



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Draft COMMUNITY DEVELOPMENT AUTHORITY

Tuesday, December 10, 2013

12:00 PM

215 Martin Luther King, Jr. Blvd.
Room 313 (Madison Municipal Building)

~ ALLIED DEVELOPMENT SUBCOMMITTEE MEETING ~

SCHEDULED MEETINGS:

Community Development Subcommittee: Thurs., Jan. 2, Noon, 313 MMB
Housing Operations Subcommittee: Mon., Jan. 6, 4:30 p.m., 120 MMB
Allied Development Subcommittee: Tues., Jan. 7, Noon, LL-130 MMB
CDA Regular Meeting: Thurs., Jan. 9, 4:30 p.m., 260 MMB
CDA Special Meeting: Thurs., Jan. 23, 4:30 p.m., 313 MMB

CALL TO ORDER / ROLL CALL

Staff: Natalie Erdman, Matt Wachter, Norman Davis and Nancy Prusaitis

Sariah called the meeting to order at 12:20 p.m.

Present: 2 -

Sariah J. Daine and Dean Brasser

Excused: 5 -

Sue Ellingson; Paul E. Skidmore; Daniel G. Guerra, Jr.; Lauren K. Lofton
and Kelly A. Thompson-Frater

1. APPROVAL OF MINUTES: September 10, 2013

A motion was made by Brasser, seconded by Daine, to Approve the Minutes of the meeting of September 10, 2013. The motion passed by voice vote.

2. PUBLIC COMMENT

None

3. DISCLOSURES AND RECUSALS

None

4. 25012 MOSAIC RIDGE

4.A. 32513 RFQ Submittal Interviews

Peter and John Sveum appeared. Peter said he worked with Natalie before on Allied. They took it to the process where we needed buyers. Have been to the site several times. Had community meetings. Submitted summary of their

qualifications. Have broker involved right from the start. His role is to coordinate that and marketing ideas. They have a lot of experience with building and working with first-time home buyers.

John stated that Yahara Builders has shifted to more custom homes. They have built mostly custom homes in the last 20 years. Their objective is to get people into the homes. Did the first Platinum Leeds home in the area. All of their homes are Leed qualified. Very green built, if not Leeds qualified.

Matt asked Question #1 - What will be the most challenging aspect of achieving our dual goals of quality and affordability? Peter stated that they priced these homes 18 months ago and were able to get to our goal. Don't know what the market is yet. IT WILL BE Challenging. Establish a budget where this buyer group can afford and work hard to get the product priced with our subcontractors without cutting any corners or quality. Biggest challenge is trying to make the specs fit our target price range. \$30-35,000 per lot. Confident they can do it.

Natalie asked what aspects of quality are important not to cut. John said they try to build the frame of the house the same way every time. They prefer plywood over SB. Can cut costs on cabinets and counter tops.

Peter said the specs call for cement fiberboard siding. That adds \$3,000 to the price of a home. Could use vinyl siding - looks presentable. Trade out cement fiberboard for a second stall in the garage. It's what people want and need. Important for resale. Doing buyer a disservice by requiring cement fiberboard. Appropriate for entry level, first-time buyers.

Sariah asked if this hurts the green aspect.

John said no; with LEEDS you get quite a lot of options.

Peter said all of their homes are energy-star qualified.

Question #2 - What has been your most successful project and why? Peter said Pine Ridge in Fitchburg - 50 lots. The lots were 45-50' lots, very similar to Mosaic Ridge. Cozy in terms of the neighborhood. It was successful and unusual new housing for Fitchburg. Most homes are much larger. Fitchburg wanted first-time home ownership opportunities. It was challenging in terms of getting homes built on narrow lots.

John said they built the 16-unit brick condos across from Olbrich, which turned out architecturally wonderful as well.

Peter said they also bought three old schools in Stoughton and turned two of them into affordable apartments, Section 8. Historical buildings. Tried to retain the character. Sold the third school.

Question #3 - What will be the greatest challenge to selling a home on Allied Drive? Peter said the challenge is how the area has been labeled. Spent time meeting with people there. Pleasantly surprised of how it looks out

there. Public perception.

Natalie asked how do you positively market in that location. John said what the City has done with the town homes out there was a stepping stone. New buildings.

Peter said they have a realtor in place that worked with us 18 months ago. He would know the program, the grants, the opportunities. Most agents don't know how to do this. He's a member of the Dane County Home Buyers Council. Focus on first-time buyers. Sid Borstom (?) is coming back to work with us. Retired social worker. Looking forward to working on it again. John's role would be to give us the product. Have an investment in this project. Could do brokerage service.

Dean asked how their model allows for MBE and SBE participation. John said everything is subcontracted. The heating company they use is owned by a woman and there are minorities working on the job sites. Has never been a requirement.

Sariah said she is very sensitive to the minorities. Already have people who you work with. No bidding? John said they are not opposed to this. Low bid isn't always what he's looking for.

Peter said the are open. Concerned about quality and time table. The job has to move. If there's opportunity. We have our subs and they work well together. Doesn't mean we can't look beyond that.

Dean said there are resources available.

John said Judy Olson is a good resource. He can give her a call.

Brasser asked what the timetable is to build it out in a reasonably ideal situation.

Peter said probably a couple years - a dozen houses a year. Don't know how many buyers we have. Four or five months per house.

Natalie asked who would be the project manager working with the buyers.

John said there are two designers on staff that would help Mosaic Ridge clients. He would be the one to go through the punch list at the end with the buyer.

Peter said they survey clients three times per year to check in after they've bought a house. It's the after closing care that separates builders.

Cindy Hammer and Jim Roloff, Bluestone Custom Homes, appeared and gave a PowerPoint presentation (attached).

Cindy stated she is the owner/operator of Bluestone Custom Homes. She got into the housing industry in 2001. Have built 18 homes since 2004 under

\$225K, most for first-time home buyers. All are FOCUS certified homes, most are green built home certified. Built three homes for low-income buyers, two were for neighborhood housing services of Beloit, one for WHPD in Janesville.

Jim worked for 17 years with Princeton Custom Homes. He came to Bluestone in 2011. Built over 100 entry level homes. Many have been FOCUS & GBH certified. Design a space that people can live efficiently in. More efficient design can be done with less square footage. Focus on things like windows and doors, quality air ceiling, insulation, high efficiency appliances. Affordability does not mean cheap. Prioritize for best value. Guaranteed basement damp-proofing and drain tile system. Minority-owned business. Field operations, estimating, subcontractor selection. Restaino will help with the marketing.

Question #1 - What will be the most challenging aspect of achieving our dual goals of quality and affordability? - Jim answered all principals involved in the project, CDA, builder, developer, have goals. The challenge is because of the budget constraints, prioritizing the needs that everyone has and determining what things are critical to the success of the project.

Question #2 - What has been your most successful project and why? - Jim said the house in Janesville is the most successful to date. Had input in plan. Able to drive the plan with the budget in mind. Made smaller initially to try and bring the money down. On time and budget. Sold the first weekend it was open. Great support from neighborhood and the City. Many similarities to Allied. Infill lot. Natalie asked who did the design. Jim said it was an architect in Madison.

Dean asked what they thought about the specs for Mosaic Ridge. Jim said it's not out of the realm of possibility. Suspect that in respect to materials, a wood composite and maybe some effis and stone are more likely than cement board siding. Help drive our costs down if we can guarantee subcontractors this much work.

Question #3 - What will be the greatest challenge to selling a home on Allied Drive - Jim said because of the target buyer, accessibility is somewhat of an issue. Another issue is finding comparable properties in the area that will justify the price could be an issue for financing. Biggest obstacle is overcoming the stigma of Allied Drive. People in the neighborhood are willing to buy. Reaching out to the neighborhood is good. Convincing people outside the area will be harder. CDA's outreach program will provide enough qualifiers to start with. Build on that momentum.

Natalie asked how they would market outside the direct neighborhood. Jim said you're going to have to get people there based on price. Convince people that the place is turning around.

Natalie asked if they have any designs in their portfolio that could be made available. Jim said he doesn't know if they would fit on these lots. He can look at what they have and see if there's anything that will fit. The house in

Janesville was 1700 sq. ft., two stories. That lot was probably 60x120, standard city lot.

Natalie said this is a small organization. How many houses could you build at a time? Jim said he has managed up to 30 at a time. Their subcontractors are able to keep up. Always have a second contractor we can fall back on.

Dean asked if there are opportunities for SBE/MBE participation. John said that they are loyal to their subcontractors. Open to new subcontractors. At the moment not looking for new subcontractors. Have reached out to the neighborhood. Don't employ any laborers at this time. Reached out to the neighborhood about hiring people in the neighborhood for general labor. Went to Neighborhood Association meeting and felt they could provide labor force to us when needed. Grew up not far from there.

Dean asked how long they thought this kind of development would take. Jim said two to three years. Optimistically sooner than that. Unique opportunity to sell houses in Madison at prices that aren't normally seen. Good infrastructure in neighborhood.

Cindy said this would be a rewarding project for them to do. Jim said it would be an opportunity for them to showcase their philosophy.

Natalie said that Habitat wants a lot and MATC has a program for a lot. Would you be okay with that? Jim said that would be okay as long as they don't end up with 12.

Cindy asked if anybody can introduce a design as long as it meets the specs. Natalie said yes. Cindy said she has a designer that may be interested in submitting some designs. Jim said he likes the plans he's seen and they would be easy to build. Happy to work with Destree and work on these plans to change them slightly. Natalie said she would like to see diversity in designs.

CLOSED SESSION NOTICE

A motion was made by Brasser, seconded by Daine, to Convene into Closed Session. The motion passed by voice vote.

Find additional information on capacity and the list of subs and workers, who are they, where they are from and some work on some additional on financial wherewithal.

A motion was made by Brasser, seconded by Daine, to Reconvene. The motion passed by voice vote.

4.B. General Update

Matt said 36 individuals went through one-on-one screening with GreenPath. Panel of lenders reviewed them. twenty will go to class; the other 16 will be referred for further assistance. One or two are close to being ready - still recommending they go to class. Classes will start second Saturday in January. Area has been rezoned. Ready to go for land use. Grading plan needs to be approved. Will be contacting preferred lenders to solidify group of people.

Monthly class with quarterly check ins with mentors. Natalie said it's a cross section of people from Allied and some folks from Badger Road/Cypress area. Matt said there are also a couple from Sun Prairie.

5. ADJOURNMENT

A motion was made by Brasser, seconded by Daine, to Adjourn. The motion passed by voice vote. The meeting adjourned at 2:38 p.m.