

**SUPPLEMENTAL APPLICATION INFORMATION**

**&**

**UPDATED BUDGET**

**MOVIN' OUT**

**MADISON ON BROADWAY**

**September 18, 2015**

The staff team is currently reviewing your application for Affordable Housing Funds. They have identified the following request for additional information. Could you please provide the following information no later than Friday, September 18? This information is required and will be used, in addition to your application materials, to evaluate your proposal.

1. Please detail the role of Movin Out in providing the referrals for supportive services. Please detail the level of services to be provided and be more specific who will provide these services and how the services will be paid for. Please also detail how tenants will be selected for the supported units and connected to the service provider for services. **The majority of the supportive services will be provided by a wide range of third party services providers which are individualized to the specific tenant based on their needs. Depending on the type of service the services are paid for by funding sources which the tenant is entitled to (Medicaid, VA services, etc.) However Movin' Out does provide supportive services in the form of assisting tenants in the supportive housing units by coordinating between the tenant, their service providers, the property manager and others to overcome issues effecting their tenancy.) Please see Attached Supportive Services Description Materials for detail.**
2. Your application mentions that Veterans Services will provide comprehensive support for eligible tenants. What is VA's track record in this regard and how will tenants access these services? **The inclusion of military veterans as a specific group we are marketing the supportive housing units to is relatively new to Movin' Out so we do not have long term working experience with this service system however we have established working relationships with these agencies and their contracted service providers here in Dane County as evidenced in the attached Service Description Materials. Based on the information provided by these providers we anticipate that this service system provides a wide range of services to eligible veterans. Movin' Out is committed to incorporating our marketing and tenant support services to this group as well.**
3. Your application states there are potential environmental issues on site (use and storage of fuel oil). How much investigation has been done on this issue to date? **If the project is successful in receiving awards for all requested funding and moves forward the development team will engage a Phase 1 Environmental Assessment ("Phase 1") prior to closing on both the funding and land. The City of Madison Engineering Division commissioned a Phase I in January of 2015 that did not identify and recognized environmental conditions, but did note that heating oil had been utilized by prior structures and that a gas station is located across the street from the site. The report notes that it is unclear if the original petroleum tanks were removed, and also identifies a gasoline spill that occurred on the south side of the gas station site in 1988. The station's storage tanks are located northwest of the proposed site, and upgradient to cross gradient from the proposed site. Attached is the Environmental Phase I report provided by the City to us as part of our option agreement**
4. Is there a specific significance to the applicant being Movin Out rather than a joint application by Movin Out and Mirus Partners? If so, please explain. **Movin' Out will be the 51%**

**owner of the managing member owner of the project with Mirus Partners owning the other 49%. In carrying out these joint ventures with other developers we approach the work involved by dividing the tasks between the two partners. Generally Movin' Out takes the lead on securing the various housing subsidies and Mirus focuses on the commercial financing however we do closely coordinate our work on all of these and ultimately the funding is all provides to the ownership entity of the project (an LLC which includes the managing member and the investor member(s)).**

5. Your application states 100% of the units will be visitable. How will this be accomplished in the townhouse units? **The townhouse units will include accessible no-step entries, a ground floor bathroom and ground floor bedroom thus allowing a person with a mobility disability to live in the unit. We have constructed this type of unit in other projects and it functions quite well for households that may include someone using a wheelchair.**

6. When do you anticipate Dane County will make their awards? **I contacted Dane County staff and inquired about their timing and was told that there is currently no deadline for their making awards. However we anticipate they will do so by the end of this year at the latest.**

7. If it is determined that the neighborhood center will not be moved, how will the project proceed? **If this were to occur the project would need to move forward as a 36 unit project which may include a small amount of commercial space.**

8. Did the market study include the potential for commercial first floor space? If so, what are the results? If not, how do we know that first floor commercial space (other than a center) is viable? **The market study did not include or account for commercial space as its purpose was for the WHEDA tax credit application. Our assumption for that project was either not to include any commercial space or to include a small amount of space and to underwrite the project so that it would be feasible to operate regardless of commercial space income. The development team has not formally investigated the demand for commercial space at this site, though we anticipate if the neighborhood center is not part of the proposed project that we will only use a small portion of the ground floor space for commercial use to comply with zoning and utilize the remaining space for housing and residential use.**

9. If it is determined that the neighborhood center will not be part of the project or if the center only needs a portion of the first floor space, what will be the plan for the remaining space? What level of finishing do you project for the space? What type of commercial/office use do you anticipate? **The building will be designed to provide the amount of commercial space needed by the Neighborhood Center. Any remaining ground floor space not set aside for it will be used either for residential unit living space or for common space for the residential project (community room for residents, leasing office etc.)**

10a. Does your application project budget include any costs related to the center, including construction, land, parking, green space, etc? If a separate budget has been developed, please provide and be specific how any shared costs between the housing and the center have been

divided. **The budget and financial information submitted for the AHF application does not include the cost for constructing the neighborhood center space. We have checked back with the contractor who is giving us cost estimates for budgeting purposes regarding this space and described what we anticipate the finishes are likely to be and feel comfortable saying that we can provide this space finished (not including non-construction costs like FF&E, Legal, Architectural for detail on how space is finished, etc.) at \$110 per square foot.**

10b. Your application states 4 residential tenants will be relocated? What is the plan for relocating these individuals? How much do you anticipate for relocation expenses? Who will be managing the relocation effort? **Currently based on information provided by the City Real Estate Department and other city staff it appears that relocation services will not be a requirement for this project based on the anticipated sources of funding. However we do plan to work with these tenants by offering them the potential to live in the newly constructed apartments assuming the construction phasing and timing allow and that they are qualified as tenants under the income and other tenant screening requirements. In the event that it turns out that relocation services are required we have extensive experience in developing such a plan and carrying it out and any related costs would be incorporated into the development budget.**

11. It appears that Movin Out/Mirus will completely finish the space for the center if it is part of the project. You project the construction cost will be \$1.6 - \$1.7 million. What is this cost based on and what does it include? **That estimate was based on a construction cost estimate we were provided several months ago which had less information about the nature of the finishes and the fact that construction costs have gone up over the summer. The \$110 per square foot identified above in response 10a. is the amount that should be used to calculate the hard costs for the center space. That cost will include 100% finished space but no furnishings, equipment or required soft costs. Below is a sample development budget with some line items that need to be considered. It is likely there are others to be added. We could try to provide assistance with this aspect of the project if you are interested in our help with that.**

### **Estimate of Other Cost for Center**

FF& E	\$0
Architect & Engineer	\$0
Real Estate Attorney	\$0
Consultant	\$0
Financing/Interest	\$0
Appraisal	\$0
Reserves	\$0
Title and Recording	\$0

Sub Total \$0  
 Total \$1,760,000

12. Are the vouchers committed to the project? **Yes we have a commitment from Dane County Housing Authority for 8 PBV**

13. It might be said that years have been spent trying to diversify the income mix of the neighborhood. How does the plan to add more housing targeted to households with 60% of median income or less add to the neighborhood mix? **The project provides much needed housing for working families. This location is close by a significant numbers of businesses who have indicated their support for the project assuming that having high quality affordable housing for some of their employees will be helpful to their businesses. Additionally the supportive housing units are very likely to be occupied by tenants who already live in the area and need better and more affordable housing options. We have also connected with Stone House Development who has agreed to serve as our property manager for the project.**

14. Please review question 33 of the application and resubmit your response being sure to include information on the number of bedrooms of the units and the targeted income for each unit (i.e. 10 three bedroom units at 30%, 2 three bedroom units at 60%, etc.) *Mary – will this table below work?*

RESIDENTIAL RENTS		
Unit Type	# Units	Mo. Rent
1 bedroom (30%)	4	365.00
1 bedroom (30%) - Section 8	2	734.00
1 bedroom (60%)	0	0.00
2 Bedroom (30%) - Section 8	3	892.00
2 Bedroom (30%)	3	455.00
2 Bedroom (50%)	8	795.00
2 Bedroom (60%)	10	950.00
2 Bedroom Market (Restricted to 60%)	6	1,021.00
3 Bedroom (50%) (Lake Point Drive)	7	920.00
3 Bedroom (30%) - Section 8 (Lake Point Drive)	3	1,257.00
3 Bedroom Market (Restricted to 60%) (Lake Point Drive)	2	1,145.00
<b>TOTAL</b>	<b>48</b>	

If you have any questions about the above, please let me know. Thanks David and Chris.



2. TOTAL 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	497,472	507,421	517,570	527,921	538,480	549,249	560,234	571,439	582,868	594,525	606,416	618,544	630,915	643,533	656,404	669,532
Less Vacancy/Bad Debt	34,823	35,520	36,230	36,954	37,694	38,447	39,216	40,001	40,801	41,617	42,449	43,298	44,164	45,047	45,948	46,867
<b>Income from Non-Residential Use*</b>	5,760	5,875	5,993	6,113	6,235	6,360	6,487	6,616	6,749	6,884	7,021	7,162	7,305	7,451	7,600	7,752
<b>Total Revenue</b>	468,409	477,777	487,333	497,079	507,021	517,161	527,505	538,055	548,816	559,792	570,988	582,408	594,056	605,937	618,056	630,417
<b>Expenses:</b>																
Office Expenses and Phone	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790
Real Estate Taxes	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757	55,369	57,030	58,741	60,504	62,319
Advertising, Accounting, Legal Fees	13,000	13,390	13,792	14,205	14,632	15,071	15,523	15,988	16,468	16,962	17,471	17,995	18,535	19,091	19,664	20,254
Payroll, Payroll Taxes and Benefits	31,000	31,930	32,888	33,875	34,891	35,937	37,016	38,126	39,270	40,448	41,661	42,911	44,199	45,525	46,890	48,297
Property Insurance	17,500	18,025	18,566	19,123	19,696	20,287	20,896	21,523	22,168	22,834	23,519	24,224	24,951	25,699	26,470	27,264
Mtc, Repairs and Mtc Contracts	58,000	59,740	61,532	63,378	65,280	67,238	69,255	71,333	73,473	75,677	77,947	80,286	82,694	85,175	87,730	90,362
Utilities (gas/electric/fuel/water/sewer)	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815	38,949
Property Mgmt	28,250	29,098	29,970	30,870	31,796	32,749	33,732	34,744	35,786	36,860	37,966	39,105	40,278	41,486	42,731	44,013
Operating Reserve Pmt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	14,400	14,832	15,277	15,735	16,207	16,694	17,194	17,710	18,241	18,789	19,352	19,933	20,531	21,147	21,781	22,435
Support Services	0	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	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	232,150	239,115	246,288	253,677	261,287	269,125	277,199	285,515	294,081	302,903	311,990	321,350	330,990	340,920	351,148	361,682
<b>Net Operating Income</b>	236,259	238,663	241,045	243,403	245,734	248,036	250,305	252,539	254,735	256,889	258,998	261,058	263,065	265,017	266,908	268,735
<b>Debt Service:</b>																
First Mortgage	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546
Second Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)																
City Loan	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Debt Service</b>	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746
<b>Total Annual Cash Expenses</b>	444,896	451,861	459,034	466,423	474,033	481,871	489,945	498,261	506,827	515,649	524,736	534,096	543,736	553,666	563,894	574,428
<b>Total Net Operating Income</b>	23,513	25,917	28,299	30,657	32,988	35,290	37,559	39,793	41,989	44,143	46,252	48,312	50,319	52,271	54,162	55,989
<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>	13,513	15,917	18,299	20,657	22,988	25,290	27,559	29,793	31,989	27,962	0	0	0	0	0	0
<b>Cash Flow</b>	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	16,181	46,252	48,312	50,319	52,271	54,162	55,989

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

<b>DCR Hard Debt</b>	1.20	1.21	1.23	1.24	1.25	1.26	1.27	1.28	1.30	1.31	1.32	1.33	1.34	1.35	1.36	1.37
<b>DCR Total Debt</b>	1.11	1.12	1.13	1.14	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.25	1.26

**Assumptions**

Vacancy Rate	7.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	

233,967

0

ORGANIZATION:

Movin' Out - Madison on Broadway

10/19/15

2. TOTAL 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	682,922	696,581	710,513	724,723	739,217	754,002	769,082	784,463	800,152	816,156	832,479	849,128	866,111	883,433
Less Vacancy/Bad Debt	47,805	48,761	49,736	50,731	51,745	52,780	53,836	54,912	56,011	57,131	58,274	59,439	60,628	61,840
<b>Income from Non-Residential Use*</b>	7,907	8,065	8,227	8,391	8,559	8,730	8,905	9,083	9,265	9,450	9,639	9,832	10,028	10,229
<b>Total Revenue</b>	643,025	655,886	669,003	682,383	696,031	709,952	724,151	738,634	753,406	768,475	783,844	799,521	815,511	831,822
<b>Expenses:</b>														
Office Expenses and Phone	8,024	8,264	8,512	8,768	9,031	9,301	9,581	9,868	10,164	10,469	10,783	11,106	11,440	11,783
Real Estate Taxes	64,188	66,114	68,097	70,140	72,244	74,412	76,644	78,943	81,312	83,751	86,264	88,852	91,517	94,263
Advertising, Accounting, Legal Fees	20,861	21,487	22,132	22,796	23,479	24,184	24,909	25,657	26,426	27,219	28,036	28,877	29,743	30,635
Payroll, Payroll Taxes and Benefits	49,746	51,238	52,775	54,359	55,989	57,669	59,399	61,181	63,017	64,907	66,854	68,860	70,926	73,054
Property Insurance	28,082	28,925	29,793	30,686	31,607	32,555	33,532	34,538	35,574	36,641	37,740	38,873	40,039	41,240
Mtc, Repairs and Mtc Contracts	93,073	95,865	98,741	101,703	104,754	107,897	111,134	114,468	117,902	121,439	125,082	128,835	132,700	136,681
Utilities (gas/electric/fuel/water/sewer)	40,118	41,321	42,561	43,838	45,153	46,507	47,903	49,340	50,820	52,344	53,915	55,532	57,198	58,914
Property Mgmt	45,333	46,693	48,094	49,537	51,023	52,553	54,130	55,754	57,426	59,149	60,924	62,751	64,634	66,573
Operating Reserve Pmt	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Pmt	23,108	23,801	24,515	25,250	26,008	26,788	27,592	28,420	29,272	30,150	31,055	31,987	32,946	33,935
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
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	372,533	383,709	395,220	407,076	419,289	431,867	444,823	458,168	471,913	486,071	500,653	515,672	531,142	547,077
<b>Net Operating Income</b>	270,493	272,177	273,784	275,307	276,742	278,084	279,327	280,466	281,493	282,404	283,191	283,849	284,369	284,745
<b>Debt Service:</b>														
First Mortgage	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546	196,546
Second Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (List)	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Debt Service</b>	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746	212,746
<b>Total Annual Cash Expenses</b>	585,279	596,455	607,966	619,822	632,035	644,613	657,569	670,914	684,659	698,817	713,399	728,418	743,888	759,823
<b>Total Net Operating Income</b>	57,747	59,431	61,038	62,561	63,996	65,338	66,581	67,720	68,747	69,658	70,445	71,103	71,623	71,999
<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>	57,747	59,431	61,038	62,561	63,996	65,338	66,581	67,720	68,747	69,658	70,445	71,103	71,623	71,999

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

<b>DCR Hard Debt</b>	1.38	1.38	1.39	1.40	1.41	1.41	1.42	1.43	1.43	1.44	1.44	1.44	1.45	1.45
<b>DCR Total Debt</b>	1.27	1.28	1.29	1.29	1.30	1.31	1.31	1.32	1.32	1.33	1.33	1.33	1.34	1.34

**Assumptions**

Vacancy Rate	7.0%
Annual Increase Income	2.0%
Annual Increase Expenses	3.0%
Other	