



November 8, 2013

Natalie Erdman
Community Development Authority
215 Martin Luther King, Jr. Boulevard, Room 312
Madison, WI 53703

RE: Request For Qualifications, Homeless Supportive Housing

Dear Natalie,

Stone House Development, Inc. is pleased to submit a response to the Request for Qualifications for the financing and development of 50 – 60 units of supportive housing for homeless adults in Madison, WI . We believe our proposal for this site meets or exceeds the qualifications outlined in the RFQ. By partnering with Dimension Development, LLC, we are able to provide the expertise and experience needed to finance, develop and manage this property. Our collective experience includes:

- Successfully obtaining highly sought after Section 42 Tax Credits
- The ability to provide financial guarantees
- Procuring financing for construction and operation of developments
- Ability to formulate a successful team of architects, engineers and contractors

This proposal represents an exciting opportunity for us along with the City of Madison and the Community Development Authority to develop a much needed property for our adult homeless population. Our team represents one that remains committed to the affordable housing needs of our population, including the homeless. The partnership between Stone House and Dimension Development could afford the City a development team with a proven track record of creative financing and innovative building design.

We look forward to discussing this proposal with you in greater detail.

Sincerely,

Helen H. Bradbury
President

Proposal for Homeless Supportive Housing
RFQ No: 8317-0-2013/MRV

Submitted By:



Stone House Development, Inc.
625 North Segoe Road, Suite 107
Madison, WI 53705
(608) 251-6000

November 8, 2013

Firm Profiles

Stone House Development, Inc. intends to act as the project developer and to employ as a consultant Dimension Development, LLC, a firm with extensive experience in financing affordable housing projects utilizing low income housing tax credits, Federal Home Loan Bank grants, HOME funds, and the HUD Capital Fund Finance program. Resumes of both Stone House and Dimension are included in the appendix. Below is a brief summary of the two firms and a description of how the collaboration will work.

Stone House Development, Inc. is a Madison based developer and manager of affordable rental housing properties. The co-owners of Stone House, Helen Bradbury and Richard Arnesen have been involved with the development of affordable housing since 1989. Stone House proposes to be the lead developer for the Homeless Supportive Housing project. The contact for Stone House is Helen Bradbury whose phone number is (608) 251-6000 and mailing address is 625 North Segoe Road, Suite 107, Madison, WI 53705. Rich Arnesen would have primary responsibility for managing this project, from creating all financial proformas through construction completion. Mr. Arnesen has provided these supervisory services for over seventeen years.

In addition to developing twenty projects for their own portfolio, Stone House has provided development assistance to several non-profit organizations and is currently employed as property manager for the CDA's Revival Ridge Apartments in Madison. Stone House has been managing the project since its opening in 2009.

Stone House's most relevant prior experience was providing development services for Community Housing and Services of Madison for the rehabilitation of the 206 Brooks Street single room occupancy project in 1997 and 1998. Stone House was responsible for producing the financial forecasts for the project, securing the financing, and hiring and supervising the architect and contractor, in concert with the executive director of CHAS.

Dimension Development will provide considerable expertise and creativity in procuring the necessary financing for the project. Dimension Development, LLC is a WBE currently approved by the City of Madison and WHEDA. The company has three principals, Tom Landgraf, Nicole Perry and Victoria Holland, all of whom have been active in the development of affordable housing since the late 1980s. The firm works primarily with communities, non-profit organizations and Public Housing Authorities on structuring and financing affordable rental housing.

Section 42 Tax Credits

Stone House specializes in the development and long term property management of multifamily, affordable rental housing in the state of Wisconsin. Eight of their eighteen properties are located in Dane County. Stone House has received allocations of Section 42 tax credits for seventeen projects in the state of Wisconsin to date. For these properties Stone House has been the sole developer responsible for procuring the credits and all financing, supervising construction and performing all property management duties. Stone House and its principals have provided all necessary construction and tax credit guarantees. Both principals are well versed in the LIHTC program and Rich Arnesen has been asked to be a member of WHEDA's upcoming LIHTC Advisory Committee. In addition, Stone House is registered in the City of Madison under professional services in the local purchasing program.

Dimension Development, over the past ten years, has worked with eleven Public Housing Authorities and tribal governments to provide funding for 1,224 units of affordable housing. These properties were funded by HUD Public Housing, HUD 202, HUD 236, HUD Section 8 PBV and PBRA, Public Bonds, and USDA Rural Development 515 programs. Dimension Development has been successful in acquiring \$29 million in grants and low interest loans for affordable housing.

Public/Private Joint Ventures

Stone House served as the development consultant for Community Housing and Services in Madison for their substantial rehabilitation of their Madison single room occupancy housing project. Stone House's involvement included procuring all public financing, applying for tax credits and procuring investor equity and permanent financing. Stone House also supervised the design and construction of the project, working closely with the supportive housing provider.

Stone House partnered with Commonwealth Development of Madison in an affordable housing project in Madison, Park Central Apartments. Commonwealth provided CDBG funds to the project and will purchase a portion of it at the end of the tax credit rental restriction period.

Stone House is currently jointly developing a 70 unit affordable housing project in Madison with Movin' Out, a local non-profit that provides supportive services to permanently disabled adults. This project will apply for an allocation of Section 42 tax credits in 2014 and begin construction in the fall of 2014.

Dimension Development has jointly developed affordable housing with Public Housing Authorities and not for profit organizations in 30 communities, on 104 different sites. The majority of the housing developed is occupied by families or individuals with incomes in the 30 – 50% CMI range. Many of these residents are offered supportive services to assist them in maintaining their independence. Dimension Development is experienced in working with housing providers who are providing services to fragile individuals.

Developing Low Income Multifamily Housing

Stone House exclusively develops and manages affordable multifamily housing projects. Most of Stone House's projects are mixed income with restrictions ranging from 30% CMI to 80% CMI. For the seventeen projects currently in Stone House's portfolio the company has been the turn-key developer and long-term property manager. The most recent Stone House property is Arbor Crossing in the Village of Shorewood Hills. In the absence of scarce Section 42 credits Stone House was able to finance it with WHEDA's "7/10 Program". The favorable financing rates of this program, combined with a TIF grant from the Village allows the project to offer one third of the units to individuals earning no more than 60% of the county median income.

Prior to the formation of Stone House Development, the principals, Helen Bradbury and Rich Arnesen were involved with a firm that developed affordable housing. They have over 20 years of experience with the Section 42 program and are well-known by local officials and WHEDA staff.

In 2004, Dimension Development co-developed the first two small HUD PHA preservation developments that combined the 9% LIHTC with HUD "Mixed Finance" and "Capital Funds Financing Program" (CFFP). Many of the unique features of these two small PHA preservation transactions have been incorporated by HUD headquarters in the current CFFP processing guidelines. Tom Landgraf, a principal of Dimension Development, has spoken at a series of national conferences sponsored by HUD to acquaint PHA's with the use of the 9% tax credits in public housing redevelopment.

Developing Permanent Supportive Housing

Stone House's most relevant prior experience, as previously described, was providing development services to CHAS for their renovation and addition of the Brooks Street, Madison, single room occupancy facility. The director of CHAS at the time is listed as a reference for Stone House development.

Dimension Development has provided development services for six Residential Care Apartment Communities in partnership with both not for profit organizations and PHAs. Dimension Development has worked with its partners to identify the service providers, negotiate services and fees, and arranged for public financial assistance to pay for some or all of these services. Dimension Development has also worked with the staff at the Wisconsin Department of Family Services in identifying funding programs and obtaining various certifications need for this housing.

Partnering with Social Service Providers – Stone House Development

In addition to the experience with CHAS, Stone House is currently joint venturing with Movin' Out, Inc. in Madison, to develop and manage an affordable housing project geared to individuals with permanent disabilities. Stone House, in supervising the design of the project, is coordinating with Movin' Out to insure that service providers have the necessary style of housing and community space to facilitate their work.

As previously mentioned, Dimension Development specializes in partnering with non-profit housing suppliers of very low income housing. Stone House and Dimension both recognize the need to collaborate with service providers when developing special needs housing. Homeless individuals and families have a need for services to enable their independence that they cannot afford to pay for. Developing a housing property that meets their needs requires specialized service providers. It is expected that the supportive service providers will require specialized communal and meeting space to facilitate their work. It is expected that the supportive service providers will also have input on the scope of the project, in terms of unit type and size. Stone House is committed to helping Madison provide housing for homeless members of the community of the highest quality.



Architectural Awards and Green Building Certifications

Architectural Awards:

- Associated Builders and Contractors 2012 Gold Award – City Row Apartments, Madison, WI
- Education Design Showcase Award for UW-Platteville Residence Hall
- Historic Preservation Award from Wisconsin Historical Society for:
 - Wausau East High School, Wausau, WI
 - Amity Apartments, West Bend, WI
 - Shoe Factory Apartments, Beaver Dam, WI
 - School House Apartments, Mineral Point, WI
- National Council on Senior Housing Gold Achievement Award – Prairie Park Senior Apartments, Madison, WI

Green Building Certifications:

- City Row Apartments, Madison, WI is the first Energy Star qualified multifamily, high rise building in Wisconsin and only the seventeenth in the nation. Certification awarded in 2010.
- City Row Apartments received the Radiant Professional's Alliance First Place Award for Innovation based on applications that advance radiant technology and use of alternative energy sources.
- Park Central Apartments, Madison, WI was the first Certified Green Built Property in the State of Wisconsin through the Green Built Homes program.
- Midtown Apartments, Madison, WI is a Certified Green Built Property.

Stone House References

- Kevin Kilbane, Managing Director
Raymond James Tax Credit Funds
383 South Island Drive
Rocky River, OH 44116
(216) 509-1342
- Lisa Furseth, Executive Director
Community Action, Inc. of Rock and Walworth Counties
200 W. Milwaukee Street
Janesville, WI 53548
(608) 755-2472
- Wayman Lawrence, Partner
Foley & Lardner LLP
150 East Gilman Street
Madison, WI 53703
(608) 257-5035

Financial Information

Guarantees

Stone House is willing and able to provide construction financing guarantees, as well as all construction completion guarantees generally required by investors. In addition, Stone House will guarantee the eligible tax credit basis for the project. Should Stone House partner with the CDA selected service provider and have an active role in the ongoing property management of the project, Stone House will provide any required tax credit and operational guarantees.

Financial Statements

Stone House will make its financial statements available for CDA and City staff review upon request.

Financial/Bank References

Brian Hagen, Vice President
First Business Bank
401 Charmany Dr
Madison, WI 53719
(608) 238-8008

Tim Sherry
SVA
1221 John Q. Hammons Dr
Madison, WI 53717
(608) 831-8181

Mary Wright, Director, Multi-Family Housing
WHEDA
201 W. Washington Avenue, Suite 700
Madison, WI 53703
(608) 266-7884



**Resume Including
Project Descriptions / Development Experience**

2013

Development Experience

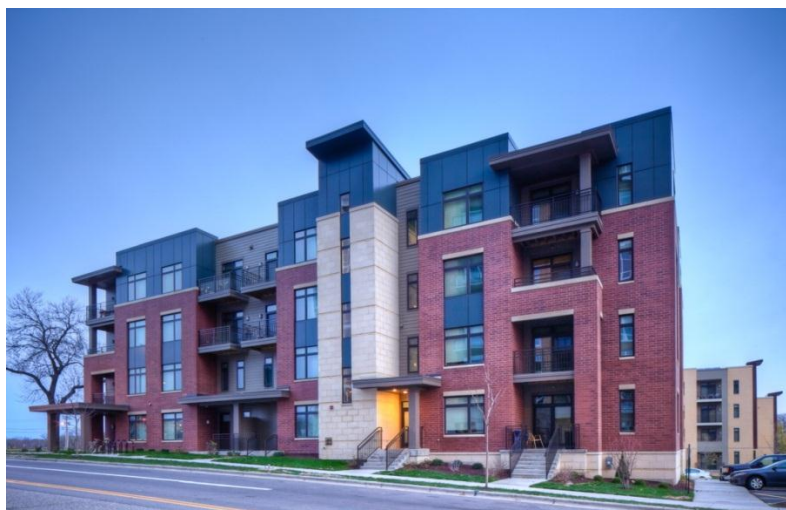
- **Arbor Crossing Apartments, Shorewood Hills, Wisconsin**

Arbor Crossing Apts opened in August 2013. This 80 unit mixed income multi-family development is located in the Village of Shorewood Hills. The project is certified as a Green Built Home and is using many green building features such as water source in floor radiant heat and solar domestic hot water. This project also contains 10,000 square feet of commercial space and is fully leased. The total project cost was \$16,000,000.



- **The Overlook at Hilldale, Madison, Wisconsin**

The Overlook at Hilldale opened in September 2011 and was fully leased by October 2011. This 96 unit affordable, multi-family development is centrally located in Madison. The project is certified as a Green Built Home and is using many green building features such as water source in floor radiant heat, solar domestic hot water and unique recycled finishes such as carpet made from recycled bottles. The total project cost was \$18,000,000.



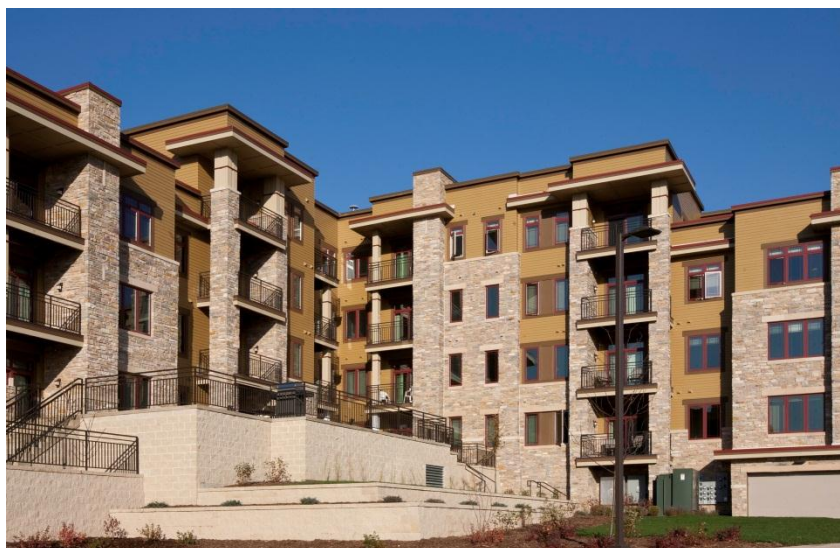
- **City Row Apartments, Madison, Wisconsin**

City Row Apartments opened in late summer of 2010 and is located on Madison's near east side and offers 83 units of affordable housing. The property was the first WHEDA project closed in the state of Wisconsin in 2009 utilizing TCAP funds. The project is certified as a Green Built Home and is the first Energy Star-qualified multifamily high-rise building in Wisconsin and only the 17th in the nation. This project opened on time and on budget with a cost of \$16,500,000.



- **The Overlook at Midtown, Madison, Wisconsin**

The Overlook at Midtown opened on time and on budget in late summer of 2010. This project is certified Green Built and contains 88 apartments. This is an affordable housing tax project on Madison's west side. The project cost was \$16,000,000.



- **Park Central Apartments, Madison, Wisconsin**

The Park Central Apartments is an urban infill development, and is proudly the first certified multi-family Green Built Home in the state of Wisconsin. This 100% affordable, new construction project consists of 76 apartments. Phase I of this project was completed in March 2008 and phase II was completed in June 2008. This project was completed on time and on budget with a final cost of \$11,420,000.



- **Wausau East Townhomes, Wausau, Wisconsin**

Wausau East Townhomes is an urban infill development featuring 24 townhouse style apartments. This new construction, mixed income project was completed on time and on budget in September 2008. The total project cost was \$4,480,000.



- **Flats on the Fox, Green Bay, Wisconsin**

The Flats on the Fox is an 8-story urban infill development located in downtown Green Bay. This new construction, mixed income project features 64 units and two commercial spaces. The Flats on the Fox was completed on time and on budget in September 2008. The total project cost was \$11,350,000.



- **Castings Place Apartments, Milwaukee, Wisconsin**

Castings Place Apartments is an urban infill development located in Milwaukee's 5th Ward. This new construction, 55 unit with a commercial suite project was completed on time and on budget in August, 2007. The total project cost was \$10,680,000.



- **Hubbard Street Lofts, Milwaukee, Wisconsin**

This 51 unit mixed income apartment project is an urban infill, new construction project in Milwaukee's Brewer's Hill neighborhood. Construction was completed on time and on budget in January, 2006. Total project cost was \$7,500,000.



- **The Madison Mark, Madison, Wisconsin**

The Madison Mark is a twelve-story, downtown, mixed-income rental property of 112 units and 12,000 square feet of commercial space. This project represents the first significant affordable housing property in downtown Madison. The financing for the project includes TIF from the City of Madison, Section 42 affordable housing credits, and two subordinate, gap-financing loans from WHEDA as well as conventional debt financing. The project opened on time and on budget in February 2005. The project cost was \$22,000,000.



- **UW-Platteville, Southwest Hall, Platteville, Wisconsin**

Stone House Development developed the Southwest Hall in 2005 and it opened on its scheduled date in the fall of 2006. The dorm consists of 376 beds. Stone House provided construction and permanent financing until the project was purchased by the state of Wisconsin. The budgeted and completion cost was \$18,286,000.



OTHER DEVELOPED PROPERTIES

- C.H.A.S. (Community Housing and Services of Madison)
- Amity Apartments, West Bend, 36 Units
- Hanover Square Apartments, Madison, 65 Units
- School House Apartments, Jefferson, 35 Units
- Marshall Apartments, Janesville, 55 Units
- School House Apartments, Mineral Point, 11 Units
- School House Apartments, New Glarus, 24 Units
- Prairie Park Senior Apartments, Madison, 96 Units
- Shoe Factory Apartments, Beaver Dam, 50 Units
- East High Apartments, Wausau, 55 Units



Stone House Development, Inc. is a real estate development and consulting firm specializing in Section 42 and Historic Tax Credit multi-family projects. Stone House Development, Inc. can provide a range of services including:

- ***Full service development of multi-family properties***

Stone House Development, Inc. will develop both family and elderly multi-family properties as well as commercial properties. As developer, Stone House is responsible for securing all necessary project financing, including equity; supervising the project's design, construction, and marketing; and providing long term management of the project.

- ***Section 42 application assistance for new construction and adaptive reuse projects***

The principals of Stone House Development have successfully competed for Section 42 affordable housing tax credits in Wisconsin, Illinois, Texas and Minnesota.

- ***Compliance monitoring assistance***

The principals of Stone House Development are experienced in setting up systems to assist mixed income properties in monitoring Section 42 compliance.

- ***Certified Historic Structure Tax Credit assistance***

The principals of Stone House Development have successfully completed adaptive reuse projects utilizing school buildings, warehouses, factories, railroad depots, and hotels. In addition, Stone House Development was a panelist in the 1996 National Trust for Historic Preservation conference and the principals have given numerous educational presentations throughout the country.

- ***Financial feasibility analysis***

Stone House Development utilizes a computerized spreadsheet developed by the principals specifically for Section 42 and CHS tax credit real estate investments.

- ***Secondary financing consulting***

The principals of Stone House Development have successfully negotiated HOME, CDBG, TIF and many other below market rate loan and grant agreements throughout Wisconsin, as well as in Minnesota, Indiana, Ohio and Texas.

PROPERTY MANAGEMENT AND COMPLIANCE SERVICES

Stone House Development, Inc. is currently the property manager for 24 properties (over 1,000 units) in Wisconsin, 19 of them being Section 42 projects. From November 1997 – December 2000, Stone House was the property manager for eight additional properties located in Wisconsin, Illinois, Indiana and Ohio.

As property manager Stone House provides the following services to its properties:

Property Accounting

The Stone House accounting department is headed by a CPA with over fifteen years experience in real estate accounting. He oversees the preparation of monthly financial statements, the accounts payable and accounts receivable needs of the properties, payroll and financial reporting to lenders and investors.

Section 42 Compliance

Stone House performs all resident certification and state and federal reporting required under the Section 42 affordable housing tax credit program.

Marketing and Leasing

Stone House personnel are responsible for ensuring that the properties maintain maximum occupancy levels and rental revenues.

Budget Preparation

Stone House annually prepares detailed operating budgets for all the properties it manages.

Property Maintenance

Stone House staff ensures that all properties are physically maintained and operating efficiently.

Helen H. Bradbury, President

Experience:

President and Principal, Stone House Development, Inc.

November 1995 - Present

Director of Development, Alexander Company, Inc.

October 1990 - October 1995

- Supervise development of company projects.
- Participate in negotiating financing necessary for projects.
- Participate in negotiating development and other agreements between company and city participants.

Chief Operating Officer, Alexander Company, Inc.

January 1993 - October 1995

- Supervise all company departments and divisions, including accounting and property management.
- Reported to company owners.

Vice President, Hillmark Corporation (Atlanta, Georgia)

September 1975 - September 1987

- Direct the development and operation of hotel, motel and apartment activities.

Education:

M.B.A. Emory University, Atlanta, Georgia

B.A. Rutgers University, New Brunswick, New Jersey

Richard B. Amesen, Vice President

Experience:

Vice President and Principal, Stone House Development, Inc.

May 1996 – Present

Former Faculty Member, National Preservation Institute

1998 – 2005

- Present seminar entitled *Affordable Housing and Historic Preservation* at various NPI conferences.

Served on the City of Madison Housing Committee

2004-2006

Former Member of the WHEDA Tax Credit Advisory Committee

2004-2006

Development Project Manager, Alexander Company, Inc.

May 1991 – May 1996

- Supervised the development of over 12 multi-family combined tax credit projects.
- Responsible for the financial analysis of company projects.
- Developed a comprehensive financial spreadsheet geared to combined tax credit developments.
- Company's in-house consultant to property management in Section 42 compliance issues.

Education :

B.S., University of Colorado, Boulder, Colorado

David R. Michlig, Controller

Experience:

Controller, Stone House Development, Inc.

April 1998 – Present

- Monthly closings of financial statements for all real estate properties as well as corporation
- Prepare year-end analysis for auditors and tax accountants
- Prepare corporate income tax returns
- Review annual operating budgets for properties

Corporate Controller, Suby Von Haden & Associates

April 1992 – April 1998

- Facilitate the monthly closing of financial statements for six related entities, cash and accrual basis.
- Analyze variances and trends and report findings to firm's management.
- Prepare annual budgets.

Staff Accountant, Suby Von Haden & Associates.

February 1987 – April 1992

- Audit client financial statements with an emphasis in real estate clients including HUD projects.
- Services for clients utilizing Section 42 of the IRS Code including forecasts, audits, and the preparation of income tax returns.

Education :

B.B.A. University of Wisconsin-Whitewater

Certification:

Certified Public Accountant, February 1990

Kasie A. Setterlund, Director of Operations

Experience:

Director of Operations, Stone House Development, Inc.

February 2000 – Present

- Supervise the property management division for entire portfolio
- Prepare annual operating budgets for all properties along with financial statement and interim budget examinations monthly.
- Oversee the Section 42 LIHTC compliance assurance on all properties (mixed use and 100% affordable)
- Oversee facilities management of all properties (residential and commercial)
- Maintain and oversee all marketing campaigns and standards for Stone House and all properties.
- Develop and maintain standards and procedures for the daily operations of Stone House Development, Inc.
- Attends continuing education for Landlord / Tenant laws, Section 42 Compliance and Lead Safe Practices

Director of Property Management, Fleming Development, Inc.

October 1996 – January 1999

- Supervised the property management for portfolio.
- Responsible for the annual budgets of each property.
- Assisted in the development of standards and procedures for assisted living and continued care for the elderly.

Education :

University of Wisconsin – Richland	1993-1994	Marketing
Madison College	1994-1996	Business Mgmt