

Application for Neighborhood and Community Development Funds

Submit original and 27 complete copies of this application to the CD Office by 4:30 p.m. by the 15th of the month, to be reviewed by the CDBG Commission on the first Thursday of the following month.

Program Title: East Wilson Home Ownership Amount Requested: \$ 100,000
 Agency: Common Wealth Development, Inc.
 Address: 1501 Williamson
 Contact Person: Paul Jasenski Telephone: 256-3527 #14
 Email: paul@cwd.org Fax: 256-4499

- 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.

Overview: Common Wealth Development (CWD) will acquire, rehab and sell to owner occupants, two properties located at 1045 & 1047 East Wilson Street. The overall goal is to provide long term affordable owner-occupied housing. CWD helps to remove the front end barriers to affordable housing thru extensive one on one homebuyer counseling. Long term affordability is guaranteed thru an option to repurchase with a 50/50 split on future appreciation. 1047 East Wilson is currently a 2 unit property which can be used either as a 4 bedroom single family house or as 2 unit house with an owner occupant occupying either a 1 bedroom apartment or a 2 bedroom apartment. 1045 East Wilson is a 3 bedroom single family house in need of substantial rehab.

There is a community need for owner occupied affordable housing in the Williamson-Marquette neighborhood. Real estate appreciation has made it difficult to provide affordable housing.

- 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 is projected to be families of three (3) to six (6) person household size. The following table illustrates that this housing is affordable to households with incomes between 56% to 76% of Dane County Median Income depending on household size.

	1047 East Wilson	1045 East Wilson
Projected	4 bedroom, single family	3 bedroom, single family
Household Size	Affordable to HH @CMI	Affordable to HH @CMI
3	76%	68%
4	68%	61%
5	63%	56%

	1047 East Wilson
Projected	As 2 Flat Owner Occupied
Household Size	Affordable to HH @CMI
1	63%
2	56%

- 6 to 8 # unduplicated individuals estimated to be served by this project.
- 6 to 8 # unduplicated households estimated to be served by this project.

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

CWD has successfully sold 20+ homes through our Affordable Home ownership Program. CWD acquires and rehabs houses with the emphasis on correcting capital items. CWD provides intensive home ownership counseling to program participants. A 0% second mortgage loan (typically about \$40,000 to 60,000) is provided to the home buyer to assist initial and long-term affordability. CWD will hold an exclusive option to re-purchase the property at 50% of appreciated value. If the home owner wants to sell their house they contact CWD. An appraisal process is used to determine fair market value at that time. CWD re-purchases the house back at 50% of the appreciated value. The equity captured by CWD is used to increase the second mortgage amount, thus providing for long term affordability. CWD then markets and resells to a new Lease-Purchase buyer. All of the re-purchases and re-sales Common Wealth has completed have been affordable to the next buyers.

CWD can either lease a property with an option to purchase while the buyer gets ready to buy the house or CWD can sell the house without leasing if the buyer is ready to purchase immediately.

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 | Futures | <input type="checkbox"/> Prototype |
| | <input type="checkbox"/> Accessibility | | <input type="checkbox"/> Feasibility Study |
| | <input type="checkbox"/> Maintenance/Rehab | | <input type="checkbox"/> Revitalization Opportunity |
| | <input type="checkbox"/> Other | | <input type="checkbox"/> New Method or Approach |
| Housing | <input type="checkbox"/> Rental Housing | Homeless | <input type="checkbox"/> Housing |
| | <input checked="" type="checkbox"/> Housing For Buyers | | <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)		9,992		
2. Fringe Benefits		1,669		
3. Payroll Taxes		1,044		
B. Non-Personnel Costs				
1. Office Supplies/Postage		842		
2. Telephone		279		
3. Rent/Utilities		428		
4. Professional Fees & Contract Services		406		
5. Work Supplies and Tools				
6. Other:		340		
C. Capital Budget Expenditures (Detail in attachment C)				
1. Capital Cost of Assistance to Individuals (Loans)				
2. Other Capital Costs:	368,100	85,000	283,100	CWD Equity & 1 st Mtg.
D. TOTAL (A+B+C)	368,000	100,000	283,100	

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.

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.

Offer to Purchase
 Inspections (Lead paint, property, Weatherization)
 Submit Re-Zoning application
 Secure Financing
 Property Closing
 Begin Rehab
 Finish Rehab (1047)
 Market properties
 Finish Rehab (1045)
 Re-sell properties to Home owners

October 2008
 October & November 2008
 November 2008
 December 2008
 January 2008
 January 2008
 January 2008
 February – April 2008
 May 2008
 April 2008 to Late 2008

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

Aldersperson Marsha Rummel is supportive.

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.]

No Complete Attachment A

Yes Complete Attachment B and C and one of the following:

D Facilities

E Housing for Buyers

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:

Future Fund (Attachment A)

Housing for Resale (Attachment E)

Property Description (Attachment B)

Rental Housing and Proforma (Attachment F)

Capital Budget (Attachment C)

CHDO (Attachment G)

Community Service Facility (Attachment D)

Scattered Site Funds Addendum (Attachment H)

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: [Signature]
President-Board of Directors/Department Head

Date: 10-17-08

Signature: [Signature]
Executive Director

Date: 10/17/08

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

ATTACHMENT B

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?	
1045 E. Wilson	Purchase Rehab Construct	1	1	0	0	Not Know	Estimated \$175,000	\$270,000 for both 1045 & 1047	No	No	
1047 E. Wilson	Purchase Rehab Construct	2	1 or 2	1	0	Not Know	Estimated \$195,000	\$270,000 for both 1045 & 1047	No	No	

CAPITAL BUDGET (Note: SEE ATTACHED SOURCES & USES OF FUNDS BUDGET)

Amount and Source of Funding: ***	TOTAL		TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)		TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)	
	Amount	Source/Terms**	Amount	Source/Terms**	Amount	Source/Terms**
Acquisition Costs:						
Acquisition						
Title Insurance and Recording						
Appraisal						
*Predvprmn/feasibility/market study						
Survey						
*Marketing/Affirmative Marketing						
Relocation						
Other:						
Construction:						
Construction Costs						
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:						

* 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.

(SEE ATTACHED CAPITAL BUDGET)

HOUSING FOR BUYERS

A. Recap briefly the key or unique features of this project:

- CWD provides extensive one on one homebuyer counseling.
- A buyer can purchase a house immediately if home buy ready, or can lease with an option to purchase.
- There is a 50/50 split on future appreciation to provide permanent long term affordability
- The site location has great amenities: adjacent to the proposed Central Park, is on the isthmus bike path, 2 short blocks to the Bus Stop, and is located 2 blocks from the Willy Street Coop.

1. Activities to bring it to housing and code standards:

Extensive rehab of 1045 Williamson will correct defects including structural problems with floor framing, no basement floor, need for exterior siding, and replacement of an extremely steep staircase to 2nd floor.

2. Ways to assure the long-term affordability of the unit? (i.e. Repayment or land use/lease restriction or other special funding features to make it affordable):

When CWD sells a house we obtain an exclusive Option to re-purchase. The option to re-purchase includes a 50/50 split on future appreciation. The appreciation recaptured By CWD is rolled forward into a larger second mortgage amount for the next buyer. To date every re-purchase and resale has been affordable to Low to Moderate Income (LMI) buyers.

B. Provide the following information for owner-occupied properties (list each house or unit):

Table B: OWNER									
Unit #	# of Bedroom	Purchase Price	Amt of CD \$	Use of CD Funds*	Projected Monthly PITI	Household Income Category**	Affordability Period # of Years	Sale Price	Appraised Value
1045	3	270,000 2 properties	42,500	acquisition	1,123	60-80%	perpetual	173,100	Est. \$175,00
1047 (Option 1)	4	270,000 2 properties	42,500	acquisition	1,260	60-80%	perpetual	195,000	Est. \$195,00
1047 (option 2)	2 bed & 1 bed	270,000 2 properties	42,500	acquisition	1,260	60-80%	perpetual	195,000	Est. \$195,00

* Refer to 24 CFR 92.206 or 570.202 for such costs as construction, acquisition, architectural engineering services, affirmative marketing, relocation.

** Less than or equal to 30% of median income, less than or equal to 50% of median, less than or equal to 60% of median, or less than or equal to 80% of median.

C. Describe proposed improvements to increase the level of accessibility:

CWD has a long history of providing accessible housing. 16 (15%) of our 104 existing apartments are barrier free units. 50 (48%) of 104 units are visitable. As we develop a rehab plan for 1045 East Wilson we will assess the viability of improving accessibility. If we can increase accessibility we will. It can be difficult and expensive to make old houses accessible. A partial to full gut rehab is usually required to provide true barrier free accessibility.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) ONLY

A. Please describe how the organization meets the following key criteria:

- a. Possesses not-for-profit, tax exempt 501(c) status;
- b. Has a board with fewer than 1/3 of its members as public officials;
- c. Includes provision of affordable housing within its statement of purpose;
- d. Includes lower income or lower income representatives for a minimum of 1/3 of its board and includes a means for lower-income participation;
- e. Demonstrates its capacity and experience in service the community.

Attachment C - Capital Budget

1045 & 1047 East Wilson Street

Sources & Uses of Funds Statement

Uses of Funds		
Acquisition	assessed value \$290,000	\$ 270,000
+Rehab Costs	1045 East Wilson	69,150
+Rehab Costs	1047 East Wilson	4,550
+ Holding Costs & Marketing		10,000
+ Soft Costs		
Inspections	Property, Lead Paint & Weatherization	1,600
Appraisals		1,000
Marketing Expenses		500
Holding Costs (4 mos.)	Real Estate taxes, Insurance & Utilities	2,800
Zoning & legal		3,500
Construction Administration		5,000
Soft Costs Total		14,400
Total Uses of Funds		\$ 368,100
 Sources of Funds		
1st Mortgage	Conventional 6.0% Interest Only	\$ 270,000
2nd Mortgage	HOME Funds (Capital Only for 2 HOME Units)	85,000
CWD Equity		13,100
Total Sources of Funds		\$ 368,100

1045 East Wilson Rehab Estimate

				Totals
General				
Inspection			400	
Structural design			500	
			<u>900</u>	900
Exterior				
Paint front and rear porches			1,500	
Install new siding	6,850	siding	3,150	trim
			10,000	
Remove tree at front yard			1,500	
Install gutters			1,000	
			<u>14,000</u>	14,000
Basement				
Basement Floor	501	sf	\$ 6.00	per sf
			3,003	
Install 3-4 footings & FHA Posts			1,500	
Install Steel or Built up Beam			1,500	
			<u>6,003</u>	6,003
Plumbing				
Install New water service			1,884	
Water Softener			800	
Install Laundry hookups in basement or 2nd floor			850	
			<u>3,534</u>	3,534
HVAC				
1996 Bryant 90+ furnac	12	years old	ok	
1998 Water heater	10	years old	1,000	
			<u>1,000</u>	1,000
Other:				
Infill or replace basement windows	6	windows	200	each
			1,200	
Paint all walls and woodwork			1,500	
Lead Paint Abatement Allowance			5,000	
Refinish Hardwood Floors			1,227	
Replace or repair front door & screen door			1,000	
Replace back door & storm door			1,500	
Gut & reconfigure Kitchen			10,000	
Install New Staircase to 2nd floor			10,000	
Install new flooring in 2nd floor			1,500	
Install bath vanity, sink, faucet & tub surround			1,500	
Install 3 ventilating lights			3,000	
			<u>37,427</u>	37,427
Other Subtotal				<u>37,427</u>
Rehab Costs				62,864
+ Rehab Contingency			10%	6,286
Total Rehab Expenses 1045 East Wislon				<u><u>\$ 69,150</u></u>

1047 East Wilson Rehab Estimate

		Totals
1	Replace furnace	2,300
2	Install Water softener	1,000
3	Install Gutters	1,250
Total Rehab Costs 1047 East Wilson		4,550

1045 & 1047 East Wilson Street

Income & Expense Statement (short term)

Income			
1045 East Wilson		(Rental Income during short term lease period)	1,125
1047 East Wilson	"	" " " " " " "	1,265
Gross Potential Income (Monthly)			<u>2,390</u>
Expenses			
Principal & Interest	\$ 270,000	6.00% Interest Only	\$1,350.00
Real Estate Taxes	\$ 270,000	0.01965 mill rate	442.04
Insurance			80.00
PITI			<u>\$1,872.04</u>
			\$ -
+ Property management fee	\$	0 of Gross	143.40
+ Water & Sewer Bill			75.00
+ Maintenance allowance			200.00
Total Operating Expenses			<u>2,290.44</u>
Monthly Surplus (Deficit)			99.56

Homeowner Costs & Affordability calculations

		1047	1045
Homeowner Purchase price		\$ 195,000	\$ 173,100
Less Second Mortgage		\$ 42,500	\$ 42,500
Less Down Payment	3.0%	\$ 5,850	\$ 5,193
Less Other Funds (Gift/Grant/Loan)		4,000	4,000
1st Mortgage Amount		142,650	\$ 126,600
Estimated 1st mortgage loan to value ratio		73%	73%

MORTGAGE PAYMENT (PITI Calcs.):

PRINCIPAL & INTEREST	6.500% Int. Rate 30 Year amt.	\$901.65	\$800.20
PRIVATE MORTGAGE INSURANCE	0.85%	-	0
REAL ESTATE TAXES	2007 MILL RATE 0.019646	319.25	283.40
INSURANCE		40.00	40.00
Monthly Mortgage Payment (PITI PAYMENT)		\$1,260.90	\$1,123.59
Qualifying Income Range(s):	@ PITI/Gross Income Ratio of		
	" " 30%	\$50,436	\$44,944
	" " 33%	\$45,851	\$40,858
	" " 36%	\$42,030	\$37,453

1047 East Wilson, underwritten as a 2 unit, with owner occupant in one unit.

PITI		\$1,306.00
LESS RENT		\$650.00
Net cost to owner occupy		\$656.00
WHEDA's 2 unit loan underwriting (conservative approach)		
Qualifying Income before rent credit	@ PITI/Gross Income Ratio of 30%	\$50,436
less rent credit	\$650.00 per month * 75%	\$5,850
qualifying Income with rent credit		\$44,586
Traditional 2 unit underwriting with LTV <= 80%		
1047 East Wilson, underwritten as a 2 unit, with owner occupant in one unit.		\$1,306.00
less rent credit (per M&I program)	\$ 650.00 75%	487.50
adjusted PITI		\$818.50
' / Qualifying Ratio		30%
=Qualifying income		\$ 32,740
Additional Rehab Costs for a 2 unit		
New cabinets and appliances for 2nd floor unit.		\$6,000