

Request for Qualifications

Development Partner for Revitalization

Community Development Authority of the City of Madison



Response to RFQ No. 10038-0-2021-DJ for Redevelopment Partner

Brinshore Development

August 27, 2021



BRINSHORE

Team Qualifications



Dan Johns
Housing Development Specialist
City of Madison
215 Martin Luther King Jr. Boulevard, Room 130
Madison, Wisconsin 53703

August 27, 2021

**RE: Response to RFP for Co-Developer/Development Team
Community Development Authority of the City of Madison RAD Initiative**

Dear Mr. Johns,

On behalf of the Brinshore Development and CommonBond, we appreciate the opportunity to submit to the Community Development Authority of the City of Madison (CDA) a response to the Request for Qualifications for a development partner for redevelopment and revitalization of the AMP 400 Triangle Site. We hope to bring our collective experience in repositioning public housing, revitalizing communities, and using well thought-out financing to these five sites.

Brinshore Development: Co-Developer

Brinshore Development, L.L.C. is an experienced real estate developer based in Northbrook, Illinois committed to creating quality affordable housing. Since 1994, Brinshore has developed more than 7,000 units of affordable rental housing in more than 100 properties in 18 states and the District of Columbia. Over that time, we have developed a specialty in partnering with public housing authorities to reposition and redevelop functionally obsolete developments, and to create revitalized mixed income and low income developments. We have experience working with every HUD program, including Choice Neighborhood Initiative, HOPE VI, and all of the repositioning tools including Section 18 and RAD. We have a strong track record obtaining the private and public financial resources necessary to redevelop public housing sites, including 4% and 9% Low Income Housing Tax Credits, Tax Exempt Bonds, HOME, CDBG, and many other sources. Brinshore specializes in senior as well as family housing, has experience with both rehabilitation and new construction, has experience with permanent supportive housing and artist housing, and has experience developing affordable housing funded by WHEDA in Wisconsin.

CommonBond Communities: Co-Developer and Property Manager

CommonBond Communities was founded in 1971 to develop, own, and manage affordable housing. We're focused on building stable homes, strong futures, and vibrant communities, working to realize our vision that every person has a dignified, affordable home that supports independence and advancement within a flourishing community. We are very adept and successful in navigating the complexity of funding sources to develop high quality real estate.

CommonBond currently manages 7,971 high-quality apartment homes and townhomes in 147 housing communities in over 50 cities throughout Minnesota, Iowa, and Wisconsin. These housing communities are located in urban, rural, and suburban communities. We serve over 13,000 residents, including single adults, families, seniors, and those with special service needs such as those who have experienced chronic homelessness, formerly homeless veterans, and people with varying physical and cognitive abilities. In addition to our owned (affiliated) properties, we also provide property management and resident services on a fee basis to other owners of affordable housing. Our on-site management and service provision is supported by centralized accounting, IT, compliance, asset management, and facilities management.

Site Design Group: Site Planner and Landscape Architect

Founded in 1990, Site has worked extensively with developers, municipalities, and other designers to provide design, planning, and construction services for affordable and mixed-income housing, mixed-use developments, parks and open spaces, and the public realm. Although based in Chicago, our experience in Wisconsin has expanded significantly in recent years. Notable recent projects include the Knowledge Road Streetscape at the University Research Park in Madison, The Hub at Madison off-campus student housing, Milwaukee Harbor District Riverwalk Design Guidelines, and several ongoing playfields with Milwaukee Public Schools. Our work reflects our commitment to improving the quality of life and the sustained resilience of all of each community, while prioritizing the highest level of design excellence.

Working with Public Housing Authorities

Brinshore has a 20-year history partnering with Housing Authorities on redevelopment projects. Brinshore's strength is providing Housing Authorities with the capacity, experience and financial strength it may lack by partnering to move important Housing Authority initiatives forward. We also see our role as building the capacity of Housing Authorities, so that they can develop future projects without the assistance of a co-developer.

The types of partnerships Brinshore has made with Housing Authorities have changed over the years. Initially, housing authorities would often procure Brinshore as a Master Developer or Developer to be fully responsible for redevelopment activities. Over time, the desire for Housing Authorities to develop their own capacity has grown so that our recent partnerships give housing authorities a more active role in the development process, and housing authorities are more willing to share risk with the development partner. Housing Authorities have become true partners with Brinshore.

Public Housing Repositioning and Redevelopment Experience

Brinshore is a leader in the implementation of RAD and Section 18 conversions. Brinshore is currently partnering with several housing authorities on portfolio repositioning projects of a similar scale and complexity. For instance, in Bloomington, IN we are working with the Bloomington Housing Authority to reposition its three public housing projects with a total of 320 in two phases using Tax Exempt Bonds/4% LIHTC and a RAD/SAC blend. The first phase has been implemented and the second phase starts construction Q4 of this year. In Freeport, IL, we RAD converted and renovated its two public housing towers with 167 units. In Indianapolis, IN, we RAD converted all of the public housing units in our Red Maple Grove HOPE VI development. In Gary, IN, we are working with the Gary Housing Authority to reposition a 170-unit senior high rise using Section 18 Demo/Dispo. We welcome this opportunity to work with the CDA. We are prepared to work with the CDA to make use of the RAD program as tool, in conjunction with Tax Exempt Bonds, Low Income Housing Tax Credits, Donation Tax Credits and other sources of new resources for the redevelopment of its portfolio.

Strong Relationships with Funders

Brinshore has strong relationships with many important funders, including HUD and WHEDA; private lenders, such as Bank of America, JPMorgan Chase Bank, and Citibank; and equity syndicators, like the Richman Group, Red Stone, RBC, and National Equity Fund. Because of our experience in developing mixed income housing and RAD conversions, our creativity in finance, and our experience with projects of similar scale and scope, we believe that the Brinshore Team is an excellent choice to be the co-developer with the CDA to redevelop its portfolio.

Primary Contact Person

Peter Levavi | Executive Vice President, Brinshore Development | 666 Dundee Rd, #1102, Northbrook, IL 60062
(224) 927-5057 phone | (847) 562-9401 fax | (847) 612-0049 cell | plevavi@brinshore.com

Please review the attached responses to the RFP. Please note that Brinshore affirms that all that is contained in this response is true and accurate. If you have any additional questions, or require additional information, please contact me at (224) 927-5053. We look forward to meeting you in person to discuss our team's qualifications.

Very truly yours,



Richard Sciortino
Principal

Team Structure

Lead Developer: Brinshore Development

Co-Developer: CommonBond Communities

Site Planner/ Landscape Designer: Site Design Group

Public Engagement Specialist: Brinshore Development and CommonBond Communities

Property Manager: CommonBond Communities

Qualifications and Experience

Individual Resumes for Key Team Members

Richard J. Sciortino – Principal, Brinshore Development

Mr. Sciortino directs Brinshore's acquisition, development and construction activities. Mr. Sciortino is responsible for due diligence, contract review, land-use approvals, site planning, market analysis, partnership arrangement and other development-related issues. Additionally, Mr. Sciortino serves as President of BCM, LLC, the construction arm of Brinshore Development, and oversees its day-to-day operations. Mr. Sciortino has over two decades of housing and economic development experience.

From 1991 to 1994, Mr. Sciortino served as an Assistant Commissioner with the City of Chicago in both the Department of Housing and the Department of Buildings. He initiated the Chicago Abandoned Property Program designed to acquire and redevelop abandoned buildings which since become an important tool for fostering community development and revitalizing Chicago's aging historical building stock. Prior to serving with the City of Chicago, Mr. Sciortino served as Vice-President and Partner with The Habitat Company, a national residential housing developer with over 15,000 apartments, and was a senior member of the firm's development team responsible for marketing, sales and brokerage activities.

Mr. Sciortino is an attorney and licensed real estate broker with extensive commercial real estate experience having arranged financing for over \$250 million in real estate transactions. Mr. Sciortino serves as the Vice-Chairman for Westside Habitat for Humanity, a non-profit affordable housing organization in Chicago, and is an advisor to Clara's House Shelter, which provides transitional housing for battered women and their children. Mr. Sciortino has a law degree from Tulane University, a master's degree in Real Estate from the Kellogg School at Northwestern University and a bachelor's degree in Finance from the University of Connecticut.

Peter Levavi – Executive Vice President, Brinshore Development (Project Manager)

Mr. Levavi joined Brinshore Development in the fall of 2000. Mr. Levavi is responsible for coordinating public housing redevelopment activities at Brinshore Development. Since 1987, Mr. Levavi has gained extensive real estate experience, working as a developer, attorney, broker and finance professor.

Mr. Levavi has experience managing complex public housing redevelopment projects, including Al Thomas, Gary, IN; Bloomington RAD I and Bloomington RAD II, Bloomington, IN; Westhaven Park, Chicago, IL; Legends South, Chicago, IL; Park Douglas, Chicago, IL; Division and Clybourn, Chicago, IL; Dorchester Art+Housing Collaborative, Chicago, IL; Fox Prairie, Aurora, IL; Red Maple Grove, Indianapolis, IN; Douglass Square, Champaign, IL; Crystal View Apartments, Urbana, IL; Brewster-Hosmer, Freeport, IL; Frederick Ball, Quincy, IL; and Aurora Impact Initiative, Aurora, IL.

Mr. Levavi was Director of Professional Education at the University of Illinois at Chicago's Great Cities Institute; a facilitator of the Community First Leadership Program and Housing and Community Development Program, an intensive training program for upper-level management from the U.S. Department of Housing and Urban Development; and a professor of Development Finance in the graduate College of Urban Planning and Policy Affairs. From 1993 to 1997, Mr. Levavi served as the associate dean of Spertus College, where he created and administered the Urban Developers Program, the Country's only city-based master's program in affordable housing development. From 1991 to 1993, Mr. Levavi served as Assistant Corporation Counsel in the City of Chicago's Department of Law. From 1989 to 1991, Mr. Levavi was a developer at Peoples Housing, a community development corporation in the Rogers Park community in Chicago.

Mr. Levavi is an active member of the Urban Land Institute and the Metropolitan Planning Council; is an adjunct professor in the Real Estate Program at DePaul University; and is a practicing attorney and real estate broker. Mr. Levavi earned a

B.S. from Cornell University, a diploma from the London School of Economics, a J.D. from Harvard Law School and a M.P.P. from Harvard University's Kennedy School of Government.

Karly Brinla – Associate Development Manager, Brinshore Development

Dr. Brinla joined Brinshore in June, 2020. As an Associate Development Manager, she is responsible for assisting with project management, including predevelopment, financing, construction, marketing, and community outreach. She has worked on projects in Illinois, Indiana, Utah, and South Carolina, with particular focuses on repositioning public housing using Section 18 and RAD Programs, and on Permanent Supportive Housing. Her repositioning experience includes Frederick Ball, Quincy, IL; Al Thomas, Gary, IN; Bloomington RAD I, Bloomington, IN; Bloomington RAD II, Bloomington, IN; and The Haven, Columbia, South Carolina. Before joining Brinshore's development team, Dr. Brinla worked part-time as a developer for Brinshore while teaching and completing her graduate work at the University of Illinois. She taught Business Calculus and Linear Algebra for Business, in addition to numerous other courses in the Mathematics department. She also consulted with Brinshore in 2014 on a statistical analysis project, where she designed and used a periodic algorithm to analyze fluctuations in the Evanston Housing Market. Karly has a Ph.D. in Mathematics from the University of Illinois at Chicago, and a Bachelor's Degree in Mathematics from Pitzer College.

Michael McGovern – Director of Finance, Brinshore Development

Michael McGovern joined Brinshore in March 2019. As the Director of Finance, he is responsible for interactions with the banks and equity providers. Michael is focused on maximizing capital proceeds and is involved in the financial aspects of the closing process, equity installments and conversion from construction to permanent financing. Mr. McGovern has over 20 years of community development expertise focused on affordable housing finance and tax credit equity. Prior to Brinshore, he was a LIHTC equity originator for Regions Affordable Housing from 2017 to 2019. At Regions, Michael provided debt and equity solutions for LIHTC projects in the Upper Midwest. From 2007 to 2017, Mr. McGovern was a Vice President of Commercial Real Estate for Associated Bank. In that position, he originated equity for LIHTC and Historic Tax Credit projects and provided construction and term financing for both affordable and market real estate projects. From 2001 to 2007, he worked in the Community Development Lending Department at LaSalle Bank. Prior to banking, Mr. McGovern worked in the non-profit sector with low-income populations in the Uptown community on Chicago's North Side. Mr. McGovern has a Master's Degree in Urban Planning and Policy from the University of Illinois at Chicago, and a Bachelor's Degree in Political Science from the University of Evansville.

Cecile Bedor – Executive Vice President of Real Estate, CommonBond Communities

Cecile Bedor serves as Executive Vice President of Real Estate. She brings executive leadership skills and practical experience to lead all real estate activities for CommonBond. She is responsible for all aspects of the purchase and development of real estate, property asset management to ensure financial sustainability, and reporting to project funders and investors. Cecile previously served as the Executive Vice President of GREATER MSP, where she began in 2014. Prior to that, she served for eight years as the City of Saint Paul's Director of Planning and Economic Development. During that time, she was also the Executive Director of the City's Housing & Redevelopment Authority. Before joining the City, she was the Director of Partnerships and Development for the Minneapolis Public Library, overseeing the system's marketing and communications, community library capital projects, and community partnerships. She previously held positions with the National Equity Fund, the Metropolitan Council, and Aeon.

Ernest C. Wong – Principal, Site Design Group

Ernest C. Wong, Founder and Principal of Site, has been instrumental in the evolution of the firm as a multi-cultural cutting edge design entity and fostering the landscape architecture profession in the City of Chicago. In managing the firm for over 31 years, Site has established a reputation for creative design solutions, and developing thoughtful, community-oriented urban spaces. A strong proponent of civic and community engagement, Mr. Wong sits on the board of numerous service organizations and professional juries including the Driehaus Award for Architectural Excellence in Community Design, Chinese American Service League, Near South Planning Board, and as the Chair of the Chicago Landmarks Commission. In addition, Mr. Wong is a frequent speaker at universities as well as design, business, and diversity conferences. This year, he will be the keynote speaker for the Florida ASLA Conference, the Oregon ASLA Design Symposium, and a juror for the inaugural AIA Roberta Feldman Socially Just Design Award.

HUD Asset Repositioning Experience

Brinshore Development is one of a small number of local firms with significant experience closing RAD transactions and transactions using alternative repositioning strategies. Having worked on more than a dozen transactions, Brinshore understands the programs; and their advantages and disadvantages. While we will bring this understanding to our work in Madison, we also respect the experience the CDA brings to the partnership, and work to increase the CDA's capacity to do this on its own in the future.

Brinshore is familiar, and has closed on all three types of RAD Conversions both with and without a RAD/SAC Blend:

- **RAD-O-MATIC**, where the public housing subsidy is swapped for a long-term HAP contract, performing minimal, if any, renovation. A RAD-O-Matic can be combined with borrowing some private debt to allow for minimal rehab. The main advantage is that the housing authority can retain full ownership and control of the property.
- **Tax Exempt Bond/4% LIHTC**, where the developer secures a commitment of Volume Cap for Tax Exempt Bonds and places these directly with a bank who provides construction and often permanent financing. The state finance agency will then provide a 42m determination letter allocating 4% Low Income Housing Tax Credits to the project, which are syndicated with an investor to raise equity.
- **9% LIHTC**, where the developer applies for a competitive allocation of 9% Low Income Housing Tax Credits from the state finance agency. This can be powerful tool to pay for new construction and substantial renovation and reconfiguration of developments.

RAD Experience: Villages of Westhaven (Chicago, IL), Brewster-Hosmer (Freeport, IL), Red Maple Grove (Indianapolis, IN), Thresholds RAD 2 (Chicago, IL), The Haven (Champaign, IL)

Brinshore also has experience using the Section 18 Demo/Dispo process. The primary advantage of the Section 18 approach is that all units that have been occupied at any point over the past 24 months prior to application are eligible for Tenant Protection Vouchers (TPV). The rents for a TPV can be up to 110% of FMR, which is often significantly more than the RAD rents. These TPV rents are often high enough to leverage a significant amount of private debt, and pay for either more work in rehab, or new construction. Another upside of Section 18 is that once the disposition has been approved, the property no longer has fewer requirements after rehab or new construction than a RAD conversion; there is no regulatory agreement that accompanies a Section 18, and is therefore a true Section 42 property with a HAP contract upon completion. However, in order to use this tool, the property must demonstrate obsolescence.

Section 18 Experience: Frederick Ball (Quincy, IL), Al Thomas (Gary, IN)

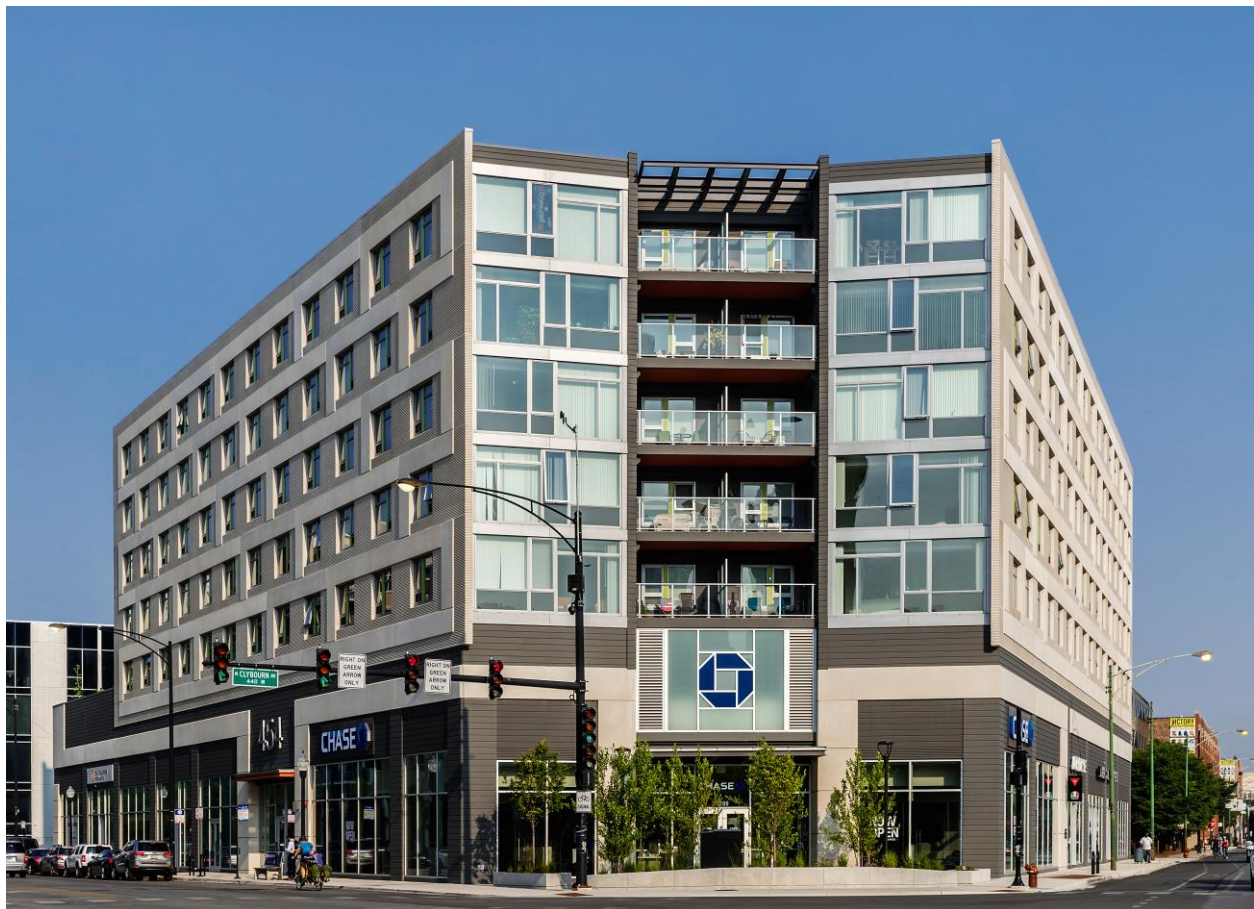
Lastly, Brinshore has used a mixture of these two tools, called a Rad/SAC Blend. In a blended approach, the Housing Authority essentially goes through the RAD process, but is allowed to have a portion of the units be Section 18 units, holding the higher TPV rents, without proving obsolescence.

RAD/SAC Blend Experience: Bloomington RAD I (Bloomington, IN), Bloomington RAD II (Bloomington, IN), South Terrace (Waco, TX)

Workforce Equity and Diversity Program Accomplishments

Brinshore and CommonBond are committed to workforce equity and diversity. In addition to being an equal opportunity employer with diverse workforces, we understand how important it is to include minority owned, women owned and locally owned professional partners on our team. We work with several MBE/WBE professional organizations that we will contact to work on our projects in Madison including: Cross Management Services (MBE/WBE) based in Milwaukee and specializing in construction compliance; K. Singh & Associates, Inc. (MBE) a civil engineer based in Wauwatosa; American Marketing Services, a (WBE) market study firm based in Chicago; and Urban Relocation Services (WBE) based in Chicago and specializing in tenant relocation.

Project Understanding and Approach



Statement of Understanding

Brinshore and CommonBond understands both the Scope of Services required to reposition/redevelop the Triangle in partnership with the CDA, and the priorities of the CDA and City of Madison in implementing this comprehensive redevelopment. We have extensive experience redeveloping sites of this scale, and repositioning similar public housing developments.

Vision and Master Plan: Our approach would be to work in close conjunction with the CDA to initially evaluate which, if any, of the existing developments on the site are appropriate for rehabilitation, and which are appropriate for demolition and redevelopment.

We understand the CDA's priority to reweave the Triangle into the existing community, and end the isolation of the residents. We have extensive experience redeveloping public housing sites into mixed income, mixed use, and mixed tenure developments to integrate the existing population into a broad income spectrum, in a highly desirable and amenity-dense setting. We also have experience breaking up superblocks, and installing new roads and other infrastructure to physically weave the site back into the neighborhood to complement the social engineering achieved by income tiering.

We understand the CDA's priority to include all stakeholders in the visioning and design process. Brinshore and CommonBond will facilitate a robust resident and community engagement process to both provide a vision and input on plans as they develop. We understand the challenges of working under Covid restrictions, and have conducted hybrid on site/facebook live community input sessions. We have used this approach to increase participation, especially for those who are unable or unwilling to attend a live meeting. We will post the recording of all community meetings on a dedicated website, so those who could not attend live, or virtually, can still have a record of the meeting. We will work tirelessly to ensure that all stakeholders are heard and ideas incorporated. Site Design, an award winning Chicago-based MBE site planner and landscape design, will lead the site plan design efforts with assistance from other design professionals to prepare a Master Plan and all of its pieces.

Financial Plan: Our team will be responsible for preparing a phased and viable financing plan for the implementation of the redevelopment. We have experience using many of the tools available in the financing tool box to address a project of this scale and complexity, including: CNI Implementation grants, Section 18 Demo/Dispo with Tenant Protection Vouchers, RAD and RAD/Section 18 blends, Project Based Vouchers, 4% and 9% LIHTCs, and Historic Tax Credits. In addition to identifying resources, we will be responsible for contracting for all third party due diligence, preparing all financing applications, soliciting competitive bids for debt and equity, assisting in the CDA in preparing all applications for HUD approval (including any Section 18 applications, RAD financing plans, Tenant Protection Voucher applications, etc.), and establishing all legal entities required to own and develop the projects. We will work with the CDA on a Housing Choice Voucher strategy that maximizes the ability of the current residents and future very low income residents to be able to afford to live in the redeveloped site. We will prepare a milestone schedule by phase, showing how and when each phase will move forward to closing and construction completion and lease up.

Implementation: We will procure appropriate architects for each phase of development, and work collaboratively with the CDA to achieve mutually acceptable plans and specs.

We understand the importance to the CDA for taking leadership in incorporating environmental sustainability features on the site and the buildings that will contribute to achieving the City's goals of 100% renewable energy and zero-net carbon emissions by 2030. We bring to the table our extensive experience incorporating energy generation methods including, photovoltaic panels, solar hot water, wind turbines, and geothermal heating and cooling. We also have experience using many of the common certification programs, including Energy Star, LEED, Enterprise Green Communities, Green Globes, and National Green Building Standards Certification. We also have experience managing the "sustainability charrette" process, in order to obtain input from all stakeholders and project designers, to guarantee that the goals are translated into action.

We understand that the projects must contain high levels of amenities to create a desirable community and attract and retain tenants. We will equip each unit with its own dishwasher, washer and dryer, and adequate storage space. We will use durable materials to reduce ongoing operating expenses, specifying solid countertops and cabinetry, and high quality flooring materials. The buildings will contain community amenities, such as exercise rooms, community rooms, business centers, and indoor bicycle parking. The site will contain attractive landscape features with a hierarchy of uses from individual patios and balconies, to building courtyards, and tot lots, to community gardens, walking paths, and dog runs.

We understand the CDA's priority to maximize equity and inclusion. We have already included MBE/WBE professionals on our team, and will look to increase the MBE/WBE participation every opportunity we have. We will work tirelessly to ensure that the economic benefits of these projects promote the growth and development of those typically excluded from this type of opportunity. We will procure general contractors for each phase, with an emphasis on selecting GCs who are either MBEs themselves, or who form a joint venture with MBE firms, and have experience demonstrating achievement of high levels of MBE/WBE/DBE contracting. We are familiar with the new Section 3 final rule, and will work hard to achieve high levels of Section 3 contracting and hiring, in particular Targeted employees, and specifically recruiting, training and supporting public housing residents who want to work in construction. We will provide milestone schedule updates on a monthly basis to the CDA with accompanying reports on construction progress, MBE/WBE/DBE and Section 3, and budgetary updates.

Partnership: We understand that the CDA is open to a variety of ownership arrangements. We prefer a partnership model of ownership, where Brinshore and CommonBond are in the ownership structure with the CDA over the life of the partnership, with the CDA having a Right of First Refusal and purchase option. The split of developer fees, and of percentage of ownership interests will be based on fair compensation for the division of risk and responsibility, and subject to negotiation. Since the greatest risk is predevelopment funding, we will be asking CDA for contributing its share of this risk by making a predevelopment loan. In a partnership approach to ownership and management, our team will be responsible for guarantees, including construction completion, operating deficits, tax credit compliance and environmental. CommonBond will be responsible for property management of the redeveloped properties, with Brinshore and CDA providing ongoing asset management and oversight. Our goal is to create attractive sustainable development that will last well beyond the life of the partnership and serve as a long term resource for mixed income housing for the CDA.

Experience



Experience Working as a Team

Brinshore and Site Design Group have partnered together on several projects:

- Dorchester Artist Housing Collaborative (Chicago, IL) – This project represents a unique community of mixed-income housing for artists, art professionals, and those with creative impulses, and was designed to foster community collaboration around the arts. The landscape design is unique Japanese-inspired riverbeds and native plantings, a very art-forward look for this artist housing.
- Clybourn 1200 (Chicago, IL) – Located in the heart of Chicago on a major intersection, Site Design and Brinshore were able to create a tranquil plaza in front of the building, providing a gateway for the project on a prominent corner of Chicago. This building was sustainably designed to achieve USGBC LEED certification.

Brinshore and CommonBond have partnered on the repositioning of two public housing highrises in Duluth, MN. CommonBond has also property managed several of Brinshore's properties in Wisconsin.

Section 3 Experience

Brinshore is committed to sharing the economic benefits of redevelopment efforts with those who have historically been excluded from hiring and contracting opportunities. We also believe that meaningful participation of public housing and other low-income residents is crucial to the success of any development; this belief informs our Section 3 and Minority and Women owned Business Enterprise Compliance program and employment practices at every phase. The Community Development Authority of the City of Madison can have confidence that our team will work tirelessly to achieve high levels of Section 3 and MBE/WBE contracting and Section 3 hiring. We have a history working with numerous MBE/WBE and Section 3 companies. We have worked with Old Veterans Construction (MBE / Section 3), Urban Works (MBE), Johnson Lee (MBE), American Marketing Services (WBE), Terra Engineering (WBE), McKay Landscape Architects (WBE), Pro Creative Law Firm (MBE / WBE), and many more. We are also willing to work with new, qualified, local MBE / WBE and Section 3 businesses.

We also understand that the final rule is now in effect. We have strategies to maximize public housing resident-owned businesses and we have extensive experience employing public housing residents. We plan to continue to maximize the number of hours worked by Targeted Residents.

Site Design Group also has experience with HUD Section 3 requirements and with working with MBEs and WBEs in Wisconsin. Site has a good working relationship with Gestra Engineering (MBE), Vistara Consulting Services (MBE), K. Singh (MBE), Otie (MBE), and M2 Engineering (W/MBE).

Repositioning Challenges

Brinshore has used different repositioning strategies tailored to the specific situation, and the options available at the time. Each strategy has its own advantages and disadvantages.

RAD Conversions. The main advantage to using RAD as a repositioning strategy is that over time, the process has become streamlined and predictable. Initially, the main challenge of using RAD to reposition a public housing asset was that the RAD rents were insufficient to allow for significant leveraging, as the HAP subsidies under RAD are equal to the public housing operating plus capital subsidy. Therefore, without bringing significant additional resources to the table, including 4% or 9% LIHTCs, the rents did not allow for sufficient private borrowing to pay for needed improvements. Fortunately, HUD, through subsequent notices, has provided the ability to blend RAD rents with Tenant Protection Voucher rents, to increase the ability to bring leverage to a project.

RAD/SAC Blends. The new approach of blending RAD with Section 18 and Tenant Protection Vouchers (TPV) to the project allows for significantly increased revenue, and borrowing capability. TPV rents can be significantly higher, in many cases twice as high as RAD rents, as they are based on 110% of Fair Market Rents (if supported by comparables). The first accommodation by HUD allowed for 25% TPVs along with 75% RAD. In a recent notice, HUD now allows 40%, 60% and even up to 80% TPVs in certain circumstances, greatly increasing borrowing capacity. The main challenges of using TPVs in a RAD/SAC blend include finding acceptable comparables to support the rents, and surviving the period from closing to unit completion prior to receiving subsidy. In some situations, the small market area within a mile of development does not have rents comparable to 110% of FMR, so a case needs to be made to HUD to use a larger area for rent comparability. One of the main differences between RAD and TPV is also when subsidy begins to flow. RAD subsidies flow immediately upon closing, but TPVs only kick in after the completion of the renovation of a unit, and its passing HQS inspection. This can mean significant operating deficits for many months. The way we have approached this challenge is to establish a construction period operating deficit reserve in the development budget to cover the operations costs during construction of the TPV units. In a large project, this can require a large reserve.

Section 18/Demo Dispo. Brinshore has also used Section 18 Demo Dispo authority through the SAC office in Chicago to reposition projects. While this approach has the advantage of providing 100% Tenant Protection Vouchers for all units occupied at any point over the previous 24 months, it also comes with significant challenges. First, in most cases, to qualify, you must show that the property is obsolete meeting a stringent “obsolescence test.” This requires demonstrating that the cost of renovations is too high to justify preserving the property through renovation, while preparing to do this work. The SAC offices required approach is tortured and requires significant amount of time working with the PNA consultant to satisfy. Once obsolescence is demonstrated, the approval process is lengthy, and the approval itself does not fit exactly with a rehabilitation project. For instance, it contemplates that all residents are relocated from the property prior to release of the Declaration of Trust, which is not the order of process in a renovation. Finally, there is a separate approval process to obtain the TPVs, which is also lengthy.

In conclusion, though still challenging, HUD has improved the options for repositioning public housing developments.

Wisconsin LIHTC Experience:

Brinshore’s experience working in the State of Wisconsin and applying successfully for LIHTC allocations:

Milwaukee Prosperity

Completed in 2016, Milwaukee Prosperity is an expansion of the ongoing partnership between the City of Milwaukee and Brinshore Development. Located in the Harambee and Lindsay Heights neighborhoods of Milwaukee, this 35-unit cluster includes six duplexes, 19 single family homes, and one four-unit building. Each property was meticulously rehabilitated with beautiful interior finishes and modern energy efficient appliances and systems. Development financing included \$6M in WHEDA-issued 9% LIHTC’s, City of Milwaukee NSP funds of \$500,000, FHLB AHP funds of \$180,000, and a first mortgage of \$375,000. Total development costs were \$7.6M.

Hopkins Place

Hopkins Place was completed in 2009 and was the rehabilitation and preservation of a 56-unit project-based Section 8 property for independent seniors. Development financing included \$3.4M in equity from WHEDA-issued 9% LIHTC’s and a \$2.5M loan from WHEDA. Total project costs were \$6.0M.

Franklin Square

Franklin Square was completed in 2011 and consists of a 10-unit townhouse complex and 27 apartments in an adjoining four-story mid-rise building. Amenities include an exercise room, club room, computer room, storage lockers, and secure first floor parking. Development financing included \$5.6M in equity from WHEDA-issued 9% LIHTC's, \$600,000 in City of Milwaukee TIF, \$1.7M in WHEDA Exchange Funds, and a private first mortgage of \$515,000. Total project costs were \$8.8M.

Heart and Hope Place

Heart & Hope Place, completed in 2011, offers 24 mixed-income apartments in a new four-story, mid-rise elevator building that includes indoor parking, a community room, fitness room, business center, in-unit laundry, and private balconies with views of Milwaukee's skyline. Development financing included \$3.8M in equity from WHEDA-issued 9% LIHTC's, \$1.4M in WHEDA Exchange Funds, and a private first mortgage of \$300,000. Total project costs were \$5.7M.

Century City Lofts

Century City Lofts is a new-construction development completed in 2013 and serving workforce and business professionals opting to live and work in Milwaukee. The building is comprised of 37 rental apartments in a two-story, eight-unit building and a four-story, mid-rise 29-unit building. Amenities include a fitness facility, a business center, and a club room. Development financing included \$7M in equity from WHEDA-issued 9% LIHTC's, City of Milwaukee NSP funds of \$495,000, and a first mortgage of \$580,000. Total development costs were \$8.4M.

Lindsay NSP

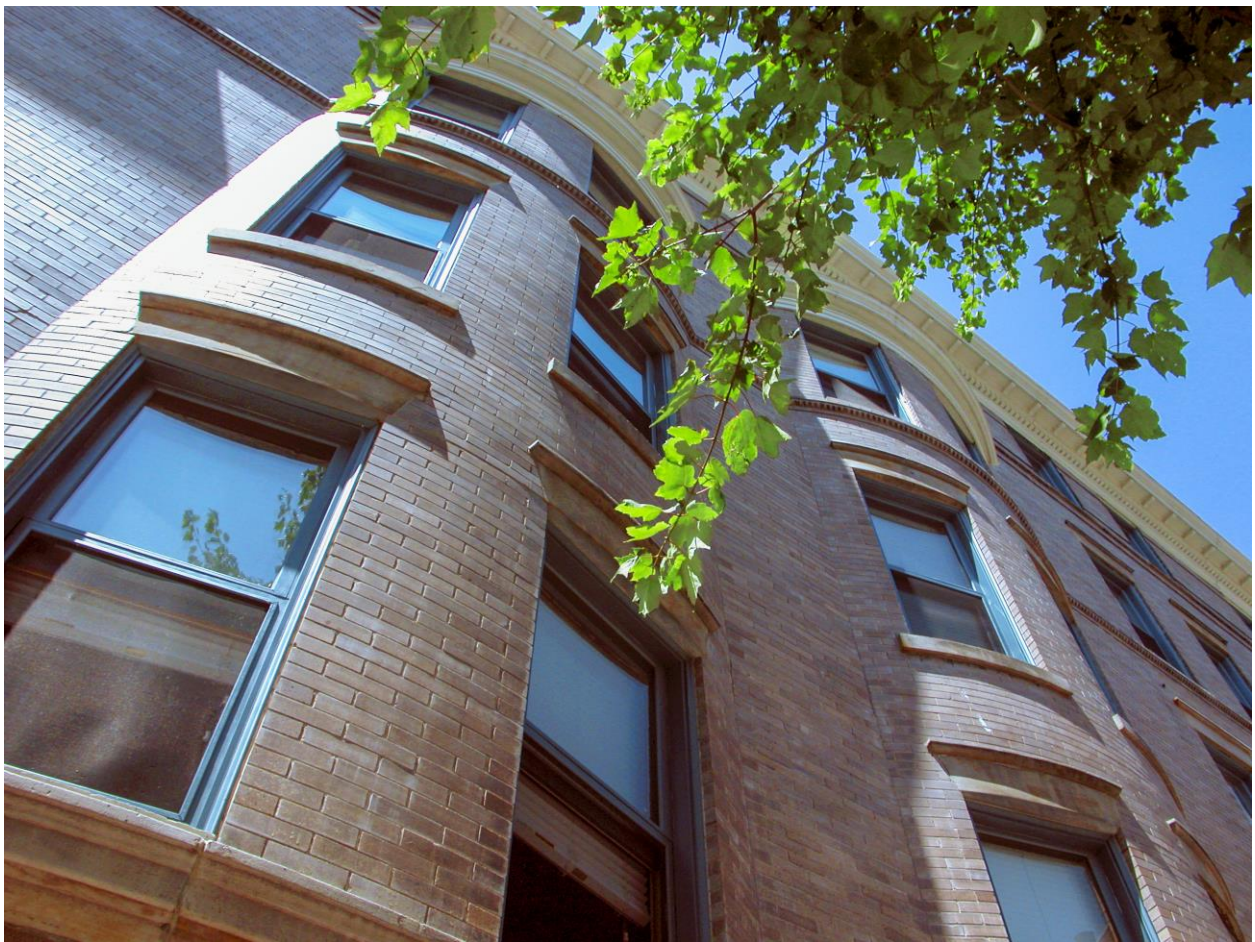
Working in partnership with the City of Milwaukee's Neighborhood Stabilization Program (NSP), Brinshore acquired 17 abandoned and foreclosed properties in 2012 in order to stabilize the Lindsay Heights neighborhood in Milwaukee. Each building was substantially rehabilitated with new, high-efficiency building systems, historically sensitive exterior cladding, and modern interior finishes. Development financing included \$5.8M in WHEDA-issued 9% LIHTC's, City of Milwaukee NSP funds of \$1,150,000, FHLB AHP funds of \$180,000, and a first mortgage of \$375,000. Total development costs were \$7.6M. The project was completed in 2013.

Villard Commons

Awarded an allocation of WHEDA LIHTC's in 2018, Villard Commons will be a brand new, environmentally sustainable, four-story development located in the Old North neighborhood of Milwaukee. The building will contain a mix of uses including 43 spacious one-, two-, and three-bedroom units and on-site amenities including a community room, a roof-top terrace, heated parking, a fitness center, and management offices. A ground floor commercial space will be located at the northwest corner of the site. Anticipated development financing includes \$4.9M in equity from WHEDA-issued LIHTC's, a City of Milwaukee TIF funds of \$500,000, FHLB AHP funds of \$645,000, and a first mortgage of \$1M. Construction is anticipated to start in early 2019.

CommonBond also has extensive experience working in Wisconsin. CommonBond has completed 22 Wisconsin projects to date, of various scales and housing types. CommonBond has served as Sponsor and/or Property Manager and/or General Partner and/or Developer on each of these projects.

References



References:

Housing Authority Partner

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Housing Authority Partner

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Former- Pendleton Flats; Pendleton ArtsBlock; Brookwood
at Antioch

Disclosures



Disclosures

Brinshore Development, CommonBond, and our team members, have not encountered any foreclosures, defaults, or bankruptcies in relation to any development projects worked on in the past ten years. No involved members have any litigation completed, pending, or underway in relation to any financing or construction project as well. Brinshore and CommonBond pride ourselves on our ability to secure efficient financing from a plethora of different sources, including the WHEDA, to avoid any issues in relation to financing for projects. Brinshore and CommonBond also have trusted attorneys and legal expertise to ensure no litigation is involved during or after the development process.



Compliance



Statement of Intent to Comply

Brinshore, CommonBond, and Site Design Group all intend to comply with the Affirmative Action Ordinance of the City of Madison (MGO 39.02).

All team members that the Brinshore-CommonBond team on boards who require licensing will be licensed within the State of Wisconsin for the duration of the project and carry sufficient Errors and Omissions Insurance.

