

**Federal Funds (HOME, CDBG, EECBG) Development 2018-2019 Application**

This application form should be used for projects seeking funding from City of Madison Request for Proposals #2018-8754; Federal Funds (HOME, CDBG, EECBG) for 2018-2019 Housing Development & Capital Improvement Projects. Applications must be submitted electronically to the City of Madison Community Development Division by **noon on September 19, 2018**. Email to: cddapplications@cityofmadison.com

APPLICANT INFORMATION

Proposal Title:	Madison Development Corporation: The Avenue 27-Unit		
Amount of Funds Requested:	\$990,000	Type of Project:	<input checked="" type="checkbox"/> Housing <input type="checkbox"/> Community Facility
Name of Applicant:	Madison Development Corporation		
Mailing Address:	550 W Washington Avenue, Madison, WI 53703		
Telephone:	608-535-4572	Fax:	608-256-1560
Admin Contact:	Lorrie Heinemann	Email Address:	Lorrie@mdcorp.org
Project Contact:	Lorrie Heinemann	Email Address:	Lorrie@mdcorp.org
Financial Contact:	Abbie Wallhaus	Email Address:	Abbie@mdcorp.org
Website:	www.mdcorp.org		
Legal Status:	<input type="checkbox"/> For-profit <input checked="" type="checkbox"/> Non-profit		
Federal EIN:	39-1277471	DUNS #:	058076621
Registered on SAM:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

AFFIRMATIVE ACTION

If funded, applicant hereby agrees to comply with the City of Madison Ordinance 39.02 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/aaFormsID.cfm>.

LOBBYING REGULATED

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. Applicants may find more information on registering on the [City Clerk's website](#). *Applied for on 9-11-18*

CITY OF MADISON CONTRACTS

If funded, applicant agrees to comply with all applicable local, state and federal provisions. A sample contract that includes standard provisions may be obtained by contacting the Community Development Division at (608) 266-6520.

If funded, the City of Madison reserves the right to negotiate the final terms of a contract with the selected agency.

SIGNATURE OF APPLICANT

Enter Name: Lorrie K Heinemann

Lorrie K Heinemann 9/18/18

By entering your initials in this box **[LKH]** you are electronically signing your name as the submitter of the application and agree to the terms listed above.

Date: 9/18/18

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PROPOSAL OVERVIEW

1. Describe the primary community need(s) the proposed project seeks to address and the expected outcomes. (Please limit response to 500 words including spaces).

Of the 196,383 households (HH) in Dane Co. 28,469 (14.4%) are cost-burdened (paying >30% of HH income on housing costs). The City has 98,216 HH; 47,143 HHs rent. 14.4% of renting HHs (6,788) are likely cost-burdened. Overall, 17,187 (17.5%) of all City HH have incomes that range from 50 - 80% of AMI, yet only 29% of rental units are "affordable" for HHs who make 50% or less of AMI. MDC plans to add 27 units that target HHs 40 to 80% of AMI, with 41% rented to HHs with incomes below 60% AMI.

2. Please provide an overview of the project, how it meets the criteria outlined in the Request for Proposals and the risks associated with the project. (Please limit response to 500 words including spaces).

The 27 unit apartment complex will be comprised of 13 one-bedroom and 14 two bedroom units, we expect to be fully rented within 2 months of completion, with 11 (41%) of units being rented to HH incomes of <60%, ten units rented at <80% CMI and 6 at market. The risk is low as MDC owns the 1954 E Washington property free and clear and has 40 units already on the same site (parcel) that are producing income.

3. Describe the proposed project's consistency with adopted planning documents, including the City of Madison Comprehensive Plan, neighborhood plan(s) and any other relevant plans.

The Avenue site is located in the City's 2018 Affordable Housing Targeted Area that is preferred for new construction as part of the City's Comprehensive Plan. This project is "new construction" and the density falls within the new city zoning requirements. The January 2016 Neighborhood Plan prioritizes "targeting some of these units as affordable for lower-income households by providing financial incentives". Lowering the cost to construct and having real estate tax exemption will provide MDC with the incentives to keep costs lower for tenants on this site.

4. Describe the target population(s) this project intends to serve (e.g. low-income families, seniors, special needs populations, etc.)

Our target population is Low to Moderate income households making 40 - 80% of the CMI (or AMI per City Housing Assessment Report) who seek to live in a quiet neighborhood with family amenities (Graaskamp Park on site), have close proximity to transit (bus stop on site) and not be cost burdened by rent. Our current tenant base is made up of many seniors with special needs who enjoy MDC's Graaskamp Park - the first fully handicapped-accessible park in the State of WI (Est. 1989) as well as low income families with children. MDC is partnering with UW Madison's Graaskamp Center (Tom Landgraf) this school year to re-design the Graaskamp Park, for which we will then raise private funding to pay for the renovation in 2019 or 2020.

5. How many unduplicated individuals are estimated to be served by this project: 109 max

How many unduplicated households are estimated to be served by this project: 27

6. Please describe whether/how this project relates to efforts undertaken by other community groups or agencies.

(next page)

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MDC provides quality "SMART" workforce housing for working or retired Madison residents. Our units are reasonably priced, close to transit and have a mix of household incomes. We currently have Options In Community Living (a social services agency) renting the office building on site but they have outgrown the site and need more space and parking so may be moving in a year or two. If they give us notice of their intent to move, MDC would raze this "temporary building" built in the 1950s when Option's vacates it. This RFP does not include the Options move.

Since MDC does not apply for Section 42 tax credits - our business model is to buy, develop, hold and manage all of our rental units. We partner with certain agencies that provide social services, to ensure their clientele have access to affordable housing but they must meet our underwriting criteria, which involves background checks and credit checks. Our tenant and neighborhood resident's safety is our top priority. We have added security cameras on site to monitor and report on criminal activity so the individuals can be apprehended by the police. We intend to do the same at our 27-unit.

7. Describe the response and level of support of the alderperson of the district in which the proposal is located. What issues or concerns with the project did s/he identify, if any?

We are very pleased that Alder Palm is hosting a Neighborhood Meeting on this project on September 26, 2018 and has been supportive of our efforts to work with the neighborhood as we develop the 27 unit and re-design the Graaskamp Park. More input will be received by neighbors and tenants at the Alder's meeting. In the past 8 months, we have met with the EENA 4 times, and held 2 meetings with neighbors/tenants. We also continuously update the EENA leadership (Chris Heaton and Indira Ceylan, Co-Chairs) as we progress with Concept Site plans and Graaskamp Park updates and inform them of upcoming City applications. 3 neighbors offered to help with the Park re-design as well.

8. Describe the neighborhood input process, including notification to and input from the nearby Neighborhood Association(s), either already underway or planned. If that process has begun, please summarize its results to date.

MDC presented at 4 EENA meetings (12/20/17, 1/17/18, 3/21/18 and 6/20/18) and hosted neighborhood and tenant meetings on 4/18/18 which gave us great insight, for which we made changes to our original concept site plans to address concerns. The concerns were re: 1) Traffic - too much from Options 50 employees working in neighborhood and coming and going throughout the day 2) Parking - a problem due to Options, people who park on E Wash, then ride the bus downtown and East HS Students using up street space 3) Density - concern for adding 27+ units in small residential neighborhood 4) Graaskamp Park - desire to keep MDC's private park in neighborhood on current site and improve/ update it as there are sometimes vandalism/ other issues that come up and 5) a request for detailed plans for the building design of 27 unit to make sure it fits the character of the neighborhood (we have included the black & white initial drawings for the 27 unit with this application and will include the colored versions at the Alder meeting). We also have provided regular emails to EENA Co-Chairs Chris Heaton and Indira Ceylan with several Concept Site Plans, informed them of the UDC informational Meeting in July 2018 (for which Indira Ceylan, Co-Chair attended but did not speak), and provided information about the Alder Meeting scheduled for 9/26/18, hosted by Alder Larry Palm

(included! → hot off the press!!)

9. Will any business or residence, including rental tenants, be temporarily or permanently displaced as a result of the proposed activities? ☐ Yes ☒ No ☐ Unknown

If yes, please describe your relocation plan, including assistance you will offer to those displaced by the project.

This project is a NEW construction 27 unit and it will not displace the current 40 residents we have on site, nor Options in Community Living, our current commercial tenant. Therefore, no relocation plan needs to be developed.

10. The follow repayment terms will be selected for the project as offered in the Request for Proposals (Please check one):

☒ **Option 1:** Zero percent, long-term deferred loan payable upon sale, transfer, or change in the use of the property. The promissory note will require repayment of either a percentage of the appraised value after rehab or construction, based on the amount of the CDD funds invested in the property, or a percentage of the net proceeds, whichever is less.

☐ **Option 2:** Long-term deferred loan - principal plus 2% accrued simple interest, payable upon sale, transfer, or change in the use of the property. Repayment will be equal to the amount of the CDD funds awarded, plus 2% simple interest accrued over the life of the loan.

☐ **N/A-** Agency is renting space.

AGENCY OVERVIEW

11. Describe the Agency's Mission Statement and explain how this project supports the Mission Statement.

MDC empowers people to prosper in Madison & Dane County by providing SMART Housing (that is Safe, has Mixed income residents, is Reasonably priced, Accessible, and near Transit) - and by providing SMART financing for job creating business ventures that are "hard to finance". The NEW 27-unit at The Avenue supports our mission by adding 27 affordable workforce housing units in a preferred affordable housing zone in Madison. (Note: "S.M.A.R.T." is Trademarked by Austin, TX for their Housing program).

12. Identify all key roles in your project development team, including architect, general contractor, legal counsel, property management agent, if applicable supportive services provider(s), and any other key consultants, if known.

Name	Company	Role in Development	Contact Person	Phone
Lorrie Heinemann	Madison Development Corp	MDC CEO, Project Manager	Lorrie Heinemann	608-535-4572
Randy Bruce	Knothe-Bruce Architects	Architects, Project Mgr	Kevin Burow	608 836-3690
Jim Egle	Stafford Rosenbaum	Attorney	Jim Egle	608-256-0226
Cashton Laufenberg	Madison Development Corp	Property Management: Director of Property Management	Cashton Laufenberg	608-256-2799
Harry Irwin	Madison Development Corp	Facilities Manager	Harry Irwin	608-256-2799
Michelle Burse	Burse Surveying	Engineers/ Surveying Firm	Michelle Burse	608-250-9263
Contractor - TBD based on RFP	Connery Construction, Krupp, Others TBD			

13. Please describe the development team's experience using federal HOME, CDBG or EECBG funds.

MDC currently owns and manages two properties with HOME and CDBG funds. These include our 738 E Dayton (12 unit) property and our 641 W Main St Apartments (60 unit). We also manage the City CDBG funds through our Business Lending Program. In the past 40 years our loans helped create over 3,500 jobs in Madison. Business loans went to great companies that continue to improve neighborhoods like Willy St Co-op, the Majestic Theatre, Union Cab and the Food Fight Group. We are very familiar with City CDBG Funds and HOME funds requirements and have successfully complied with all regulations to date.

14. Please describe the capacity of your agency to secure the total financing necessary to complete your proposed project, and past performance that will contribute to the success of the proposed program.

MDC is a financially strong non-profit which has been managed very cost-effectively over our first 40 years. We now have \$25 Million in Assets, a net equity (net worth) value over \$5 million and a strong cash flow from rental units that covers our costs. As a result, we have Banks in Dane County that have given us Term Sheets to finance \$3.5 to \$4 million of the \$5.4 million project, contingent on MDC receiving HOME funds of \$90K / unit for 11 units (\$990,000) and MDC covering the balance with other funds. We are prepared to sell a property to cover this (but prefer not to as this takes units out of affordable housing) and we are applying for grants as well. MDC's financial contribution is significant without additional cash in as we own the valuable land free and clear for which this 27 unit will be built upon (estimated value \$350,000 minimum). The site is located on the 1954 E East Washington parcel and the 27-unit would be built next to the current Avenue 28 unit along the busy East Washington Corridor, only one block from the Marling & the proposed Public Market.

15. Indicate by number the following characteristics for your agency's current staff and Board of Directors.

DESCRIPTOR	STAFF	BOARD
GENDER		
Female	4	4
Male	8	9
Unknown/Other		
TOTAL GENDER	12	13
AGE		
Less than 18 yrs old	0	0
18-59 Yrs	11	10
60 and older	1	3
TOTAL AGE	12	13
RACE*		
White/Caucasian	8	11
Black/African American	3	1
Asian		
American Indian/Alaskan Native		
Native Hawaiian/Other Pacific Islander		
MULTI-RACIAL:		
Black/AA & White/Caucasian		
Asian & White/Caucasian		
Am Indian/Alaskan Native & White/Caucasian		
Am Indian/Alaskan Native & Black/AA		
Balance/Other		
TOTAL RACE	11	12
ETHNICITY		
Hispanic or Latino	1	1
Not Hispanic or Latino		
TOTAL ETHNICITY	1	1
PERSONS WITH DISABILITIES	0	0

*These categories are identified in U.S. Department of Housing and Urban Development (HUD) Standards.

16. List Percent of Staff Turnover: 16%

Divide the number of resignations or terminations in calendar year 2017 by total number of budgeted positions. Do not include seasonal positions. Explain if you had 20% or more turnover rate. Discuss any other noteworthy staff retention issues or policies in place to reduce staff turnover.

Two of our twelve employees left in 2017 - our CFO retired and our receptionist left to move to California. We now have a great team on board that has significant experience in Property Management & Development - Harry Irwin, Facilities Manager - 10 years, Cashton Laufenberg, Director of Property Management 5+ years, Dave Scholtens, Finance & Lending with CDBG funds 32+ years, Sara Gussine, Leasing Manager -10 years, Lorrie Heinemann 2 years, and our VP of Finance, Abbie Wallhaus who recently joined us from another non-profit and has her MBA in Finance & Accounting.

17. The following attachments are included with this application:

- ☐ Housing – Owner-Occupied Development (Complete Attachment A and Budget Workbook)
- ☒ Housing – Rental Development (Complete Attachment B and Budget Workbook)
- ☐ Neighborhoods- Community-Based Facilities (Complete Attachment C and Budget Workbook)

Note: Proposals for Community-Based Facilities should only complete Worksheet 1 (Agency Overview), Worksheet 2 (Capital) and 3 (Expenses) in the Budget Workbook. Proposals for residential developments should complete the entire Budget Workbook.

ATTACHMENT B- Housing Development- Rental Development

1. Identify the source of federal funds the agency will accept for the project: ☒ HOME ☒ CDBG ☐ EECBG

2. What is the total number of units to be assisted with HOME, CDBG or EECBG funds and the amount of HOME, CDBG or EECBG requested per affordable unit? Indicate whether any of the units will be supported by Section 8 project-based vouchers.

11 of the 27 units proposed are targeted for HOME Funds. We are requesting \$90,000 per unit for 11 units, or \$990,000. Section 8 Project based vouchers are not assigned to specific MDC units - Tenants are asked to provide Household income and sources like Section 8 vouchers, which are accepted as a source. Of the 313 units we rent, we currently have 31 tenants who use Section 8 Vouchers across our portfolio of rental properties and 10 of these tenants are renting at our 1954 E Washington (The Avenue) site in the 28-unit former UW Hospital site (next to proposed 27-unit).

3. If the single-purpose entity will be owned, in part, by a for-profit company, will a non-profit organization have a controlling interest in the property or a statutory Right of First Refusal to acquire such interest?

N/A - MDC is a non-profit organization and the sole owner of this property and intends to keep and maintain 100% ownership. There are no other organizations with an equity or controlling interest nor a right of first refusal to acquire such an interest.

4. Identify, and describe the experience and qualifications of the entity that will manage the property, including maintaining property standards, ongoing compliance, and annual reporting requirements in accordance with contract requirements and/or federal regulations. How many units does that entity currently manage?

MDC owns and manages all of our rental units. We have been managing affordable rental properties over the past 30 years. In the past two years, we grew from 207 to 253 and recently added 60 units to grow to 313* units. We've also added key team members to join our highly experienced staff of 12 and we continue to invest in training. We have had satisfactory compliance exams from the City, WHEDA and our Auditing firm (Wegner CPAs) and we comply with all annual reporting requirements. We also recently expanded our accounting & finance team with the addition of an MBA/ VP of Finance. In our top management Team our Facilities Manager and Leasing Manager have been with MDC over 10 years, our Director of Property Management over 5 years, our VP of Lending 30+ years and our President & CEO has led our successful growth path over the past 2 years.

*MDC recently acquired 60 units through our buyout of the 641 W Main LP; These financials are not included in this proposal for 2017 and 2018, but are included for our 2019 budget. We plan to merge 641 W Main into MDC in October 2018 as well as combine finances at that time. The 641 W main property is breaking even and will add over \$600,000 in annual revenue as well as increase our net equity position by \$2 million by 12-31-18 when the merger is complete. This is what will help us meet the bank covenants when we bring on the 27-Unit.

5. Who will be responsible for monitoring compliance with federal regulations and requirements?
Are they trained on federal requirements?

Ultimately, our President & CEO will be responsible. On a daily basis, our Compliance/Leasing Manager is Sara Gussine (10+ years of experience at MDC) and Cashton Laufenberg (5+ years at MDC), our Director of Property Management. They will be the staff leads in compliance and monitoring for meeting federal requirements. Both have attended WHEDA training, City of Madison training and have primary responsibility for preparing and submitting reports to all City, State and Federal reporting agencies. Our President and our VP of Finance will continue to oversee MDC's compliance and work with our team, Federal & State agencies as well as with our auditors (Wegner CPAs) to ensure compliance.

SITE INFORMATION

6. Provide your assessment of the market conditions of the neighborhood (including anticipated demand for the proposed target populations). Explain why this site or area was chosen. If a specific site has not been identified, what criteria do you use to assess the appropriateness of a site and neighborhood for an assisted housing project?

The market conditions for the 1900 block of East Washington are strong for family housing and reasonably priced affordable housing with 1 to 3 bedrooms. The 53704 zip code has a vacancy rate of 3.49%, yet MDC's vacancy rate is under 2.5% due to our income based rents which range from \$945 to \$1,590 and includes surface parking. Just one block to the West is the Marling with market rate rents ranging from \$1,285 to \$2,785 plus a \$150 monthly parking fee. We anticipate that our new 27-unit would have income based rent ranges from \$945 to \$1,590 per month if HOME funds are received, with underground parking as well as surface parking available. Currently we post an apartment at the 28 unit Avenue and receive 4 to 5 applications within days and fill the unit immediately. The only vacancies we have had is due to turns (preparing the apartment for the next tenant).

The site was chosen because MDC owns this property free and clear, it is the site of our 3 residential rental properties (an 8 unit, a 28 unit and a 4 unit building) already on site, and as an added benefit, the site is the home of the James A. Graaskamp Park (which we are planning to upgrade with the help of UW Madison's Graaskamp Center). The Park was the first fully accessible park in the State of Wisconsin and was dedicated in 1989. The site is also in the City's planned area for increased density in affordable housing. The maximum number of units allowed is up to 76, and this 27 unit would bring us to 67 units.

7. Identify the distance the following amenities are from the proposed site.

Type of Amenities & Services	Name of Facility	Distance from Site (in miles)
Full Service Grocery Store	Festival Foods	1.6 miles
Public Elementary School	Emerson Elementary School	0.7 miles
Public Middle School	Georgia O'Keefe Middle School	0.7 miles
Public High School	East High School	0.3 miles
Job-Training Facility, Community College, or Continuing Education Programs	Madison College	2.7 miles
Childcare	Paleta Family Child Care	0.2 miles
Public Library	Madison Public Library - Hawthorne	1.2 miles
Neighborhood or Community Center	Goodman Community Center	0.8 miles
Full Service Medical Clinic or Hospital	UW's Health Union Corners Clinic	0.5 miles
Pharmacy	UW Health Pharmacy & Walgreens	0.5 miles and 1.1 miles, respectively
Public Park or Hiking/Biking Trail	Burr Jones Field & Graaskamp (pvt)	.3 miles and on site owned by MDC, respectively
Banking	Home Savings	
Retail	Dollar Store, Walgreens	0.4 miles and 1.1 miles, respectively
Other (list the amenities):	Madison Public Market & Fiore Shopping Center	1 block (proposed) & .2 miles, respectively

8. If a site has been identified, what is the distance between the proposed site and the nearest seven-day per week transit stops? List the seven-day transit stop location and describe any other transit stops (include street intersections and schedule) located near the proposed site.

Zero distance, there is a bus stop in front of 1954 East Washington (on site) officially located on 2nd st and 1998 E Washington Avenue, STOP ID 1382 with daily service ranging from every 27 minutes to every hour on weekends and holidays.

9. Describe the impact this housing will have on the schools in this area. Please include information on school enrollment data (e.g. at capacity, above capacity, below capacity); how this housing development will impact the schools' enrollment; and approximately how many elementary and middle school children are projected to live at the proposed housing development based on your proposed unit mix and previous housing experience.

The East Emerson Elementary school has 410 students, of which 54% are low-income. East High School has 1,760 students of which 59% are low income. Our new 27-unit, with 13 one bedroom units and 14 two bedroom units are expected to have an average HH size of 2.2 people and a maximum of 109 new tenants at full capacity. Therefore, we estimate that there will be 60-109 people living in the new 27 unit - with at least 10-20 being children under the age of 18; (10 in elementary, 4 in middle and 6 in high school). Therefore we estimate a minimal impact on the schools in Madison. In researching the capacity of each school, the Madison School district websites choose to report teacher ratios, enrollment and success in areas of study vs. current capacity by school. We called and they have reached capacity at some elementary grade levels at Emerson (but the school is not at capacity) and East High School is still accepting students that reside in the neighborhood.

SITE AMENITIES

10. Describe the exterior and common area amenities that will be available to tenants and guests, including parking (and cost, if any).

MDC will have the outside Graaskamp 1/4 acre park that is fully accessible, plus a small courtyard at The avenue 28 unit with outdoor seating. For parking, we plan to have 15 surface (outdoor) parking spots as well as 21 new underground parking spots for tenants (Total of 36), with MDC having 1 assigned underground stall and 2 outdoor stalls for MDC staff during 7:30 a.m. to 5:30 p.m.. There may be a fee for parking, as determined by the HOME Funds (from zero to \$120 per month) as well as MDC policies. There are no common areas planned for the building, but there is a 1300 sf leasing office included in the first floor of the 27-unit facing E. Washington Avenue.

11. Describe the interior apartment amenities, including plans for internet service (and cost, if any) and a non-smoking environment.

MDC's interior apartments will be equipped with refrigerators, dishwashers, faux hardwood floors and will include in unit laundry in 2 bedroom fully accessible units and a laundry room on each of the 4 floors for tenants. We also plan to have storage areas as well as parking beneath the building and on the adjacent surface lots. We will contract with 2 internet providers to provide internet/ cable/ telephone service at the tenant's expense. We currently contract with AT&T and Charter to provide services to our tenants at existing properties. Tenants will have a cost to connect and the service will be optional for them to choose. The property will be non-smoking in all common areas and all units will be non-smoking. There will be a place outside for tenants and their visitors to smoke, with the proper disposal vessels on site. The cost of internet ranges from \$59 to \$79 per month, depending on the service provider selected. MDC anticipates that both AT&T and Charter will provide both cable and internet services at the 27-unit.

12. What fees, if any, will be charged to residents of the proposed building (e.g. parking, laundry, pet fees, etc.)?

We currently charge pet fees (\$25 per month per pet) and allow small dogs and cats.

Our laundry fees are based on tenant's usage of the machines and are currently \$1.75 per load from our service provider. Tenants would pay for laundry based on their usage of our contracted laundry service. Our service provider gives MDC

tenants the ability to pay via credit card online and also electronically alerts maintenance personnel of the need for service upon a machine malfunction to ensure machines are well maintained. MDC receives a small % of the income collected.

Parking will be available under the building as well as on surface lots. Our parking rates currently range from \$85 per month to \$125 per month downtown at the Mifflander, and are \$65 per month at our surface lot at 738 E Dayton Apartments, which is further away from downtown.

HOUSING INFORMATION & UNIT MIX

13. If a site has been identified, provide the following information for your proposed project. List the property address along with the number of units you are proposing by size, income category, etc. If this is a scattered site proposal, list each address separately with the number of units you are proposing by income category, size, and rent for that particular address and/or phase. Attach additional pages if needed.

ADDRESS #1:		1954 E Washington (address of 27 unit next door not yet determined)									
		# of Bedrooms					Projected Monthly Unit Rents, Including Utilities				
% of County Median Income (CMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	\$ Rent for Studios	\$ Rent for 1 BRs	\$ Rent for 2 BRs	\$ Rent for 3 BRs	\$ Rent for 4+ BRs
≤30%	0	0	0	0	0	0					
40%	0	0	0	0	0	0					
50%	2	0	0	0	0	0		945	1032		
60%	9	0	9	2	0	0		985	1180		
Sub-total	11	0	9	2	0	0		945	1180		
Market*	16	0	4	12	0	0		1375	1590		
Total Units	27	0	13	14	0	0	Notes: MDC's target is HHs that make 40-80% of CMI with at least 40% (11 units) rented to HH <60% CMI, 10 rented at <70-80% of CMI and 18.5% (5 units) at market (>80% of CMI). Actual rents will be based on HOME funding received, and HOME rent charts, keeping in mind the required utility allowances.				

*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; Market = >61% CMI.

ADDRESS #2:		not applicable for this application									
		# of Bedrooms					Projected Monthly Unit Rents, Including Utilities				
% of County Median Income (CMI)	Total # of units	# of Studios	# of 1 BRs	# of 2 BRs	# of 3 BRs	# of 4+ BRs	\$ Rent for Studios	\$ Rent for 1 BRs	\$ Rent for 2 BRs	\$ Rent for 3 BRs	\$ Rent for 4+ BRs
≤30%	0	0	0	0	0	0					
40%	0	0	0	0	0	0					
50%	0	0	0	0	0	0					
60%	0	0	0	0	0	0					
Sub-total	0	0	0	0	0	0					

Market*	0	0	0	0	0	0					
Total Units	0	0	0	0	0	0	Notes:				

*40% = 31-40% CMI; 50% = 41-50% CMI; 60% = 51-60% CMI; Market = >61% CMI.

14. Utilities included in rent: ☒ Water/Sewer ☐ Electric ☐ Gas ☐ Free Internet In-Unit ☐ Other:

15. Describe the number and percent of accessible units proposed for each of level of accessibility. For rehab, describe the accessibility modifications that will be incorporated into the existing housing.

MDC plans to have at least one fully accessible (100% accessible) unit for each the 3 upper floors (total 3 units that are 100% accessible). For the fourteen 2-bedroom, 2 bath units we plan to have a shower that will be fully accessible and have sufficient room to accommodate a personal assistant. All units will be accessible for guests with at least one elevator and ramp to allow access.

16. Describe the energy efficient features you plan to provide, the energy standard to be achieved, and the resulting estimated monthly utility savings for the project and for the tenant.

Our most recent project, the Mifflander (a 46-unit completed in 2017) incorporated energy efficient features that resulted in significant savings for tenants. Tenant utility costs in this new building average between \$85 and \$100 per month.

The building will incorporate:

All Energy Star Rated appliances

High efficiency boilers and furnaces (95% efficient or better)

LED lighting and natural lighting in the common areas

The 27-unit will comply with Wisconsin Green Built Homes standards and is expected to achieve a higher than required energy efficiency rating on the exterior envelope of the building.

17. For proposals that include rehabilitation and where a site has been identified, have you completed a capital needs assessment for this property? If so, summarize the scope and cost; Attach a copy of the capital needs assessment.

Not applicable for this new 27 unit apartment building

18. Real Estate Project Data Summary

If a site has been identified, enter the site address (or addresses if scattered sites) of the proposed housing and answer the questions listed below for each site.

	# of Units Prior to Purchase	# of Units Post-Project	# Units Occupied at Time of Purchase	# Tenants to be Displaced	# of Units Accessible Current?	Number of Units Post-Project Accessible?	Appraised Value Current (Or Estimated)	Appraised Value After Project Completion (Or Estimated)	Purchase Price
Address:	1954 East Washington Avenue - site next door (address TBD) - we are not purchasing, we already own the site.								
	0	27	n/a	0	0	3	\$2.6 million	\$8,100,000	0
Address:	Enter Address 2								
Address:	Enter Address 3								

INTEGRATED SUPPORTIVE HOUSING UNITS

19. Identify the partnership(s) with supportive service agencies that have been or will be formed to serve the target population(s) if serving populations requiring intensive case management or ongoing supportive services. Provide a detailed description of the type and level of supportive services (such as assessment and referral, on-site intensive case management, etc.) that will be provided to residents of the proposed project.

MDC's mission is to empower Madison citizens to prosper in the City by MDC providing SMART* housing that takes up 30 to 40% (or less) of Household incomes so that HHs are not cost-burdened by their housing.

Our model is to buy, develop, build and manage all of our properties. Our development model does not include applying for Section 42 Tax credits nor providing social services. That being said, we acquired The Avenue in 2001 from MMHA and Options in Community Living is currently onsite and provides services for 10 of our disabled current tenants at the 28 unit Avenue (former Hospital) complex. They are considering a move to another site in the future, at which point we will re-evaluate our alternatives.

We also partner with Porchlight, the YWCA, and JSS as well as other agencies seeking quality affordable housing for their client base and often contract with them to make sure their clients can secure a place to live.

(*SMART = Safe, Mixed income, Accessible, Reasonably priced and near Transit is a program in the City of Austin which is trademarked by the City).

20. What, if any, financial support will be offered to help finance the provision of support services to tenants? Attach a letter from the service provider(s) detailing the services to be provided to residents of the supportive housing units, the cost of those services and how they will be financed (i.e., through the development, fundraising, existing program dollars, etc.)

No financial support will be offered, but we will make referrals to agencies that provide such financial support. These include JSS, Porchlight and JSS, as well as others in the City of Madison.

TENANT SELECTION

21. Describe your plans to incorporate flexible tenant selection criteria for households who are connected to supportive services, in order to provide housing opportunities for persons or families who would otherwise face common obstacles to obtaining housing (e.g., poor credit or rental histories, criminal conviction records, etc.)

MDC's model is to provide quality, reasonably priced housing for low to moderate income people in Madison. We are flexible in tenant criteria by partnering with the agencies who provide services, such as the YMCA, Porchlight, and other agencies who receive outside funding for their agencies. However, MDC does NOT receive any grants or funding for providing social (support) services. That being said, we provide quality, affordable workforce housing. Our tenants are employed or have a source of other income, and they are screened for their Household income, credit history and criminal record. Our priority is to have a safe place for all of our tenants to call home.

22. Describe the proposed development's minimum occupancy standards that will prevent or reduce over-housing residents in such limited affordable housing opportunities.

Our occupancy standards have a guideline for a maximum of 2 people per bedroom and 1 in the living room. For example, we will not rent a 3 bedroom unit to a 1 person household, there must be at 3 people in the household. That being said, we have a maximum of 2 people per bedroom, and 1 in the main living area (although not preferred). For 2 bedroom units at the proposed 27 unit, the maximum occupancy would be 5 people and for one bedroom units, the maximum would be 3 people. Therefore, our anticipated range of people on site using our average of 2.2 per HH is 2.2 x

27, or 60 people. This could, however be higher to a maximum of 109 people if all 27 households maximize their HH capacity.

PROPOSAL TIMELINE

23. Describe activities/benchmarks by month/year to illustrate how your project will be implemented. At a minimum, please include: site control, financing secured, acquisition, start of construction/rehab, end of construction/rehab, available for occupancy, submission of completion report/final draw request.

Activity/Benchmark	Estimated Month/Year of Completion
Site Control Meetings with Neighborhood Associations (EENA 12/20/17, 1/17/18, 3/21/18 and 6/20/18). MDC also hosted 2 neighborhood and tenant meetings on 4/18/18 and Alder Palm's Meeting is set for 9/26/18 at 6:30 p.m. at East High School. We plan to apply to UDC for approval in October 2018.	Site control completed in 2001 Neighborhood meetings in process
Secure HOME Funding of \$990,000 from City for the 27 unit project Secure final commitment from Bank/ Other Lenders UDC Zoning Final Approval Meeting, followed by Plan Commission Meeting	December 31, 2018
Secure UDC Zoning Final Approval, followed by the Plan Commission and City Council Approval for project	October 2018 to January 2019
Finalize Financing documents with the Bank	February 2019
Construction Documents Completed and RFP issued for General Contractor per City requirements, Selection of Contractor	February 15, 2019- April 2019
Start Construction / Finalize General Contractor paperwork and Break Ground	April 2019
End Construction / Complete 27 units, Available for Occupancy	May 2020
Complete re-design of Graaskamp Park project with UW's Graaskamp Center	May 2019/Fundraisig completed by May 2020
Reach 100% occupancy of new 27 Unit - Submission of Completion Report & Final Draw	August 2020

ATTACHMENT C- Community Facilities Development

1. Funds will be applied to:

- ☐ Acquisition only ☐ Rehabilitation
☐ New Construction ☐ Acquisition and Rehab/New Construction

2. Please explain why you are interested in acquiring or improving this space (e.g. cost savings, collaborative effort, accessibility improvements, etc.). Please describe the work being contemplated.

3. What is the current outstanding debt on the property (including any existing CDBG and City loans)?

Source/Name	Amount
	\$
	\$
	\$

4. If the applicant is renting space:

a. Who is the current owner of the property?

N/A.

b. What is the length of the proposed or existing lease and the proposed rental rate (in rent per square foot)?

5. If this proposal will be in new space, what is the impact of owning or leasing this space compared to your agency's current level of space-related costs?

PROPOSAL TIMELINE

6. Describe activities/benchmarks by month/year to illustrate how your project will be implemented. At a minimum, please include site control, financing secured, acquisition, start of construction/rehab, end of construction/rehab, available for occupancy, submission of completion report/final draw request.

Activity/Benchmark	Estimated Month/Year of Completion

PLEASE ATTACH THE FOLLOWING ADDITIONAL INFORMATION AND CHECK THE BOX WHEN ATTACHED:

- ☒ A completed Application Budget Workbook, showing the City's proposed financial contribution and all other proposed financing.

Separate File submittal with Attachment D -
CONFIDENTIALITY REQUEST

- ☒ A current list of Board of Directors (attached)
- ☐ A Capital Needs Assessment report of the subject property, if the proposal is for a housing rehabilitation project and if the report is available at the time of application. N/A
- ☐ A recent market study, prepared by a third-party market analyst, if available at the time of application. N/A
- ☐ For applicants seeking EECBG funds, an energy audit, prepared by a certified Focus on Energy auditor, if available at the time of application.
- ☐ For community facilities proposals, a minimum of two estimates upon which capital costs are based (please ensure that Fair Labor Standards and the payment of Federal Prevailing Wage Rates are considered in these estimates).
- ☐ For community facilities proposals, a copy of the plans and specifications for the work, or a description of the design specifications you are contemplating.
- ☐ For community facilities proposals, if the applicant owns the space, a copy of the long-range building improvement plan and building maintenance plan (please include a narrative describing what the building needs and how you expect to maintain it over time).

NOTE: If an appraisal, market study, or capital needs assessment is not available at the time of application, and the proposal is funded through this RFP process, these items must be submitted to the City prior to receiving a Loan Agreement.

ATTACHMENT D

DESIGNATION OF CONFIDENTIAL AND PROPRIETARY INFORMATION

Proposers are hereby notified that all information submitted in response to this RFP may be made available for public inspection according to public records laws of the State of Wisconsin or other applicable public record laws. Therefore, proposers are encouraged to refrain from submitting information that cannot be open for public inspection. However, if proposers must include information deemed confidential and proprietary by the proposer, proposer must comply with these instructions:

- Requests for confidentiality must be submitted prior to the proposal submission date to the City of Madison Purchasing Office.
- Requests for confidentiality must use this designated form. Failure to include this form in the bid/proposal response may mean that all information provided as part of the bid/proposal response will be open to examination and copying. The City considers other markings of confidential in the bid/proposal document to be insufficient.
- Any information to be considered confidential or proprietary must be separated and packaged from the rest of the proposal. Co-mingling of confidential/proprietary and other information is not acceptable.

Prices always become public information when bids/proposals are opened or when negotiations have been completed and the contract has been awarded. Other information usually cannot be kept confidential unless it involves a trade secret as defined in S.134.90(1)(c), Wis. Stats. Any information that will be included in any resulting contract cannot be considered confidential. A proposal, in its entirety, will not be considered confidential and/or proprietary.

Other information cannot be kept confidential unless it is a trade secret. Trade secret is defined in s. 134.90(1)(c), Wis. Stats. as follows: "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

In the event the designation of confidentiality of this information is challenged, the undersigned hereby agrees to provide legal counsel or other necessary assistance to defend the designation of confidentiality and agrees to hold the City of Madison harmless for any costs or damages arising out of the City's agreeing to withhold the materials.

The attached material submitted in response to Bid/Proposal # 8754-2018 includes proprietary and confidential information which qualifies as a trade secret, as provided in s. 19.36(5), Wis. Stats., or is otherwise material that can be kept confidential under the Wisconsin Open Records Law. As such, we ask that certain pages, as indicated below, of this bid/proposal response be treated as confidential material and not be released:

Section	Page No.	Topic	Specific law that supports confidentiality of information
Sections 1-4	Entire Worksheet	Fed Budget Worksheet	S.134.90(1)(c)

Company Name Madison Development Corporation -MDC 27-UNIT
Enter Name: Lorrie K. Heinemann, President & CEO

By entering your initials in the  box, You are electronically signing your name and agreeing to the terms above.

Date:

9/18/18 12:30 pm



Board Members – September 11, 2018

Ron Trachtenberg, Chair
VonBriesen Law Firm

Stuart Levitan
Retired (former State of Wisconsin Labor
Arbitrator)

Vicki Bankston, Vice Chair

Rob Bergenthal
True North Investments

Tom Golden, Secretary
M3 Insurance

Matt Younkle
Forward Fest/ Murfie

Mike Kollath, Treasurer
Kollath CPAs

Rich Arnesen
Stone House Development

Mary Strickland, Ex Officio (Past Chair)
R.W. Baird

Julia Stone
Amazon.com

Dante Viscarra
Wisconsin Latino News

Tony Koblinski
Madison-Kipp

Anne Neujahr Morrison
Urban Land Interests

Expiration Date: 09/11/2020

**Affirmative Action Plan
for
Request for Exemption
Employ 14 or fewer
(Effective for 2 Years)**

Madison Development Corporation

1. Company Name

550 W Washington Ave
Madison, WI 53597

2. Address/City/State/Zip Code

(608) 256-2799

3. Telephone

4. FAX

Sara@mdcorp.Org

5. E-mail Address

www.mdcorp.org

6. Your Website

Lorrie K Heinemann

7. Chief Executive Officer

Sara Gussine

8. EEO/AA Officer

09/11/2018

9. Date

11. Check one:

- ☐ Public Works (PW)
- ☐ Vendor & Supplier (V&S)
- ☒ Community-Based Organization (CBO)
- ☐ Small Cap TIFF

FOR QUESTIONS, CONTACT:

AA CONTRACT COMPLIANCE SPECIALIST
Department of Civil Rights Affirmative Action Division
210 Martin Luther King, Jr. Boulevard, Room 523
Madison, Wisconsin 53703
PH (608) 266-4910
FAX (608) 266-6514
contractcompliance@cityofmadison.com
www.cityofmadison.com/dcr

Summary

This summary is not your license, permit or official registration, except in the case where information about a temporary permit is specifically listed on this summary. Please contact the agency administrator if you have questions.

Date: 9/11/2018

Time: 11:48 AM

Section II - Current Workforce Head Count

DIRECTIONS:

Complete **ALL TOTALS** in last column and last 2 lines: 29 and 30. **Numbers requested are head count.**^[1] (Only if your entire company has **FEWER** than fifteen (15) employees, instead complete the **Request-for-Exemption form** available at www.cityofmadison.com/dcr/aaForms.cfm.)

Number of Employees Worksheet

Job Category	Gender	Disabled	White not of Hispanic origin	Black not of Hispanic origin	Hispanic	Asian or Pacific Islander	American Indian or Alaskan Native	Two or More Races	Total
Professionals	Female	No	2	2	0				4
	Male	No	6	1	1				8
Total			8	3	1	0	0	0	12

I certify that the number of employees shown ^X above is accurate and true to the best of this employer's ability.

James K Heinemann 9-11-18
32. SIGNATURE OF CEO

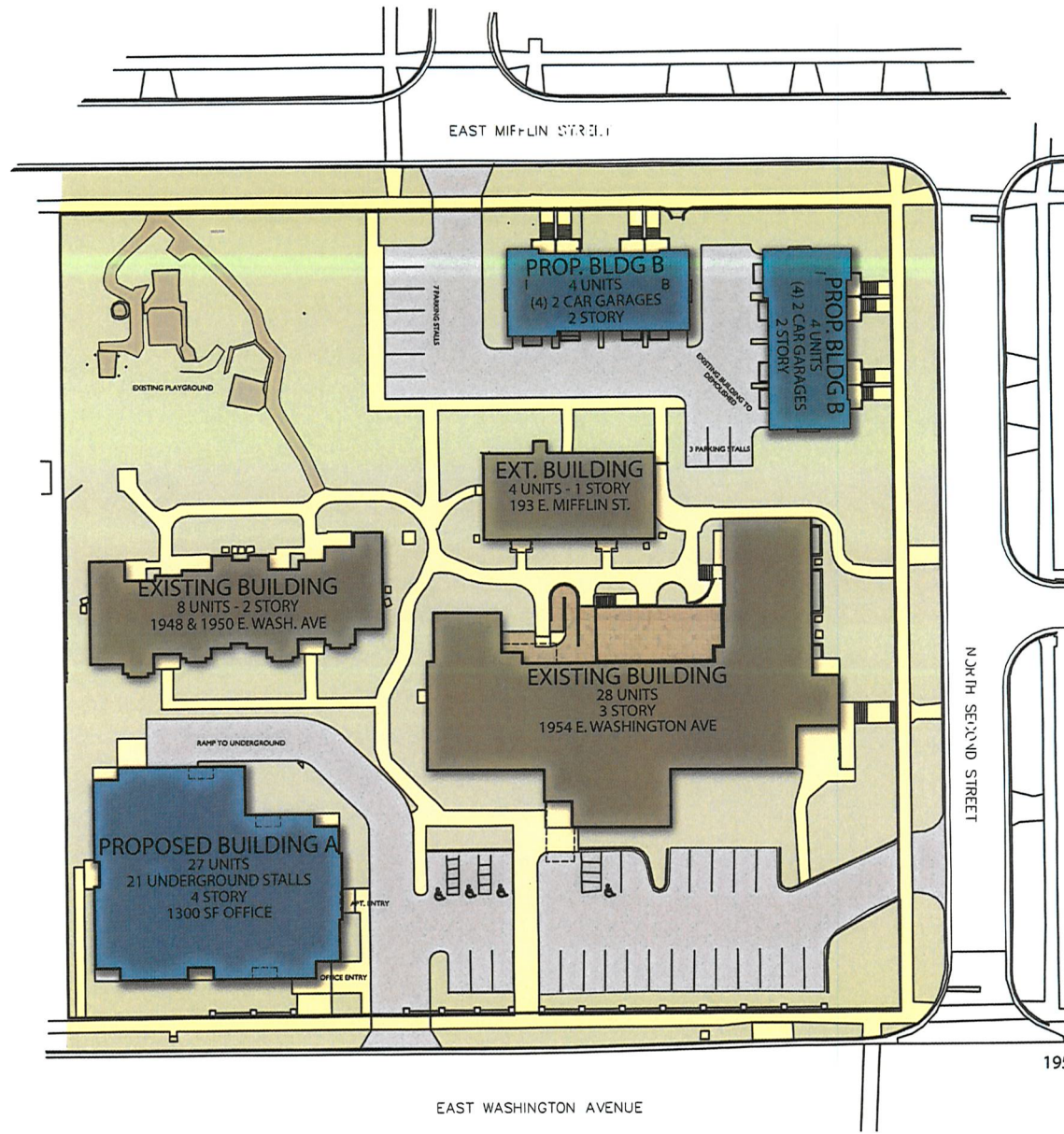


Affirmative Marketing Plan

It is the intention of Madison Development Corporation to effectively market its rental properties to all interested and eligible parties. To accomplish this goal, MDC will use the following procedures with respect to the marketing of its rental properties:

1. All vacancies will be advertised in available electronic media; including, but not limited to the MDC website.
2. A notice of all vacancies will also be sent to a list of organizations and service providers representing and aiding minority and low-income populations. Examples include Access to Independence; Madison Community Development Authority; Tenant Resource Center; and The Salvation Army.
3. The Equal Housing Opportunity slogan shall be used with all advertising and notices.
4. The fair housing poster shall be displayed in our offices where applications are accepted, and leases signed.
5. MDC will maintain records of all advertising and notices for no less than three years.
6. The source of the applicant's knowledge of the vacancy will be tracked in the application and inquiry process to evaluate the effectiveness of the plan.
7. Any practices and procedures not listed above but required by the HOME or City of Madison CDBG programs, will also be followed in compliance with program requirements.
8. MDC will implement the applicable portions of MGO 3.58, which outline the Affirmative Action Articles of Agreement
9. MDC will annually assess the success of its Affirmative Marketing Plan and take corrective actions when deemed necessary.

Madison Development Corporation is committed to providing affordable housing opportunities in accordance with the Federal Fair Housing Law.



The Avenue
Concept Site Plan- A
1954 E. Washington Avenue
September 18, 2018



MDC The Avenue 27-UNIT



1900 Block of East Washington
(Front View)

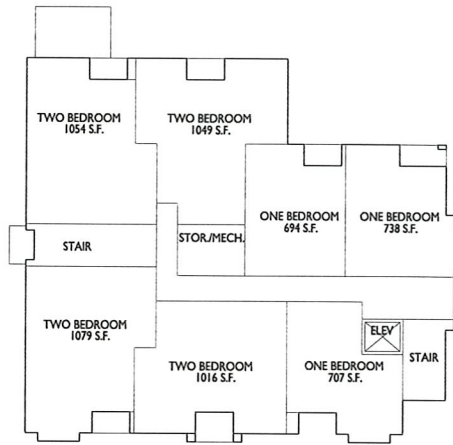


(Side entry)

The Avenue
East Washington Ave
September 17, 2018

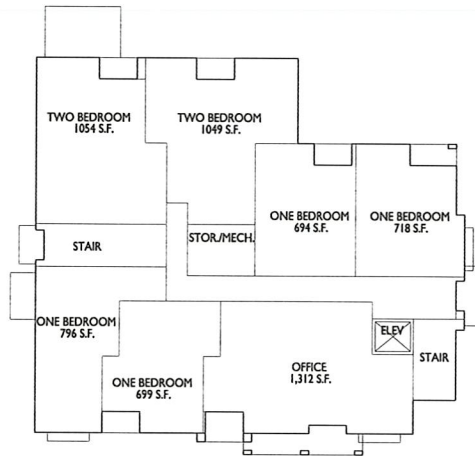


LKB
9/18/18
↑



SECOND-FOURTH FLOOR

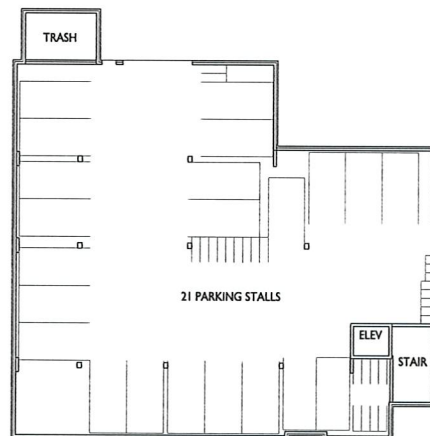
7,728 SQ.FT.



FIRST FLOOR

UNIT MIX:
13 ONE-BEDROOM
14 TWO-BEDROOM
27 TOTAL UNITS

7,688 SQ.FT.



BASEMENT PLAN

8,385 SQ.FT.

The Avenue
East Washington Ave
September 17, 2018





Federal Funds (HOME, CDBG, EECBG) Development 2018-2019
Updated 9-27-18 per City Request
by Madison Development Corporation (MDC) for
The Avenue Project

1. Describe the primary community need(s) the proposed project seeks to address and the expected outcomes. (Please limit response to 500 words including spaces).

The City of Madison has a high need for quality, affordable rental housing. There are 98,216 households (HH) of which about 47,143 rent in the City. Of these, it is estimated that 14.4% of renting HHs (6,788) are cost-burdened, paying more than 30% of their HH incomes on housing costs. Both the Mayor and the Economic Stability Council in Madison have identified the lack of affordable (reasonably priced) housing as the #1 economic stability issue in Madison.

MDC's Avenue project directly addresses this need by proposing to add a 27-unit¹ quality new affordable apartment complex on the 1900 block of East Washington¹. The Avenue's location is located in City's Affordable Housing Target Area that is preferred for new construction and the density also falls within the comprehensive plan's guidelines.

MDC has been in the affordable housing business for over 30 years. We buy, develop, own and manage all of our rental properties and hold them for the long term. We do not provide social services nor do we apply for Section 42 tax credits at this time. HOME funds are the primary source of government assistance for MDC's housing developments.

It is important to note that while we target HHs with incomes that range from 40% to 80% of the County Median Income (CMI) the majority of our tenants (74% of our current tenant base of 313 units) earn less than 60% of the CMI. Also, of our 313 units, 60% (or 188 HHs) have incomes less than 50%.

¹Note: This project may expand to a 30 or 32 unit, depending on the UDC application being submitted in October, based on neighborhood / Alder input.

2. Please provide an overview of the project, how it meets the criteria outlined in the Request for Proposals and the risks associated with the project. (Please limit response to 500 words including spaces).

MDC's Avenue Project will be located on the 1900 block of East Washington. We currently have 40 units on site, and plan to add a total of 36 new units over a period of 3 years. The first project is the addition of the apartment complex, currently configured as a 27-unit.

This project meets your criteria for providing decent housing LMI persons- Goal Area 1.

Quality: Concept Site Plan for the entire parcel includes a 27 unit being developed now on East Washington, plus 4 to 6 townhomes on E. Mifflin Street in the future. The 27 unit would have 13 one bedroom units and 14 two bedroom units and will target households (HH) that make between 40% - 80% of CMI. At least 11 units would be rented to HH with incomes under 60% of CMI and all units would be rented to HHs under 80% CMI.

Of MDC's current portfolio of 313 units, 74% are rented to HHs with incomes under 60% CMI.

Our plans include underground parking, an exercise room, and balconies. We expect to be fully rented within 3 months of completion. Our vacancy rate is currently at 2.3%, and we have high demand for all of our units.

When the UDC makes their decision on the unit mix and design later this year and the project is approved by the City Council, we will be ready to proceed with a targeted groundbreaking date of May 2019.

Responsiveness: MDC has full site control; it has been surveyed by Burse and has no environmental issues. Alder Palm is in support of this project, and is working with EENA to tweak the details of the 27 unit to possibly add up to 5 more units (take it to a 30 or 32 unit) to lessen future townhome density on E. Mifflin.

Feasibility: The project is feasible (but tight) with City Funding of \$990K and bank financing, but interest expenses are high. We will be negotiating with banks as well as meeting with socially conscious investors who may be willing to provide a low interest loan. MDC's equity in the project includes the value of the land we are building on plus (estimated at \$350,000) plus \$200,000 cash, or

\$550K towards a \$5.4 million project. The risk is low due to our equity in the entire parcel.

Capacity, Experience and Qualifications: MDC has been in the affordable business for over 30 years - our 3 finance professionals have MBAs and over 25 years of experience each, our Facilities and Property Management Leaders have been with us for over 10 years and 5 years respectively, and we are fully staffed to take on the new units.

Proposed Site/ Targeted Area. The site is on a bus stop, 1/2 mile from a medical clinic, 1/2 block from the proposed Public Market and walking distance an elementary and a high school.

Greenspace: MDC owns the Graaskamp Park and we may renovate the park and raise \$ in 2019/20 if this project moves forward.

Respectfully submitted by
Lorrie K Heinemann, Madison Development Corporation
9.27.18 2:10 p.m.