



Housing solutions for adults
and children with disabilities

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Ms. Julie Spears
Grants Administrator
Community Development Division, City of Madison
215 Martin Luther King Jr Blvd. Rm 225 / PO Box 2627
Madison, WI 53701-2627

September 7, 2012

Dear Julie:

As part of your HOME Program final approval process for our Harbor House rental development project you requested an after-rehabbed appraised value for the property. We do not have an appraisal however I do have information provided by the seller on arm's length sales of other units in the same condominium project during 2012. While these units are not exactly the same as ours (because we will be doing a higher level of rehab) I believe they are close enough to provide the information the city is interested in knowing to determine likely value.

We could order a formal appraisal however I am concerned both about that possibly delaying the project's closing and adding even more costs to this project which may be unnecessary. I have attached the unit sales prices supplied by the seller and a copy of the offer to purchase. Using those as a basis for value the project's acquisition price is well within the policy of secured funds to value ratio as you can see below. However because this project is financed primarily with HUD Section 811 funding there are a variety of requirements of that program that increase both hard construction and project soft costs so that the overall budget exceeds the city's value ratio.

Examples of those hard construction costs include a requirement that we achieve Wisconsin Green Built Standards and attain that certification; that we provide all energy star appliances which also meet ADA requirements; that all units meet a high level of accessibility standards (of course all of these provide the type of housing that is needed by the population served by Movin' Out but they also add cost to the project that do not translate into much if anything in additional value from an appraisal approach).

Examples of soft cost requirements include having to have a full ALTA survey for the property (which is a 300 unit project and therefore costly and complex); providing a current Phase 1 Environmental review (which is expensive on a per unit basis for a smaller project); and very complex legal documents and a cumbersome loan approval and closing process which add significantly to the legal cost for the project.



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We have worked hard to contain those costs however we do have to meet these requirements to use the HUD 811 funding.

Of course the benefits of that program are high. It provides essentially a grant for 90% of the project cost (a 40 year 0% forgivable mortgage) and project based rent assistance. These benefits combined with the quality, integration, accessibility, location and need by the target population of tenants greatly reduces the risk that this project will experience financial problems which is the primary purpose of evaluating the loan to value ratio of a project. Therefore we are requesting a waiver of this policy for this project. Below is a table that lays out the loan to value issues.

Total Estimated Value based on sales	\$1,130,067
Total Acquisition Cost	\$1,092,000
Funds to Value Ratio for Acquisition	97%

Total Acquisition Cost	\$1,092,000
Total Hard Costs	\$391,035
Total Soft Cost	\$383,028
Total Cost	\$1,866,063
Funds to Value Ratio for total project cost	164%

We look forward to closing on this project, carrying out the rehab work and leasing up the units with the City's assistance. Marketing is well underway with strong interest by eligible tenants. If you need any additional information please do not hesitate to let me know.

Sincerely



Dave Porterfield
Real Estate Developer

enclosures



MLS: 1653179 **Sold** **Condo** **Price: \$124,900**
913 Harbor House DR #3 **City Madison** **W07**
County: Dane **Mailing City: Madison**
Condo Project: Harbor House Condos **WI 53719**

Bedrooms: 2 **Est. Fin Above Grade SqFt:** 1005
Full Baths: 2 **Est Fin Below Grd Exp SqFt:**
Half Baths: 0 **Est. Finished Non-Exp SqFt:**
Condo Fee: \$ 145 **Est. Total Finished SqFt:** 1005
Floor Number: 1 **Estimated Age:** 25
Open House:



Directions: West Beltline HWY to Gammon RD. south to Watts RD, west (left) to Harbor House DR.

	Lvl	Dim		Lvl	Dim		Lvl	Dim	Baths			
Living Rm:	M	14x19	Mstr BedRm:	M	13x12	Laundry:	M	3x6	Full	Half	1/4	
Dining Rm:	N		2nd BedRm:	M	12x12				Upper:	0	0	0
Kitchen:	M	8x8	3rd BedRm:	N					Main:	2	0	0
Family/Rec:	N		4th BedRm:	N					Lower:	0	0	0

School District: Madison **Elementary:** Huegel **Middle:** Jefferson **High:** Memorial

Legal: 913-3 **Parcel #:** 0708-264-1708-6 **Zoning:** R **Land Assess:** \$ 21,500
Units in Bldg: 16 **Builder:** **Improvements:** \$ 90,800
Units in Assoc: 240 **Proposed Units:** 240 **Owner:** seller **Total Assess:** \$ 112,300 / 2012
Net Taxes: \$ 2411 / 2011

Style	Garden	Fuel	Natural gas
Mstr Bedrm Bath	Full	Heating/Cooling	Forced air, Central air
Dining	Living-dining combo	Water/Waste	Municipal water, Municipal sewer
Kitchen Features	Range/Oven, Refrigerator, Dishwasher, Microwave, Disposal	Roof	Composition/Fiberglass
Fireplace	Wood burning, Living room	Barrier-free	N/A
Basement	Unfinished	Miles to Capitol	0-10 miles
Parking per Unit	Underground, Extra Storage, Heated, 1 space, Parking fee, Opener Inc	Terms/Misc.	Large dogs OK, Rental Allowed
Exterior	Vinyl, Wood, Brick/Stone	Occupancy	At closing, Vacant
Condo Mgmt	Professional offsite, Developer	Waterfront	N/A
Fee Includes	Parking, Water/Sewer, Management, Trash removal, Snow removal, Common area maintenance, Common area insurance, Recreation facility, Reserve fund	Lake/River	

Interior Features Painted wood trim, Walk-in closet(s), Great room, Private Laundry, Washer, Dryer, Water softener included, Security system, Intercom, Hot tub, Cable/Satellite Available, Storage Locker Inc, At Least 1 tub
Exterior Features Deck/Balcony, Play structure
Common Amenities Clubhouse, Swimming Pool, Tennis court, Common Green Space, Exercise room, Sauna, Whirlpool, Playground equipment, Security system, Close to busline

Nicely planned two bedroom with new maple cabinets in the kitchen, large closets, full size washer and dryer in the pantry, all newer appliances, fireplace AND garden tub in master bath! First floor convenience with private patio door entrance. One underground storage space and garage stall included. Pool, clubhouse, 24 hour fitness center, basketball, tennis, volleyball courts! Great proximity to all west side destinations, or hop on the bus or beltline - be on your way any direction in minutes!

List Agent: Gail Roberts	(608) 212-2280	List Date:	4/18/2012
gailaroberts@charter.net	Fax #:	Expire Date:	7/31/2012
List Office: Bruner Realty & Management	(608) 273-9390	Subagent Comm:	3
632 Struck St	Fax #: (608) 273-1047	BuyerAgent Comm:	3
Madison WI 53719 1316		Days On Market:	19
Sale Agent: Gail Roberts	(608) 212-2280	Cumulative DaysOnMkt:	19
Sale Office: Bruner Realty & Management	(608) 273-9390	Named Exceptions:	No
Sold Price: \$124,900	PtsPd/SlrCr:	Financing:	Cash
AO Date: 5/7/2012	Closing Date: 5/31/2012	Sale Factors:	N/A
		Policy Letter:	Yes
		Variable Comm:	No

Accuracy of information is not guaranteed and should be verified by buyer if material. Equal Housing Opportunity listing. Copyright 2012 SCWMLS

2012 Harbor House Sales

Closing Date	Address	Sales Price	Floorplan
1/13/12	902 Kottke Drive #1	\$ 88,000.00	1 Bed/1 Bath
2/23/12	2 Captains Court #1	\$ 89,900.00	1 Bed/1 Bath
5/15/12	9 Captains Court #6	\$ 120,000.00	2 Bed/1 Bath
6/27/12	701 Harbor House Drive #8	\$ 96,500.00	1 Bed/1 Bath