

**2011 STAFF REVIEW OF PROPOSALS FOR  
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS  
(Housing Development Funds, Affordable Housing Trust Funds, Facility Acquisition/Rehab Funds, Futures Funds)**

1. **Project Name/Title:** Wingra Commons Apartments
2. **Agency Name:** Silverstone Partners, Inc.
3. **Requested Amount:** \$239,993
4. **Project Type:** New
5. **Framework Plan Objective Most Directly Addressed by Proposed Activity:** Rental Housing: Expand the number of affordable housing rental units and/or improve the quality and/or diversity of units available to lower income individuals throughout the community.
6. **Product/Service Description:** The Wingra Commons Apartments will provide 63 units of affordable housing for moderate and low income people. Of the 63 units, 9 will be market rate, 17 will be at 60% AMI, 23 will be at 50% AMI, 8 will be at 40% AMI and 6 will be at 30% AMI.
7. **Anticipated Accomplishments (Numbers/Type/Outcome):** 63 units of rental housing with 54 of these being affordable units.
- 8.

**Staff Review:**

The 2011-2012 Framework states that “the program will work with primarily the non-profit community and neighborhood groups, and their associated business, resident, and neighborhood partners as well as other funding partners and labor unions to plan, develop and invest in projects which contribute to the 2010-2014 objectives established by the CDBG Committee, Mayor and the Common Council in consultation with City of Madison citizens.” Silverstone Partners, Inc. is an experienced for profit developer who has developed assisted living properties, hotels in 13 states and the Great Wolf Lodge to name a few. They have also previously used Section 42 tax credits. After completion of the project, Oak Brook Management Company will manage the property.

The Framework states that the expanded rental units should be primarily less than 50% AMI. This project has 37 units or 59% designated for people at or below 50% AMI. They have also designated 17 units for individuals at 60% AMI.

The project is being built in a CDBG strategic area (51% LMI). The Framework states that for newly constructed housing projects they will be located in areas of the city which do not have a concentration of lower income housing and be part of a larger neighborhood revitalization effort. The 2005 adopted South Neighborhood Plan states that for new construction of rental property “the recommendation is the construction of new, mixed income multifamily housing or mixed-use developments on major transportation corridors and appropriate underutilized sites.” According to the Wingra Market Study and Conceptual Redevelopment Plan Summary Report 2006, this area (Fish Hatchery Rd. to the north and west; south Park Street to the east; Wingra Creek to the south) is surrounded by predominantly one and two family residences. The study’s housing findings and recommendations states that “there is a strong potential for additional “work force housing” within this area in cooperation with the health care institutions and UW-Madison.” In addition, the Greenbush-Vilas Neighborhood is working on a Housing Revitalization Plan. Although this project is not located in the designated area it is within a few blocks. Given these studies and revitalization efforts, Wingra Commons meets the Framework requirements and the plan recommendations.

The proposed financing for this project is \$6,713,830 in tax credits and \$3,814,851 in loans (mortgage = \$3,460,858, TIF = \$114,000, CDBG = \$239,993) for a total of \$10,528,671 resulting in a project that is 100% financed. The Framework limits the LTV to 115% after construction. At this time, the applicant states that the appraised value of the property after construction is estimated to be \$3,276,000. Based on this figure, the LTV would be 116% exceeding the Framework limit. Given that the after

construction appraised value is an estimate, staff recommends that the Committee waive this requirement at the current time however upon completion of the project require that the LTV be 115%.

The applicant has stated that they have Alder and neighborhood support for this project.

**Total Cost/Total Beneficiaries Equals:** \$10,528,671 / 63 units = \$167,122 / unit

**CD Office Funds/CD-Eligible Beneficiaries Equals:** \$239,993 / 5 units = \$47,999 / unit

**CD Office Funds as Percentage of Total Budget:** 2.4%

**Staff recommendation:**

Allocate up to \$239,993 of HOME Match funds in the form of a long term deferred loan that will include 2.4% of shared appreciation. The loan will be payable upon sale of the property, transfer or change in the use of the property. The period of affordability will be 20 years.

The funding of this project is contingent on:

1. An acceptable Environmental Assessment will need to be completed prior to the purchase of the land.
2. The LTV must not exceed 115% after construction.
3. Receipt of federal low-income tax credits from WHEDA, the TIF loan and the additional mortgage.
4. A maximum of 15% of total CDD funds received can be applied to staffing and other service delivery costs. The CDD Funds cannot be used as part of the reserve contingency.
5. Silverstone Partners, Inc. must be willing do the following:
  - a. Follow the HOME rental regulations which includes a 1 year lease and 30 day termination notice
  - b. Develop an affirmative action plan which includes a Section 3 goal and a plan to market to LMI individuals
  - c. Develop a tenant selection policy
  - d. Follow the federal procurement process for the entire project.
  - e. Follow City requirements to establish a WBE/MBE goal for the entire project.
  - f. Give preference to contracting and hiring to Section 3 (local, low-income) businesses and individuals.
  - g. Follow HOME rent and income restrictions and allow HOME monitoring after the 20 year period of affordability until the funds are repaid.

<b>Technical and Regulatory Issues</b>	<b>Project information</b>
Within unit, capital, mortgage limits	Yes
Within Subsidy layering limits/ analysis	Yes
Environmental Review issues	EA will be required
Eligible project	Yes
Conflict of interest	No
Church/State issues	No
Accessibility of program	Yes
Accessibility of structure	Yes
Lead-based paint issues	NA – new construction
Relocation/displacement	NA – new construction
Zoning restrictions	No
Fair Labor Standards	No
Vulnerable populations	Yes
Matching Requirement	Yes
Period of Affordability for HOME funds	20 years
Site and neighborhood Standards	No
Supplanting issues	No
Living wage issues	Yes
MBE goal	Yes
Aldermanic/neighborhood communication	Yes
Management issues:	No