

Application for Neighborhood and Community Development Funds

Applications should be submitted electronically to cdbg@cityofmadison.com by 12:00 p.m. on the first Friday of the month and will be reviewed by the CDBG Committee on the first Thursday of the following month.

Program Title:	<u>Prairie Crossing Rehabilitation</u>	Amount Requested:	<u>\$355,000</u>
Agency :	<u>Project Home, Inc.</u>	Tax ID/EIN/FEIN:	<u>39-1279307</u>
Address:	<u>3841 Kipp Street, Madison, WI 53718</u>	DUNS #	<u>076135748</u>
Contact Person:	<u>Jan Reek</u>	Telephone:	<u>608-246-3737, ext. 2101</u>
Email:	<u>janr@projecthomewi.org</u>	Fax:	<u>608-246-3722</u>

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.

Prairie Crossing is a 48-unit rental project on Allied Drive that combines affordable housing with resident services, ensuring that households have access to help to solve problems that would threaten their ability to retain their housing. We developed the project using tax credits in 2000; last December we acquired the limited partner's interest. After 18 years of wear and tear, the property needs updating. A Capital Needs Assessment and a Scope of Work have been prepared.

In June 2018, we will apply for \$705,000 in Affordable Housing Program funds from the Federal Home Loan Bank of Chicago. We are requesting Housing Reserve funds to fill a gap of \$355,000 in a budget of \$1,415,000. If our applications are approved, work will commence in mid-2019. Updating the property will position Prairie Crossing for another 15 years of service, continuing its role as an important component in the City's homelessness prevention efforts.

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.

unduplicated individuals estimated to be served by this project. 105 per year, based on current occupancy

unduplicated households estimated to be served by this project. 47 HHs per year, over a 15-year term

Age: Tenant HHs are of various ages. Many children live at Prairie Crossing, as well as many senior HHs.

Race: 66% African American; 23% Asian; 9% Hispanic/Latino; and 2% Caucasian.

Income eligibility criteria: A tax credit project with 1-30% unit; 1-40% unit; 24-50% units; and 21-60% units.

Actual incomes of residents: Prairie Crossing has 20 project-based vouchers. Our current tenants have incomes as follows: 68% <= 30% CMI; 18% = 31% to 50% CMI; 9% = 51%-60% CMI; 5% over 60% CMI.

HH head: 77% have a female HH head.

Special needs: 45% have a HH member with a special need.

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.

- | | |
|--|---|
| <input type="checkbox"/> A. Housing – Existing Owner-Occupied | <input type="checkbox"/> G. Neighborhood Civic Places |
| <input type="checkbox"/> B. Housing – For Buyers | <input type="checkbox"/> K. Community-based Facilities |
| <input checked="" type="checkbox"/> C. Housing – Rental Housing | <input type="checkbox"/> L. Neighborhood Revitalization |
| <input type="checkbox"/> E. Economic Dev. – Business Creating Jobs | <input type="checkbox"/> N. Access to Housing Resources |
| <input type="checkbox"/> F. Economic Dev. – Micro-enterprise | |

The project preserves and improves the supply of affordable rental housing for low-income households. As such, it addresses needs identified in the City's 2017 Action Plan: Goal 1 - Affordable Housing: Provide decent, safe and sanitary affordable housing opportunities for low- and moderate-income households in order to enhance household, neighborhood and community stability. • Objective 1.1: Housing Supply: Preserve, improve and expand the supply of affordable housing for homeowners and renters.

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 checked="" type="checkbox"/> Maintenance/Rehab | | <input type="checkbox"/> Revitalization Opportunity |
| | <input type="checkbox"/> Other | | <input type="checkbox"/> New Method or Approach |
| Housing | <input checked="" type="checkbox"/> Rental Housing | Homeless | <input type="checkbox"/> Housing |
| | <input 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)				
2. Fringe Benefits				
3. Payroll Taxes				
B. Non-Personnel Costs				
1. Office Supplies/Postage				
2. Telephone				
3. Rent/Utilities				
4. Professional Fees & Contract Services				
5. Work Supplies and Tools				
6. Other:				
C. Capital Budget Expenditures (Detail in attachment C)				
1. Capital Cost of Assistance to Individuals (Loans)				
2. Other Capital Costs:	1,415,000	355,000	1,060,000	\$250,000 loan from Johnson Bank \$105,000 reserves from Project Home \$705,000 AHP grant
D. TOTAL (A+B+C)	1,415,000	355,000	1,060,000	

6. Action Plan/Timetable

Estimated Month of Completion
(If applicable) _____

Describe the major actors and activities, sequence, and service location, days and hours which will be used to achieve the outcomes listed in # 1.

Use the following format: (Who) will do (what) to (whom and how many) (when) (where) (how often). A flowchart may be helpful.

Project Home and Architect Tom Hirsch – Capital Needs Assessment and Scope of Work

January 2018

Project Home – obtain loan commitment from Johnson Bank

January 2018

Project Home -- submit an application for funding from the Housing Reserve Fund to fill the identified gap

February 2018

City – notification about award of funding, notify about requirement for appraisal

March 2018

Project Home staff -- submit an application for Affordable Housing Funds to the Federal Home Loan Bank of Chicago

June 2018

Federal Home Loan Bank of Chicago – notification of award of AHP funds	December 2018
Architect develops plans and specifications	January 2019
Project Home -- bid out job	February 2019
Project Home – close loan from Johnson Bank	May 2019
Project Home and contractors – work commences on project	May 2019
Estimated completion of project	May 2020

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

Maurice Cheeks visited the property on January 18, 2018. He was enthusiastic about the affordable housing and resident services that we provide to very low-income households, and he supports our rehabilitation project. He noted that in the 5 years since he has been alder, he had not heard much about Prairie Crossing. He said that was good, since the property had not come to his attention for negative reasons. We do try to maintain a quiet and stable apartment community. We appreciated the opportunity to tell Alder Cheeks about our vision of affordable housing with a Resident Services Coordinator, which has successfully limited evictions (none since 2012).

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:
- | | | |
|-------------------------------------|---|-----------------------------|
| <input type="checkbox"/> | D | Facilities |
| <input type="checkbox"/> | E | Housing for Buyers |
| <input checked="" type="checkbox"/> | 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:

- | | | | |
|-------------------------------------|---|-------------------------------------|--|
| <input type="checkbox"/> | Future Fund (Attachment A) | <input type="checkbox"/> | Housing for Resale (Attachment E) |
| <input checked="" type="checkbox"/> | Property Description (Attachment B) | <input checked="" type="checkbox"/> | Rental Housing and Proforma (Attachment F) |
| <input checked="" type="checkbox"/> | Capital Budget (Attachment C) | <input type="checkbox"/> | CHDO (Attachment G) |
| <input type="checkbox"/> | Community Service Facility (Attachment D) | <input type="checkbox"/> | Scattered Site Funds Addendum (Attachment H) |
| | | <input type="checkbox"/> | ESG Funding Addendum (Attachment I) |

13. Affirmative Action: If funded, applicant hereby agrees to comply with City of Madison Ordinance 39.02(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>
15. Notice regarding lobbying ordinance: If you are seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF or similar assistance), then you likely are subject to Madison's lobbying ordinance, sec. 2.40, MGO. You are required to register and report your lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.

Signature:  Karyn Knaak Date: February 2, 2018
 President-Board of Directors

Signature:  Denise Matyka Date: February 2, 2018
 Executive Director

For additional information or assistance in completing this application, please contact the Community Development Division at 266-6520.

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?	
2402-2446 Allied Drive, Madison, WI 53711	Purchase Rehab Construct	48 2418 #1 - office	48 2418 #1 - office	45	No permanent displacement.	Tax exempt	Tax exempt (Will obtain appraisal if needed)	n/a	3 units	3 units, plus office	2000 - HOME \$385,000 2004- CDBG \$120,000 2007 - HOME \$365,000
	Purchase Rehab Construct										
	Purchase Rehab Construct										

CAPITAL BUDGET 85% hard costs/ 15% soft, developer costs

Amount and Source of Funding: ***	TOTAL	Amount	Source/Terms**	Amount	Source/Terms**	Amount	Source/Terms**
TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)							
Acquisition Costs:							
Acquisition							
Title Insurance and Recording							
Appraisal	3,000			3,000	CDBG deferred payment loan		
*Predvlpmnt/feasibility/market study							
Survey							
*Marketing/Affirmative Marketing							
Relocation							
Other: Temporary Relocation	12,000	6,000	AHP grant, 15 year term	6,000	CDBG		
Construction:							
Construction Costs	1,052,362	640,235	AHP	287,110	CDBG	125,017	Johnson Bank loan, 15 yr., est. 6.3%
Soils/site preparation							
Construction management							
Landscaping, play lots, sign							
Const interest	9,754					9,754	Johnson Bank
Permits; print plans/specs	4,000	2,000	AHP	2,000	CDBG		
Other:							
Fees:							
Architect	5,000	2,500	AHP	2,500	CDBG		
Engineering							
*Accounting	5,250	2,625	AHP	2,625	CDBG		
*Legal	3,000	1,500	AHP	1,500	CDBG		
*Development Fee	131,354	49,000	AHP	49,125	CDBG	33,229	Johnson Bank
*Leasing Fee							
Other: Title Policy, Loan Fees	2,280	1,140	AHP	1,140	CDBG	82,000	Johnson Bank
Project Contingency:	82,000						
Furnishings:							
Reserves Funded from Capital:							
Operating Reserve							
Replacement Reserve	40,000					40,000	Project Home
Maintenance Reserve							
Vacancy Reserve							
Lease Up Reserve							
Owner Funds	65,000					65,000	Project Home
(specify):							
(specify):							
TOTAL COSTS:	1,415,000	705,000	AHP	355,000	CDBG	355,000	Johnson Bank & Project Home

* 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.

RESIDENTIAL RENTAL PROPERTY

A. Provide the following information for rental properties:

Table A: RENTAL						
		Site 1		Site 2		Site 3
Unit #	# of Bedrooms	Amount of CD \$	Use of CD Funds*	Monthly Unit Rent	Includes Utilities?	Household Income Category
2402 – 2446, unit #1-4 (There are six 8-unit buildings.)	2	\$355,000	85% hard costs/15% soft, developer	\$745	Heat and water included. Tenants pay electricity, \$63 utility allowance.	We are committing to 60% of units (29 units) being affordable to HHs at or below 50%, per scoring criteria of AHP (15 year term). Balance are at 60%. Currently, about 2/3 of residents have income at or below 30%.

B. Indicate how the project will demonstrate that the housing units will meet housing and code standards.

We hired Tom Hirsch, Hirsch Group LLC Architecture, to conduct a Capital Needs Assessment for the property. He specified improvements that would bring the property up to code and meet federal accessibility requirements. If we receive funding, an architect will develop plans for those elements requiring plan review and specifications for the various aspects of work. We will obtain the permits that are required for the work, and Building Inspection will inspect the work when completed.

C. Describe briefly your tenant selection criteria and process.

Tenant Selection Criteria:

- Housing history -- must be satisfactory for 2 years; previous landlords' reports of significant complaints are grounds for denial
- Income -- must have income that does not exceed Section 42 requirements and enough income to afford rent, unless the person is applying for a unit with a project-based voucher or has their own tenant-based voucher
- Criminal background -- We deny applicants with a conviction of any type in the last 7 years that would be considered a threat to the rental property or to other residents' peaceful enjoyment of the premises. We also deny registered sex offenders.
- Credit -- For the last 2 years, applicants must not have unpaid collections, judgments, or a court ordered or stipulated eviction. Negative credit history may be acceptable, other than not fulfilling the terms of a leasing contract, provided there are more positive accounts than negative.
- Applicants will be denied for misrepresentation of information on the application.
- Fair Housing -- We do not discriminate against any person because of race, color, national origin, gender, religion, disability, age, familial status, marital status, lawful income, ancestry, or sexual orientation.

Process: We sign 12-month leases. Applicants may sign up on our waiting list. Each adult must fill out an application and agree to third party verifications.

D. Does the project include plans to provide support services to assisted residents or to link assisted residents to appropriate services? If yes, describe.

We have employed a .5 FTE Resident Services Coordinator since 2007, when we obtained 20 project-based vouchers from the CDA in a competitive process. We will continue to employ this position, because we have found that it reduces both evictions and turnover. This creates a win-win for tenants who do not have an eviction on their rental records, and for the property, which is more financially and stable. Services include:

- Referrals and help to obtain emergency rental assistance
- Assistance with resume writing, job applications and employment searches
- Scholarships to summer camps like the Boys and Girls Club
- An annual back-to-school supplies giveaway for all of the children on the property
- During the holidays (Thanksgiving and Christmas) filling the gap for those families that were unable to receive a Thanksgiving basket from local organizations or whose children did not qualify for a Christmas gift from toy drives
- Provision of basic household essentials (such as furniture) if there is a need

TOTAL PROJECT PROFORMA (48 units at Prairie Crossing)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue															
Gross Income	418,140	426,503	435,033	443,734	452,608	461,660	470,894	480,311	489,918	499,716	509,710	519,905	530,303	540,909	551,727
Laundry, Other	5,760	5,875	5,993	6,113	6,235	6,360	6,487	6,616	6,749	6,884	7,021	7,162	7,305	7,451	7,600
Less Vacancy	<u>(38,500)</u>	<u>(39,270)</u>	<u>(40,055)</u>	<u>(40,857)</u>	<u>(41,674)</u>	<u>(42,507)</u>	<u>(43,357)</u>	<u>(44,224)</u>	<u>(45,109)</u>	<u>(46,011)</u>	<u>(46,931)</u>	<u>(47,870)</u>	<u>(48,827)</u>	<u>(49,804)</u>	<u>(50,800)</u>
Net Income	385,400	393,108	400,970	408,990	417,169	425,513	434,023	442,703	451,558	460,589	469,800	479,196	488,780	498,556	508,527
Expenses															
Audit	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	21,500	22,145	22,809	23,494	24,198	24,924	25,672	26,442	27,236	28,053	28,894	29,761	30,654	31,573	32,521
Maintenance (see Note 1 below)	54,570	56,207	57,893	59,630	61,419	63,262	65,159	67,114	69,128	71,201	73,338	75,538	77,804	80,138	82,542
Utilities	26,150	26,935	27,743	28,575	29,432	30,315	31,224	32,161	33,126	34,120	35,143	36,198	37,284	38,402	39,554
Property Management (% Net Inc)	26,960	27,518	28,068	28,629	29,202	29,786	30,382	30,989	31,609	32,241	32,886	33,544	34,215	34,899	35,597
Operating Reserve Pmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Pmt	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Support Services (see Note 2 below)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Affirmative Marketing	250	258	265	273	281	290	299	307	317	326	336	346	356	367	378
Other: Administrative & Office	12,850	13,236	13,633	14,042	14,463	14,897	15,344	15,804	16,278	16,766	17,269	17,787	18,321	18,871	19,437
Other: Water, Sewer, Trash	21,025	21,656	22,305	22,975	23,664	24,374	25,105	25,858	26,634	27,433	28,256	29,104	29,977	30,876	31,802
Other: Grounds	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126
Other: Contract Services	2,950	3,039	3,130	3,224	3,320	3,420	3,522	3,628	3,737	3,849	3,965	4,083	4,206	4,332	4,462
Other: Payroll	<u>121,430</u>	<u>125,073</u>	<u>128,825</u>	<u>132,690</u>	<u>136,671</u>	<u>140,771</u>	<u>144,994</u>	<u>149,344</u>	<u>153,824</u>	<u>158,439</u>	<u>163,192</u>	<u>168,088</u>	<u>173,130</u>	<u>178,324</u>	<u>183,674</u>
Total Expenses	317,085	325,914	334,985	344,321	353,533	363,427	373,427	383,612	394,096	404,889	416,000	427,437	439,212	451,333	463,810
NET OPERATING INCOME	68,315	67,194	65,986	64,668	63,637	62,086	60,411	58,607	56,668	54,589	52,363	50,017	47,448	44,746	41,871
Debt Service															
First Mortgage: Johnson Bank	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805	25,805
Other: Johnson Bank	-	-	-	-	18,665	31,997	31,997	31,997	31,997	31,997	21,349	-	-	-	-
Total Debt Service	25,805	25,805	25,805	25,805	44,470	57,802	57,802	57,802	57,802	57,802	47,154	25,805	25,805	25,805	25,805
Total Annual Cash Expenses	342,890	351,719	360,790	370,126	408,003	431,229	441,414	451,898	462,691	473,802	474,592	465,017	477,138	489,615	502,461
Debt Service Reserve	29,000	28,000	27,000	25,000	3,000	(16,000)	(18,000)	(20,000)	(20,000)	(22,000)	(16,000)	-	-	-	-
Cash Flow	13,510	13,389	13,181	13,863	6,167	10,284	10,609	10,805	8,866	8,787	11,209	14,180	11,643	8,941	6,066
Assumptions:															
Vacancy Rate	-9.21%														
Annual Increase	2.00%														
Carrying Charges	-														
Expenses	3.00%														

NOTES:

- 1) Future maintenance costs identified in CNA are distributed throughout the 15 year term
- 2) Wages/fringe for Resident Services Coordinator (\$22,735) is not part of housing proforma. This will be paid by cash flow or advanced by Project Home if cash flow is inadequate.