

MEMO

To: CDBG Committee

From: Pam Rood 

Date: November 2, 2010

Subject: Movin' Out Scattered Site Funds Request

Movin' Out has requested \$99,000 in Scattered Site Funds to be used towards the acquisition of a 4 unit property located at 717 N. Midvale Blvd. This property is currently owned by Movin' Out however through the refinancing of their portfolio with WHEDA, the property will be sold to Movin' Out Homes, a separate 501(c)(3) entity. The property is located within a Scattered Site area and would qualify for the funds. In addition to the Scattered Site funds, Movin' Out will use \$141,000 in HOME funds from their already approved rental contract to acquire and rehab. the property. Movin' Out will loan Movin' Out Homes these funds for this transaction.

This action will allow Movin' Out to stabilize their operations, maintain 4 affordable units for low income tenants and lower rents. Staff recommends the authorization of \$99,000 in Scattered Site funds.



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600 Williamson St
Madison, WI 53703
608/251-4446
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www.movin-out.org

October 8, 2010

Audrey Short
City of Madison Community Development Block Grant
PO Box 2985
Madison WI 53701-2985

Re: HUDHOM 09-10 CFDA 14.239
717 North Midvale

Dear Audrey:

Movin' Out requests \$240,000 in HOME funds from the contract approved by the city for the purpose of increasing access to safe and affordable housing by low-income tenants with disabilities, or from Scattered Site funds, or a combination of Scattered Site and HOME funds. The use of the requested funds will result in the retention of four units of affordable housing for low-income tenants with disabilities.

The property has four 2-bedroom units and has been occupied by tenants with disabilities for many years. The non-profit agency WISH purchased the property in 2005. When WISH dissolved in 2007, Movin' Out took ownership of the Midvale property and responsibility for its debt. The property has a 30-year mortgage at a conventional rate with Bank Mutual and a short-term mortgage with Forward Community Investments that will require a balloon payment pay-off in 2011.

Our request for HOME or Scattered Site funds for the Midvale property is one part in the refinancing of several properties now owned by Movin' Out, many of which were properties transferred from WISH to Movin' Out. The HOME funds leverage a loan from WHEDA at a lower interest rate than any of mortgages for properties in the portfolio of properties part of Movin' Out's refinancing project and a grant.

The investment of HOME funds in the Midvale property will reduce the debt service, stabilize operations, and result in lower tenant rents.

The Midvale property provides safe and affordable housing to six tenants with disabilities who have very low fixed incomes. The HOME funds will have a direct benefit in stabilizing their continuing tenure because of lower rents made possible by Movin' Out's proposed refinancing. This property is a good example of Movin' Out's success in



integrating low-income tenants with disabilities in ordinary Madison neighborhoods in a way that fosters community integration and acceptance and perpetual affordability.

The HOME or scattered site funds will be used to refinance debt, reconstitute reserves, and carry out rehab and accessibility improvements identified as needed in Movin' Out's assessment of capital needs.

Movin' Out intends to provide the city with an extended period of affordability secured with land use restriction.

Thank you, Audrey, for considering Movin' Out's request and for moving the request forward to the CDBG Committee meeting in November.

Sincerely,

A handwritten signature in cursive script, appearing to read "Howard Mandeville".

Howard Mandeville

Enclosures

1. 15-Year Operating Budget
2. Capital Needs Budget
3. Attachment A—Budget
4. Attachment B—Inspection Request

CAPITAL BUDGET

TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)													
Amount and Source of Fundings: ***	TOTAL	Source/Terms		Source/Terms*		Source/Terms*		Source/Terms**					
		Amount	***	Amount	***	Amount	***	Amount	***				
Acquisition Costs:													
Acquisition	\$300,000	\$125,750	City - 0% deferred loan	\$88,292	City - 0% deferred loan	\$14,161	FHLB 0% deferred loan	\$47,762	WIHEDA 1st Mortgage 30 year 6% Fixed	\$16,102	WIHEDA Exchange Grant	\$7,933	Movie Out Soft 3rd 0% deferred
Title Insurance and Recording	\$1,182	\$441		\$309		\$56		\$281		\$63		\$31	
Appraisal	\$1,636	\$510		\$428		\$77		\$389		\$98		\$49	
*Predict/mnt/feasibility/market study	\$727	\$271		\$190		\$34		\$173		\$38		\$18	
Survey	\$2,273	\$847		\$595		\$107		\$541		\$122		\$60	
Marketing													
Relocation													
Construction:	\$364	\$136		\$95		\$17		\$97		\$20		\$10	
Construction Costs													
Solistsite preparation	\$24,000	\$9,949		\$5,283		\$1,133		\$5,712		\$1,288		\$635	
Construction management													
Landscaping, play lots, sign													
Const. Interest													
Permits; print plans/spaces													
Fees:	\$1,214	\$453		\$318		\$57		\$289		\$65		\$32	
Architect													
Engineering	\$836	\$312		\$219		\$38		\$199		\$45		\$22	
*Accounting	\$1,091	\$407		\$286		\$51		\$260		\$59		\$29	
Legal	\$5,000	\$1,864		\$1,309		\$236		\$1,190		\$268		\$132	
*Development Fee													
*Leasing Fee													
Fees	\$2,576	\$961		\$674		\$122		\$613		\$138		\$68	
Project Contingency:													
Furnishings:													
Reserves Funded from Capital:													
Operating Reserve	\$15,429					\$728		\$13,464		\$828		\$408	
Replacement Reserve	\$21,818					\$1,030		\$19,040		\$1,171		\$577	
Maintenance Reserve													
Vacancy Reserve													
Lease Up Reserve													
Other													
(specify):													
Other													
(specify):													
TOTAL COSTS:	\$378,146	\$141,000		\$99,000		\$17,850		\$90,000		\$20,297		\$10,000	

717 N. Midvale Blvd

Upgrading and Replacement Priorities for 2010 – 2020

2010 (\$10,000 spent)

- Upgrade bathroom in Apt. #1 (new tub/shower, etc)
- Upgrade basement community room (new carpet, paint)
- Paint stairwell common areas
- Upgrade downstairs bathroom (paint, flooring)
- Landscaping & paint decks outside of Apts. #3 & #4

2011 (next year) – estimated \$10,000

- Upgrade bathroom in Apt. #3 (new tub/shower, etc)
- New kitchen stove & fridge in Apts #1 & #3
- New kitchen counters in Apts. #1 & #3
- Replace kitchen vinyl flooring in Apts. #1 & #4

2012– estimated \$15,000

- Upgrade bathroom in Apt. #4 (new tub/shower, etc)
- Refinish hardwood floors in all units
- Replace carpet in Apt. #3

2013– estimated \$25,000

- Exterior wood siding painted or replaced
- Gutters, downspouts & fascia repaired or replaced.
- Tree trimming

Future needs

- New roof needed in 2015 (\$10,000)
- New windows in 2018 (\$8,000)
- New driveway poured (\$7500)