

**Madison Family Supportive Housing
Project Narrative**

Heartland Housing, Inc. (Heartland) is pleased to present its plan to construct and manage quality permanent supportive housing for families at 7933 Tree Lane in Madison, Wisconsin. In Fall 2014, the City of Madison Community Development Authority (CDA) issued a Request for Qualifications (RFQ) for a developer to assist the CDA in addressing its growing homeless population. An advisory group chose Heartland to lead this effort through the construction of a permanent supportive housing development. Simultaneously, the advisory group approved Heartland Housing, Inc. as property manager and the Madison YWCA as the service provider. Heartland, along with its partners in the City of Madison and the Madison YWCA, has worked to create a plan for permanent supportive housing for families that not only serves the most vulnerable but also provides new investment and stability to the community.

The Partners/Developers

Heartland Housing is the developer and will be the property management agent for the Development. Heartland Housing is a subsidiary of Heartland Alliance for Human Needs & Human Rights, a 127-year-old service-based human rights organization that provides housing, health care, human services and human rights protections to more than 72,000 impoverished people annually. Since its founding in 1988, Heartland Housing has developed over 1,900 units of housing and currently manages more than 900 affordable and supportive housing units in Chicago and Milwaukee. Heartland works with neighborhoods to identify housing and community development needs and provides innovative solutions that foster stable communities. In 2014, Heartland successfully opened Maskani Place at 320 E. Center St., the organization's third affordable supportive housing development in Milwaukee and its first for families. This followed the success of Capuchin Apartments at 2502 W. Tamarack St., completed in 2011, and Prairie Apartments at 1218 West Highland Ave., completed in 2009. Heartland completed construction of its first permanent supportive housing development in Madison in June 2016.

The proposed development continues Heartland's long-term commitment to working with project partners to identify and implement housing solutions. The mission of the YWCA Madison – eliminating racism, empowering women, and promoting peace, justice, freedom and dignity for all – is well aligned with that of the project. The YWCA Madison advances race and gender equity to create a more inclusive community; helps people improve their financial situations through job training and transportation; and supports people in housing & shelter. The YWCA has been providing housing to vulnerable populations since its inception. Currently, the YWCA Madison is the largest provider of affordable housing for single women in Dane County.

The Property

The development will be located at 7933 Tree Lane just off Mineral Point Road on Madison's west side. The site, a City-owned parcel since the mid-1990s, is currently undeveloped. The CDA has executed an Option to Purchase with the City for the site and subsequently assigned it to Heartland Housing, Inc.

The CDA identified the site based on seven criteria: walkability, good transportation access, school proximity, grocery stores access, poverty rates (not a concentration of poverty), availability (that it is for sale), and that it is a WHEDA priority census tract. The site meets all of those standards as described below.

The site is 0.2 miles from two bus stops regularly serviced by bus route #15. This easily accessible transit route will allow residents that do not have private transportation to easily access other areas of the City and County. The site is also approximately 1 mile east of a major highway (US Route 12/14) providing easy access to other areas of Milwaukee.

The Development is located in proximity to many public and private amenities that will enhance residents' quality of life. These amenities include:

- Grocery stores - Copps and Aldi's - within 0.7 and 1 mile respectively.
- Lussier Community Education Center within 1.1 miles. The Lussier Center offers a variety of opportunities and services for adults and children of all ages, offering free educational, social, recreational, and civic programs.
- Local elementary school (Muir Elementary) is 1.6 miles and the middle school (Thomas Jefferson) and high school (James Madison Memorial) are within 1.2 miles.
- Madison Area Technical College within 1 mile.
- Madison Public Library (Alicia Ashman Branch) is 1.1 mile away.
- Affordable shopping options, including a Target within 0.5 miles, a Shopko within 0.7 miles, and a Walgreens drugstore within 0.2 miles.
- Restaurants and retail (mobile phone, clothing, family hair salon, bank) within two neighboring commercial strips (0.2 miles).
- Haen Family Park is 0.3 miles away.
- Womens Health and Pediatric and Adolescent Health Care at UW Health West Towne Clinic is 0.5 miles.
 - *Note: All distances are based on walking routes.*

The area north of the development site is a stable well-maintained neighborhood that offers many amenities and job opportunities. 7933 Tree Lane is within Census Tract 2.04. Due to the proximity to retail and jobs, the site qualifies as both a WHEDA High Need Area and Employment Center Census Tract. Furthermore, the median income for the census tract is categorized as "much higher" (128.5%) than that of the nation (using HUD's economic development toolkit: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/).

Building Design & Unit Amenities

Heartland Housing believes a significant investment in high quality design and materials is necessary for the long-term success of affordable housing. Heartland is working with the architectural firm Valerio Dewalt Train Associates to create a space that promotes wellness and that is a desirable place to live for a wide range of families. The Development will embrace the best practices in sustainable design including but not limited to the promotion of energy and water efficiency. A participatory design process in which potential residents provide input on amenities and space lay out will inform the program and design.

The following principles guide the design:

- **Sustainability.** The team is committed to constructing the building to the standards of Wisconsin Green Built Homes.
- **Accessibility.** The Development will maximize the number of universal design features for all units.
- **Durability.** Careful consideration will be given to materials and finishes to ensure the long-term quality and marketability of the building.
- **Security.** Exterior and interior security cameras will be installed to deter and document undesirable activity. Secured exterior doors and limited access to residential areas will protect residents' safety.

Common Spaces

- The building will provide office space for the supportive service provider as well as an on-site leasing and property management office. Office space for the case management and counseling professionals will mean support is easy to access, thereby increasing residents' participation in services.
- Community spaces such as a multi-purpose/meeting room will provide residents with a place for meetings, social gatherings and human growth activities.
- A library will give residents an opportunity to have quiet space for reading, study and homework.
- A business/technology center will provide residents with access to technologies that they probably cannot afford on their own. The case manager can utilize the center to help residents obtain employment, develop basic computer skills, and access public resources.
- An outdoor open space will offer a safe and protected place for free and structured play for the children in the development.
- Residents also will have access to bike storage, an individual storage unit, and an outdoor patio.

Residential Units

- The building will consist of 45 units: 19 two-bedroom, 23 three-bedroom and 3 four-bedroom apartments. The two-bedrooms will be approximately 755 SF, the three-bedrooms will be approximately 1,000 SF, and the four-bedrooms will be approximately 1,220 SF.
- All apartments will have a full-size kitchen, equipped with a full-size refrigerator, a full-size range and oven, and a range hood vented to the exterior.
- The two-bedroom apartments will have one bathroom. The three- and four-bedroom apartments will have two bathrooms. All baths, except those meeting universal design requirements (which will have a roll-in shower), will feature a bathtub, low-flow toilet, and a sink with a medicine cabinet and a storage cabinet.
- All units will have washer and dryer hook-ups.

Financial Structure

The financing structure for Madison Family Supportive Housing is a mix of tax credit equity, several sources of soft financing, and rental assistance. Heartland Housing has the experience and expertise to navigate the challenges of multilayered financing. We are confident that we will be successful in securing the requisite tax credit investment and soft funding if the Development receives an allocation

of tax credits. Many of the funders that participated in the creation of Heartland's past WHEDA projects are likely to also participate in this development. We expect to close on financing in the spring of 2017 and place in service in spring of 2018.

Sources of Financing – Equity

- **Federal Low Income Housing Tax Credit Equity** – Heartland Housing has received an award of \$701,058 in annual credits from the Wisconsin Housing and Economic Development Authority (WHEDA). We are projecting a price of \$1.04 per credit, which will generate \$7,290,274 in total equity.

Sources of Financing – Permanent

- **Chicago Federal Home Loan Bank (FHLBC) Affordable Housing Program (AHP)** – The FHLBC has awarded Heartland Housing, Inc. with a grant of \$675,000 for the 2016 program year.
- **City of Madison and Dane County** – This project is of the utmost importance to the City of Madison and Dane County. For that reason, Dane County has committed \$1,000,000 in capital budget funds for the Development. The CDA has committed \$1,615,000 in capital budget funds for a total allocation of \$2,615,000 in local support.
- **Mortgage** – The Development will support permanent debt of \$1,141,765. The loan sizing is based on the WHEDA financing terms for 9% LIHTC projects – a rate of 5.5% amortized over 30 years. Heartland Housing has worked with private lenders to provide first mortgages on many of its recent projects.

Sources of Financing – Construction Debt

- **Construction Loan** – Heartland Housing proposes to borrow approximately \$6,300,000 from a private lender to bridge the equity pay-in from the tax credit investor through the construction and stabilized occupancy periods. Bridging tax credit equity has become a necessity to attract an investor in the current tax credit market as well as to maximize the credit pricing. The bridge lender will be chosen upon a successful tax credit application.

Sources of Financing – Rental Subsidies

- **Project-Based Rental Assistance from the City of Madison Community Development Authority (CDA) and the Dane County Housing Authority** – The CDA and Dane County Housing Authority have committed to providing a total of 40 Project-Based Rental Subsidies. These rental assistance payments provide the difference between the contract rent and what residents can afford, no more than 30% of the household income.

Residents

Madison Family Supportive Housing is designed to serve families who would not be able to stay housed without a wide range of supportive services. In general, the Development is designed for families that need a moderate level of support to be independently housed. Residents will be able to live in the project permanently as long as they follow the rules of their lease and meet income eligibility

requirements. For some, this will be their long-term home. At the time of initial lease-up, we anticipate that residents will be drawn from a central referral network.

Rent and Income Restrictions

All units will have some form of rent and income restriction in accordance with the development’s goals and funding sources.

# Units	Unit Type	Max CMI
5	2 BDRM	30%
14	2 BDRM	50%
11	3 BDRM	50%
12	3 BDRM	60%
3	4 BDRM	60%
45		

- CDA will provide project based rental vouchers for 20 units and Dane County will provide an additional 20 project based rental vouchers. Per their standards, residents will be responsible for paying up to 30% of their income on rent for these units. Rents for those units will be set in accordance to the Community Development Authority limits.
- Rents for the remaining 5 units will be set a level affordable to those earning up to 30% CMI. These units will not be subsidized.

The Development will cover resident utilities, which will include water/sewer and gas (heat and hot water). Residents will pay for electric as well as phone, cable and internet if they chose to set up these services with the local provider (all units will be pre-wired for phone, cable and internet).

Property Management

Heartland Housing will be the property management agent for the Development. Heartland’s management model emphasizes the need for property management and case management professionals to work closely together to ensure residents’ stability and to maintain the health of the building community.

The building will be managed by a half-time Property Manager, employed by Heartland, who will be responsible for building operations, including administration, management (rent collections and billing) and overseeing maintenance. The Property Manager is supervised by the Area Manager for Heartland’s Milwaukee portfolio. The maintenance team will be responsible for preventative maintenance, building repairs, building cleaning and landscaping will be at the development on a full-time basis. In addition, the development will employ a half-time assistant property manager/office coordinator and front desk staff, which will cover after-hours security with coverage determined as the Property Manager sees appropriate. The Madison YWCA will also have on-site staff members, which include full-time Case Managers.

Operations

The total annual operating budget is approximately \$424,059, with an additional \$13,500 for the annual replacement reserve. We feel this is an appropriate budget due to the supportive nature of the Development. The target population for this building requires significant staffing costs in order to provide the secure and service enriched environment that allows for independent living.

Supportive Services

Supportive services at the Development will be based on a voluntary services model. The philosophy is that residents of supportive housing have a right to safe, affordable housing and are entitled and beholden to the same rights and obligations as any other leaseholder. Services will be designed to help residents maintain housing stability and maximize their independence.

The YWCA has been providing housing to vulnerable populations since its inception. Currently, the YWCA Madison is the largest provider of affordable housing for single women in Dane County. In addition to single women's housing, the YWCA also provides supportive housing for small families and emergency shelter for homeless families at the 101 E. Mifflin Street location. Outside of the housing facility, the YWCA Madison supports more than 85 apartments in the community through supportive services and rental assistance following principles of the Housing First Model.

Most of the YWCA clients face barriers to stable housing and have had difficulty maintaining housing. Barriers include lack of income, unstable work histories, poor credit, limited budgeting skills, lack of education, medical, dental, and/or mental health concerns, substance abuse issues, limited understanding of tenant rights and responsibilities, among others. In addition, many of the people they serve have also experienced trauma in their lives including domestic violence. While most residents are English-speaking, the YWCA also has bilingual staff available to assist Spanish-speaking individuals.

To meet the goal of providing quality, affordable housing for individuals and families who may have few alternatives, the YWCA has implemented an array of support services assisting tenants in achieving needed residential stability and, whenever possible, necessary linkages with resources and the community at large. The overall goal is to create an environment that allows residents to create a sense of real home. Services provided include: identification of needs; advocacy and referral; help in applying for financial assistance programs; budgeting assistance; supportive counseling and assistance in mediation, problem-solving and conflict resolution; service coordination with other agencies; and access to an onsite food pantry and revolving loan fund.