

Application for Neighborhood and Community Development Funds

Submit original and 15 complete copies of this application to the CDBG Office by 4:30 p.m. by the 15th of the month, to be reviewed by the CDBG Committee on the first Thursday of the following month. **When possible, please duplex your original and copies and send an electronic version to the assigned project manager (if known).**

Program Title: <u>MDC Acquisition 738 E. Dayton</u>	Amount Requested: \$ <u>250,000</u>
Agency: <u>Madison Development Corporation</u>	Tax ID/EIN/FEIN: <u>39-1277471</u>
Address: <u>550 W. Washington Avenue</u>	DUNS #: <u>058076621</u>
Contact Person: <u>Frank Staniszewski, President</u>	Telephone: <u>256-2799, ext. 212</u>
Email: <u>fstan@mdcorp.org</u>	Fax: <u>256-1560</u>

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.

This project is intended to address the need for quality affordable rental housing for low-and-moderate-income households. The goal of this project is to acquire a 16 unit rental apartment building at 738 E. Dayton St., and to and lease all 16 units to households at or below 50% of cmi. This project will also preserve these units from further deterioration and help stabilize the neighborhood, or to prevent the property from being sold and converted to rental to students or higher income residents. MDC plans to buy an entire 16-unit building at 738 E Dayton St., using CDBG funds. All 16 units are now occupied, but the units and common areas of the property are in need of repair. Existing tenants will not be displaced; we expect most current occupants would be income eligible. MDC will lower the current rents for all current and prospective new tenants.

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.

The target population are low income renters under 40% of cmi. This targeted population is the majority of households served in our agency's existing portfolio. Depending on household sizes and apt sq.ft. sizes, the rents are framed to be affordable, that is, for these households not to pay over 30% of their income on rent and utility charges. The apartment mix includes 16 units, all efficiency units of approximately 250 square feet.

MDC will guarantee rental to income eligible tenants through a LURA and adhere to program requirements of CDBG, or HOME at 50% of cmi or below.

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

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

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

The proposal addresses the rental housing objective.

MDC plans to acquire 16 rental apartments currently listed for sale. MDC will prevent sale and gentrification, or further physical deterioration of the property, stabilize the neighborhood, rehab all 16 units as well as the exterior and common areas, and rent all 16 to households under 50% cmi. MDC will maintain these rental units in quality condition and at affordable rents unless or until they would be sold. Our intent is to hold the units and maintain affordability in perpetuity. The property also has a history of numerous police calls and other signs that the property is not well managed, in addition to the physical condition of the building and apartments. These conditions will be remedied by MDC.

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

Acquisition/ Rehab	<input type="checkbox"/> New Construction, Acquisition, Expansion of Existing Building <input type="checkbox"/> Accessibility <input checked="" type="checkbox"/> Maintenance/Rehab <input type="checkbox"/> Other	Futures	<input type="checkbox"/> Prototype <input type="checkbox"/> Feasibility Study <input type="checkbox"/> Revitalization Opportunity <input type="checkbox"/> New Method or Approach
Housing	<input checked="" type="checkbox"/> Rental Housing <input type="checkbox"/> Housing For Buyers	Homeless	<input type="checkbox"/> Housing <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)				
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				
6. Other:				
C. Capital Budget Expenditures (Detail in attachment C)				
1. Capital Cost of Assistance to Individuals (Loans)				
2. Other Capital Costs: Acquisition, rehab, financing costs and , development costs.	770,000	250,000	520,000	Private bank Financing
D. TOTAL (A+B+C)	770,000	250,000	520,000	

6. **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.

Appraisal and offer price negotiation
Grant award
MDC makes offer to purchase
Property Acquisition/closing
MDC Staff begins Rehab.
MDC Staff qualifies tenants as income eligible
MDC completes Lease-up, verifications
MDC provides ongoing maintenance
MDC staff performs ongoing turnover-leasing

**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.

Now, Certified Appraiser, MDC and Seller Negotiate "Start Date"; award by CDBG Office
Start Date plus 1 day. MDC makes offer
Start Date plus day 45; MDC acquires 16 apts.
Start Date plus day 46; 16 units-Duration of 45 days.
Start Date plus day 46;
Start Date plus day 120 Full occupancy
Ongoing
Ongoing

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

Ald. Maniaci was notified. A meeting is pending.

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

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 checked="" 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 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"/>		<input type="checkbox"/>	ESG Funding Addendum (Attachment I)

13. Affirmative Action: If funded, applicant hereby agrees to comply with City of Madison Ordinance 3.02.(9) 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/aaForms.cfm>.

14. Non-Discrimination Based on Disability: Applicant shall comply with Section 39.05, Madison General Ordinances, Nondiscrimination Based on Disability in City-Assisted Programs and Activities. Under section 39.05(7) of the Madison General Ordinances, no City financial assistance shall be granted unless an Assurance of Compliance with Sec. 39.05 is provided by the applicant or recipient, prior to the granting of the City financial assistance. Applicant hereby makes the following assurances: Applicant assures and certifies that it will comply with section 39.05 of the Madison General Ordinances, entitled "Nondiscrimination Based on Disability in City Facilities and City-Assisted Programs and Activities," and agrees to ensure that any subcontractor who performs any part of this agreement complies with sec. 39.05, where applicable, including all actions prohibited under section 39.05(4), MGO." <http://www.cityofmadison.com/dcr/aaForms.cfm>

Signature: _____ Date: _____
 President-Board of Directors/Department Head

Signature: _____ Date: _____
 Executive Director

For additional information or assistance in completing this application, please contact the CD Office at 267-0740.

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?	
738 E. Dayton	Purchase Construct	16	16	16	0	Pending		\$40,620 per d/u (pending appr.)	0	0	NO
	Purchase Rehab Construct								0	0	NO
	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**
Acquisition Costs:							
Acquisition	650,000	130000	CD	520,000	Bank First Mortgage		
Title Insurance and Recording	1000	1000	CD				
Appraisal	1730	1730	CD				
*Predvlpmnt/feasibilty/market study							
Survey							
*Marketing/Affirmative Marketing							
Relocation							
Other: Closing Fees, Property Taxes	2,000 10,000	12,000	CD				
Construction:							
Construction Costs	105,270	105,270	CD				
Soils/site preparation							
Construction management							
Landscaping, play lots, sign							
Const interest							
Permits; print plans/specs							
Other: _____							
Fees:							
Architect							
Engineering							
*Accounting							
*Legal							
*Development Fee							
*Leasing Fee							
Other: _____							
Project Contingency:							
Furnishings:							

Reserves Funded from Capital:						
Operating Reserve						
Replacement Reserve						
Maintenance Reserve						
Vacancy Reserve						
Lease Up Reserve						
Other (specify): _____						
Other (specify): _____						
TOTAL COSTS:	<u>770,000</u>	<u>250,000</u>		<u>520,000</u>		
				<u>Bank</u>		

* 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.

ATTACHMENT F

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
1 through 16	Eff	15,625	Acq., rehab, dev.	\$449	No heat/air (avg. \$54/month)	30% to 50% cmi

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

Property will be inspected for Minimum Housing Quality Standards following completion of Rehab.

C. Describe briefly your tenant selection criteria and process.

We have a standard application process which includes gathering and confirming household income, lease history, credit history, etc. An application is processed on a first come first serve basis and tenancy is granted when the applicant passes the standard criteria. To reach underserved populations, we routinely send out vacancy listings to area agencies, market in non-English publications and promote referrals with our current tenants.

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

We routinely work with agencies providing assistance in the community. Recently through our property manager's efforts a long-term tenant with traumatic brain injury had his housing preserved by our willingness to forgive the tenant's portion of rent for the entire prior year. This move was predicated on the commitment from the tenant to work with Access to Independence to provide needed services. This particular tenant had a parent who could no longer serve in these capacities and we linked this tenant up with crucial support services to maintain his housing. We currently have 30 Section 8 tenants within our portfolio. There are additional indicators of our success record linking residents with services, e.g. we have 7 units in our portfolio rented to support service agencies.

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	See	Attached	Excel	Spread-	sheet.										
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															

