevelopment.com">rarnesen@stonehousedevelopment.com</a>	608-251-6000
Randy Bruce	Knothe & Bruce	Architect	<a href="mailto:rbruce@knothebruce.com">rbruce@knothebruce.com</a>	608-836-3690
Jon Koch	Stevens Construction	Contractor	<a href="mailto:jkoch@stevensconstruction.com">jkoch@stevensconstruction.com</a>	608-609-1183
Kasie Setterlund	Stone House	Property Management	<a href="mailto:kasie@stonehousedevelopment.com">kasie@stonehousedevelopment.com</a>	608-251-6000
Doug Hursh	Potter Lawson, Inc.	Architect	<a href="mailto:dough@potterlawson.com">dough@potterlawson.com</a>	608-274-2741

19. Please briefly describe the Development Team's experience and capacity to complete the proposed project (2 pg max).

### Developing Multi-Family Properties for Low-Income Households

Stone House Development, Inc. is a Madison based real estate developer and property management firm specializing in the infill development of affordable rental housing. Stone House is wholly owned by Helen Bradbury and Richard Arnesen and was founded in 1996. Since 1996 we have completed twenty-two affordable housing developments throughout the state of Wisconsin with the most recent LIHTC property being The Breese Apartments in Madison. We have two other tax-credit properties in construction and development stages. Our vast history with low income housing tax credit properties shows our experience and capacity to successfully develop affordable housing properties.

### WHEDA Financing

We have a well-developed relationship with WHEDA and are familiar with their 7/10 program. We have financed two projects, the Lyric Apartments and Arbor Crossing Apartments, using the 7/10 program. We have already received a

letter confirming WHEDA's interest in providing continued support and financing for this project. We will be moving toward a firm commitment over the next 45 days.

#### Property Management

Stone House Development has been providing property management services to affordable multi-family properties since its inception in 1996. In addition to providing full management services to properties we own and develop, we also provide property management to third party affordable housing owners. Stone House has, for example, leased up and manages Revival Ridge Apartments for the Madison CDA since its opening in 2009. Successful management of LIHTC apartments is key in the long-term success of these properties. We provide full-service management that includes accounting, tenant relations, marketing, maintenance, Section 42 compliance and facilities management. Stone House will be the long-term property management provider for the Schroeder Road Apartments. Stone House's owners are Helen Bradbury, President, and Richard Arnesen, Vice President. Helen and Rich have a combined experience of over 60 years in property development and management. Key management staff members include, Kasie Setterlund, Director of Operations, and David Michlig, in-house CPA and Controller. Kasie and Dave have each been with Stone House for over 19 and 21 years respectively.

20. For the following development team roles, please identify the number and/or percentage of women and persons of color employed by that company.

Company	Role in Development	# or % Employees who are Women	# or % Employees who are Persons of Color
Stone House Devel.	Developer	65%	17%
Stevens	General Contractor	11.3%	12.9%
Stone House	Property Manager	65%	17%
Knothe & Bruce	Architect	38%	6%

#### **DEVELOPMENT TEAM EXPERIENCE AND CAPACITY**

21. Please describe the development team's experience in obtaining and successfully implementing LIHTC and/or non-LIHTC affordable housing developments.

Since 1996 we have completed twenty-two affordable housing developments throughout the state of Wisconsin with the most recent LIHTC property being The Breese Apartments in Madison. Twenty of these completed projects have received LIHTC. The other two were financed using WHEDA's 7/10 program. We have also utilized HOME and CDBG funds to create affordable units. In addition, we received LIHTC for two projects that are currently in construction and development stages. Our vast history with low income housing tax credit properties shows our experience and capacity to successfully develop affordable housing properties.

#### **REFERENCES**

22. Please list at least three references who can speak to your work on similar developments completed by your team.

Name	Relationship	Email Address	Phone
Raymond James Tax Credit Funds	Tax Credit Investor	<a href="mailto:Kevin.kilbane@raymondjames.com">Kevin.kilbane@raymondjames.com</a>	216-509-1342
WHEDA	Lender	<a href="mailto:Sean.obrien@wheda.com">Sean.obrien@wheda.com</a>	608-267-1453
Stevens Construction	General Contractor	<a href="mailto:bwagner@stevensconstruction.com">bwagner@stevensconstruction.com</a>	608-222-5100

**HOUSING INFORMATION & UNIT MIX & RELATED DETAILS**

23. Provide the following information for your proposed project. List the property address along with the number of units you are proposing by size, income category, etc. If there any alternate unit mixes are concurrently proposed, please copy and insert this table for each alternative.

ADDRESS:		# of Bedrooms					Projected Monthly Unit Rents, Including Utilities				
% of County Median Income (CMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	\$ Rent for Studios	\$ Rent for 1 BRs	\$ Rent for 2 BRs	\$ Rent for 3 BRs	\$ Rent for 4+ BRs
≤30%	0	0	0	0	0	0					
40%	0	0	0	0	0	0					
50%	0	0	0	0	0	0	See revised Unit Mix Below				
60%	20	11	6	3	0	0	\$904	\$968	\$1159		
<b>AHF Sub-total</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>					
<b>Market*</b>	141	0	0	0	0	0					
<b>Total Units</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	Notes:				

\*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; Market = >61% CMI.

24. Please describe the financing structure and the terms requested of the City’s Affordable Housing Fund for the unit mix described above. If there any alternate unit mixes are concurrently proposed, please detail the financing structure and the terms requested for each alternative.

Stone House will be applying for a permanent mortgage utilizing WHEDA 7/10 program. We request that the whole amount of requested funding be structured as a 30-year loan, at 0% interest, payable upon the earlier of the sale, transfer, or change in use of the property. The requested amount will be used to fund the twenty 60% units.

25. Utilities/amenities included in rent:  Water/Sewer  Electric  Gas  Free Internet In-Unit

Washer/Dryer  Other: \_\_\_\_\_

26. Describe the number and percent of accessible units proposed for each of level of accessibility. For rehab, describe the accessibility modifications that will be incorporated into the existing housing.

The project will meet or exceed all local, state and federal accessibility requirements. In addition, a percentage of the units will be fully accessible to individuals with physical disabilities, including roll in showers, ADA approved appliances, grab bars, lowered switches and outlets, etc.

27. Please describe the sustainable, energy efficient, and/or green building design techniques and standards that will be incorporated into the proposed project (including, but not limited to, renewable ready, EV-ready, PV solar panels, tree planting, green roofs, reuse/repurposing of graywater, solar hot water, ground- or air sourced heat pumps, heat recovery ventilators, etc.). Identify any energy industry standards that will be achieved. Please describe how the housing project will contribute to the City’s goal of 100% renewable energy and zero-net carbon emissions (originally adopted March 21, 2017). For more information, see [100% Renewable Madison Report](#).

This project will be certified as "Green Built" according to the Wisconsin Green Built Home standards. All appliances will be energy star rated and all lighting will be either compact florescent or LED. There will be motion sensor hallway lights, water sense toilets and faucet aerators. These efficiencies will give the reidents savings on their gas and electricity bills along with a significant savings to the project for common area utilities including water/sewer, gas and electricity. In addition, we are currently researching LEED Certification equivalent standards, feasibility of solar panels, and green and/or blue roofs for stormwater retention. We are committed to working with the City, contractor, engineers and architects to incorporate sustainable elements into the final building.

28. Estimate the resulting monthly, annual or life of project cost savings for the project and for tenants as a result of the implemented methods above.

The energy star appliances, efficient unit and hallway lights, water sense toilets and faucet aerators will give the residents savings on their gas and electricity bills along with a significant savings to the project for common area utilities including water/sewer, gas and electricity. As the other elements are still in the planning phase, we cannot estimate a projected cost saving at this time.

Focus on Energy's (FOE) Design Assistance Program provides no-cost design consultation and assistance, including renewable energy analysis, e.g., solar readiness, and searches for incentives and/or rebates to fund the cost difference of the proposed building energy improvements. FOE compensates developers for the staff time dedicated to this process. Contact Barb Ohlsen, AIA, at (608) 709-1396 to discuss program details.

**Would you be willing to apply for a renewable energy analysis and incorporate its recommendations where financially feasible?**  Yes  No

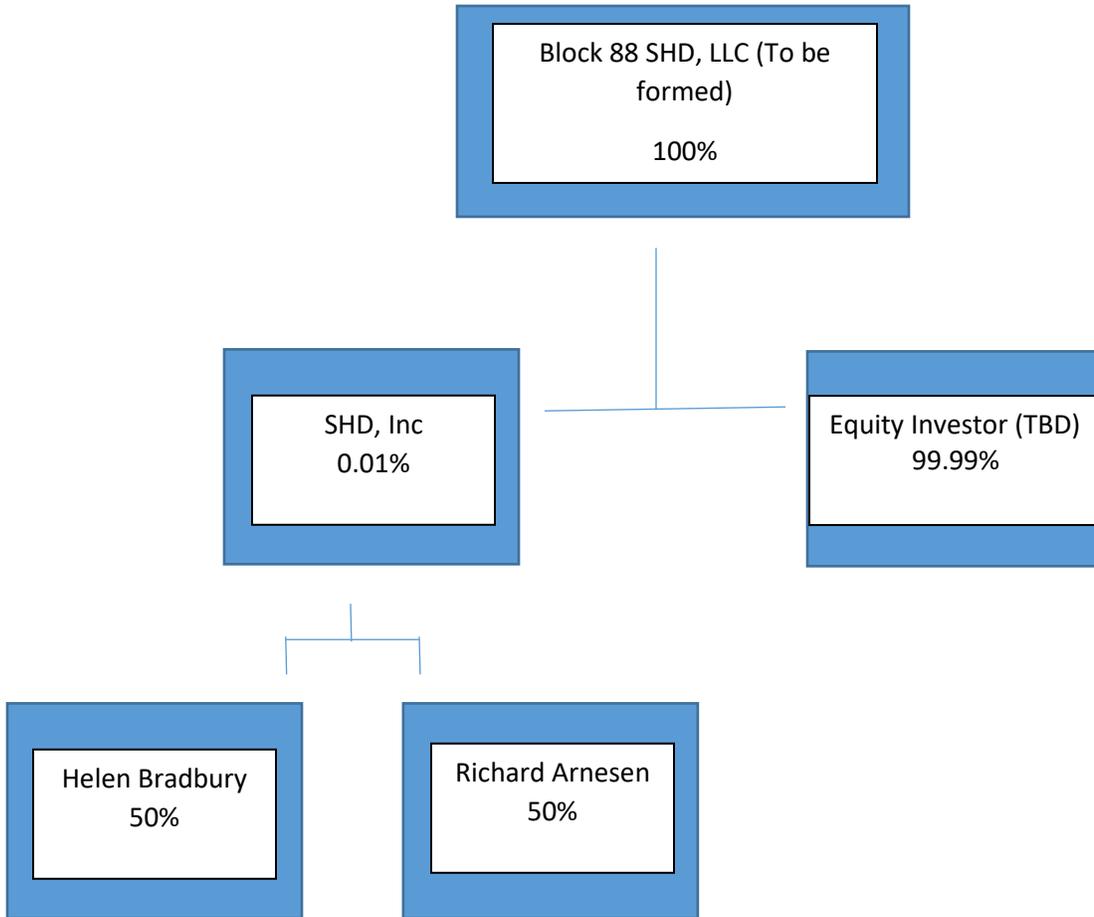
29. Will any business or residential tenants will be displaced temporarily or permanently? If so, please describe the relocation requirements, relocation plan and relocation assistance that you will implement or have started to implement.

No.

**PLEASE ATTACH THE FOLLOWING ADDITIONAL INFORMATION AND CHECK THE BOX WHEN ATTACHED:**

A completed Application Budget Workbook, showing the City's proposed financial contribution and all other proposed financing.

### Organizational Chart



## HOUSING INFORMATION & UNIT MIX & RELATED DETAILS

23. Provide the following information for your proposed project. List the property address along with the number of all units you are proposing to construct by size, income category, etc. If there any alternate unit mixes are concurrently proposed, please copy and insert this table for each alternative.

<b>ADDRESS:</b>		<b>Block 88 - 216 S. Pinckney St.</b>					<b>Projected Monthly Unit Rents, Including Utilities</b>				
<b>% of County Median Income (CMI)</b>	<b>Total # of units</b>	<b># of Bedrooms</b>					<b>\$ Rent for Studios</b>	<b>\$ Rent for 1 BRs</b>	<b>\$ Rent for 2 BRs</b>	<b>\$ Rent for 3 BRs</b>	<b>\$ Rent for 4+ BRs</b>
		<b># of Studios</b>	<b># of 1 BRs</b>	<b># of 2 BRs</b>	<b># of 3 BRs</b>	<b># of 4+ BRs</b>					
<b>≤40%</b>	0	0	0	0	0	0					
<b>50%</b>	0	0	0	0	0	0					
<b>60%</b>	20	11	6	3	0	0	904	968	1159		
<b>AHF Sub-total</b>	<b>20</b>	<b>11</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>					
<b>80%</b>	17	12	5	0	0	0	1155	1346			
<b>Market*</b>	124	3	80	41	0	0	1217	1606	2264		
<b>Total Units</b>	<b>161</b>	<b>26</b>	<b>91</b>	<b>44</b>	<b>0</b>	<b>0</b>	Utility Allowances: Studio- \$50; 1BR- \$55; 2BR- \$68 Additional Notes: Market rate rents are averages; some market rents will be higher, some will be lower.				

\*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; Market = >81% CMI.

APPLICANT & PROJECT NAME:

**Stone House Development, Inc. / Block 88 Apartments**

1. CAPITAL BUDGET

Enter ALL proposed project funding sources.

**FUNDING SOURCES**

Source	Amount	Non-Amortizing (Y/N)	Rate (%)	Term (Years)	Amort. Period (Years)	Annual Debt Service
Permanent Loan-Lender Name:						
<b>WHEDA</b>	\$ 34,250,000	Y	4.25%	35	35	\$1,881,944
Subordinate Loan-Lender Name:						
Subordinate Loan-Lender Name:						
Tax Exempt Loan-Bond Issuer:						
AHP Loan						
City-AHF Deferred Loan	\$ 450,000	N				
City-AHF Interest/Cash Flow Loan						
City-TIF Loan						
Other-Specify Lender/Grantor:						
Other-Specify Lender/Grantor:						
Other-Specify Lender/Grantor:						
Tax Credit Equity						
Historic Tax Credit Equity						
Deferred Developer Fees						
Owner Investment						
Other-Specify:						
<b>Owner and Investor Equity</b>	\$ 6,960,000					
<b>Total Sources</b>	<b>\$ 41,660,000</b>					

<b>Construction Financing</b>			
Source of Funds	Amount	Rate	Term (Months)
Construction Loan-Lender Name:			
<b>WHEDA</b>	\$ 34,250,000		
Bridge Loan-Lender Name:			
			24
Tax Credit Equity:			
<b>Owner and Investor Equity</b>	\$ 6,960,000		
<b>Total</b>	<b>\$ 41,210,000</b>		

Estimated pricing on sale of Federal Tax Credits:

Estimated pricing on sale of State Tax Credits:   
(if applicable)

Remarks Concerning Project Funding Sources:

APPLICANT:

**2. PROJECT EXPENSES**

Enter the proposed project expenses

<b>Acquisition Costs</b>	<b>Amount</b>
Land	\$2,500,000
Existing Buildings/Improvements	\$2,500,000
Other (List)	
<span style="background-color: yellow; border: 1px solid black; display: inline-block; width: 150px; height: 15px;"></span>	\$0

<b>Construction:</b>	
Construction/Rehab Costs	\$28,500,000
Construction Profit	\$0
Construction Overhead	\$0
General Requirements	\$0
Construction Supervision	
FF&E/Personal Property	
Demolition	\$0
Site Work	\$0
Landscaping	\$0
Construction Contingency	\$1,250,000
Other (List)	
Tenant Improvement Allowance	\$360,000

<--- If applicable, please list the costs attributable to "above and beyond" green building/Net Zero construction components included in the Construction Costs line item:


Total Cost: \$0

<b>Architectural &amp; Engineering</b>	
Architect - Design	\$650,000
Architect - Supervision	\$75,000
Engineering	\$65,000
Other (List)	
Permits/Owner Items	\$75,000

<b>Interim/Construction Costs</b>	
Builder's Risk/Property Insurance	\$35,000
Construction Loan Interest	\$800,000
Construction Loan Origination Fee	\$514,000
Real Estate Taxes	\$75,000
Park Impact Fees	\$564,000
Other Impact Fees	\$0
Other (List)	
<span style="background-color: yellow; border: 1px solid black; display: inline-block; width: 150px; height: 15px;"></span>	\$0

<b>Financing Fees</b>	
Cost of Bond Issuance	\$0
Permanent Loan Origination Fee	\$0
Other Permanent Loan Fees	\$0

<b>Soft Costs</b>	
Appraisal	\$3,500
Market Study	\$6,500
Environmental Reports	\$0
Survey	\$12,000

Permits	\$0
Lease-Up Period Marketing	\$75,000
Tax Credit Fees	\$0
Accounting/Cost Certification	\$10,000
Title Insurance and Recording	\$30,000
Relocation	\$0
FF&E	\$150,000
Capital Needs Assessment (if rehab)	\$0
Legal	\$100,000
Other (List)	
	\$0
<b>Fees:</b>	
Bridge Loan Fees	\$0
Organizational Fees	\$0
Syndication Fees	\$0
Development Fee	\$2,500,000
Developer Overhead	\$350,000
Other Consultant Fees	\$0
Other (List)	
Construction Management	\$150,000
<b>Reserves Funded from Capital:</b>	
Lease-Up Reserve	\$200,000
Operating Reserve	\$0
Replacement Reserve	\$0
Capital Needs Reserve	\$0
Debt Service Reserve	\$0
Escrows	\$0
<b>Other: (List)</b>	
Brokerage Commissions	\$110,000
<b>TOTAL COSTS:</b>	<b>\$41,660,000</b>

APPLICANT: Stone House Development, Inc. / Block 88 Apartments

3. PROJECT PROFORMA

Enter total Revenue and Expense information for the proposed project for a 30 year period.

	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	Year 16
Gross Income	3,177,295	3,240,841	3,305,658	3,371,771	3,439,207	3,507,991	3,578,150	3,649,713	3,722,708	3,797,162	3,873,105	3,950,567	4,029,579	4,110,170	4,192,374	4,276,221
Less Vacancy/Bad Debt	127,092	129,634	132,226	134,871	137,568	140,320	143,126	145,989	148,908	151,886	154,924	158,023	161,183	164,407	167,695	171,049
<b>Income from Non-Residential Use*</b>	492,955	502,814	512,870	523,128	533,590	544,262	555,147	566,250	577,575	589,127	600,909	612,928	625,186	637,690	650,444	663,453
<b>Total Revenue</b>	3,543,158	3,614,022	3,686,302	3,760,028	3,835,229	3,911,933	3,990,172	4,069,975	4,151,375	4,234,402	4,319,090	4,405,472	4,493,582	4,583,453	4,675,122	4,768,625
<b>Expenses:</b>																
Office Expenses and Phone	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,764	21,386	22,028	22,689	23,370
Real Estate Taxes	530,000	545,900	562,277	579,145	596,520	614,415	632,848	651,833	671,388	691,530	712,276	733,644	755,653	778,323	801,673	825,723
Advertising, Accounting, Legal Fees	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143	40,317	41,527	42,773	44,056	45,378	46,739
Payroll, Payroll Taxes and Benefits	115,000	118,450	122,004	125,664	129,434	133,317	137,316	141,435	145,679	150,049	154,550	159,187	163,963	168,881	173,948	179,166
Property Insurance	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,046	44,337	45,667	47,037	48,448	49,902	51,399	52,941	54,529
Mtc, Repairs and Mtc Contracts	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587	207,635	213,864	220,280	226,888	233,695
Utilities (gas/electric/fuel/water/sewer)	95,000	97,850	100,786	103,809	106,923	110,131	113,435	116,838	120,343	123,953	127,672	131,502	135,447	139,511	143,696	148,007
Property Mgmt	151,000	155,530	160,196	165,002	169,952	175,050	180,302	185,711	191,282	197,021	202,931	209,019	215,290	221,749	228,401	235,253
Operating Reserve Pmt		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	48,300	49,749	51,241	52,779	54,362	55,993	57,673	59,403	61,185	63,021	64,911	66,858	68,864	70,930	73,058	75,250
Support Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	1,169,300	1,204,379	1,240,510	1,277,726	1,316,057	1,355,539	1,396,205	1,438,092	1,481,234	1,525,671	1,571,441	1,618,585	1,667,142	1,717,156	1,768,671	1,821,731
<b>Net Operating Income</b>	2,373,858	2,409,643	2,445,792	2,482,302	2,519,171	2,556,394	2,593,966	2,631,884	2,670,141	2,708,731	2,747,649	2,786,887	2,826,439	2,866,297	2,906,451	2,946,893
<b>Debt Service:</b>																
First Mortgage	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944
Second Mortgage		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Debt Service</b>	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944
<b>Total Annual Cash Expenses</b>	3,051,244	3,086,323	3,122,455	3,159,670	3,198,002	3,237,483	3,278,150	3,320,036	3,363,179	3,407,616	3,453,386	3,500,529	3,549,087	3,599,101	3,650,615	3,703,676
<b>Total Net Operating Income</b>	491,914	527,698	563,847	600,358	637,227	674,450	712,022	749,939	788,196	826,787	865,705	904,943	944,495	984,352	1,024,507	1,064,949
<b>Debt Service Reserve</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Deferred Developer Fee</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Flow</b>	491,914	527,698	563,847	600,358	637,227	674,450	712,022	749,939	788,196	826,787	865,705	904,943	944,495	984,352	1,024,507	1,064,949
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

\*Including commercial tenants, laundry facilities, vending machines, parking spaces, storage spaces or application fees.

<b>DCR Hard Debt</b>	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.42	1.44	1.46	1.48	1.50	1.52	1.54	1.57
<b>DCR Total Debt</b>	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.42	1.44	1.46	1.48	1.50	1.52	1.54	1.57

**Assumptions**

Vacancy Rate	4.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	

\*Please list all fees (per unit per month) and non-residential income:

Commercial/Retail = 7,125sf x \$25/psf NNN, Parking = \$2

APPLICANT:

3. PROJECT PROFORMA (cont.)

Enter total Revenue and Expense information for the proposed project for a 30 year period.

	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross Income	4,361,745	4,448,980	4,537,960	4,628,719	4,721,294	4,815,719	4,912,034	5,010,274	5,110,480	5,212,690	5,316,943	5,423,282	5,531,748	5,642,383
Less Vacancy/Bad Debt	174,470	177,959	181,518	185,149	188,852	192,629	196,481	200,411	204,419	208,508	212,678	216,931	221,270	225,695
<b>Income from Non-Residential Use*</b>	676,722	690,256	704,061	718,142	732,505	747,155	762,098	777,340	792,887	808,745	824,920	841,418	858,247	875,412
<b>Total Revenue</b>	4,863,997	4,961,277	5,060,503	5,161,713	5,264,947	5,370,246	5,477,651	5,587,204	5,698,948	5,812,927	5,929,185	6,047,769	6,168,725	6,292,099
<b>Expenses:</b>														
Office Expenses and Phone	24,071	24,793	25,536	26,303	27,092	27,904	28,742	29,604	30,492	31,407	32,349	33,319	34,319	35,348
Real Estate Taxes	850,494	876,009	902,290	929,358	957,239	985,956	1,015,535	1,046,001	1,077,381	1,109,702	1,142,993	1,177,283	1,212,602	1,248,980
Advertising, Accounting, Legal Fees	48,141	49,585	51,073	52,605	54,183	55,809	57,483	59,208	60,984	62,813	64,698	66,639	68,638	70,697
Payroll, Payroll Taxes and Benefits	184,541	190,077	195,780	201,653	207,703	213,934	220,352	226,962	233,771	240,784	248,008	255,448	263,112	271,005
Property Insurance	56,165	57,850	59,585	61,373	63,214	65,110	67,064	69,076	71,148	73,282	75,481	77,745	80,077	82,480
Mtc, Repairs and Mtc Contracts	240,706	247,927	255,365	263,026	270,917	279,044	287,416	296,038	304,919	314,067	323,489	333,193	343,189	353,485
Utilities (gas/electric/fuel/water/sewer)	152,447	157,021	161,731	166,583	171,581	176,728	182,030	187,491	193,115	198,909	204,876	211,022	217,353	223,874
Property Mgmt	242,311	249,580	257,067	264,779	272,723	280,904	289,332	298,012	306,952	316,160	325,645	335,415	345,477	355,841
Operating Reserve Pmt	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	77,507	79,833	82,228	84,694	87,235	89,852	92,548	95,324	98,184	101,129	104,163	107,288	110,507	113,822
Support Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	1,876,383	1,932,675	1,990,655	2,050,375	2,111,886	2,175,242	2,240,500	2,307,715	2,376,946	2,448,255	2,521,702	2,597,353	2,675,274	2,755,532
<b>Net Operating Income</b>	2,987,614	3,028,602	3,069,848	3,111,338	3,153,061	3,195,003	3,237,151	3,279,489	3,322,002	3,364,672	3,407,483	3,450,416	3,493,451	3,536,567
<b>Debt Service:</b>														
First Mortgage	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944
Second Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Debt Service</b>	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944	1,881,944
<b>Total Annual Cash Expenses</b>	3,758,328	3,814,619	3,872,599	3,932,319	3,993,830	4,057,187	4,122,444	4,189,659	4,258,890	4,330,199	4,403,646	4,479,298	4,557,218	4,637,476
<b>Total Net Operating Income</b>	1,105,670	1,146,658	1,187,903	1,229,394	1,271,117	1,313,059	1,355,207	1,397,545	1,440,057	1,482,728	1,525,539	1,568,472	1,611,506	1,654,623
<b>Debt Service Reserve</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Deferred Developer Fee</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Flow</b>	1,105,670	1,146,658	1,187,903	1,229,394	1,271,117	1,313,059	1,355,207	1,397,545	1,440,057	1,482,728	1,525,539	1,568,472	1,611,506	1,654,623
AHF City Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0

\*Including laundry facilities, vending machines, parking spaces, storage spaces or application fees.

<b>DCR Hard Debt</b>	1.59	1.61	1.63	1.65	1.68	1.70	1.72	1.74	1.77	1.79	1.81	1.83	1.86	1.88
<b>DCR Total Debt</b>	1.59	1.61	1.63	1.65	1.68	1.70	1.72	1.74	1.77	1.79	1.81	1.83	1.86	1.88

**Assumptions**

Vacancy Rate	4.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	