

Section 4.3

Project Description

The Project consists of 54 units at three locations, Park Vernon Apartments at 1601 Vernon St in Stoughton, Summerhill Apartments at 205 Danbury Ct in DeForest and Park Verona Apartments at 506 W. Verona Ave in Verona. There are 30 one bedroom units and 24 two bedroom units. All 54 units will be affordable with a rental subsidy, 49 units being subsidized by USDA Rural Development and the remaining 5 units will have rental subsidy delivered through Project Based Vouchers provided by HUD. For all units the tenants will pay 30% of their income in rent with the remaining paid by either USDA or HUD.

Income restrictions will be placed on all 54 units with the following breakdown:

- 10 units at or below 30% CMI
- 23 units at or below 50% CMI
- 21 units at or below 60% CMI

Because all units in this project have a rental subsidy we will not cap the number of units rented to very low or extremely low applicants. The DCHA will select the next eligible family on the waitlist regardless if the income set-asides have been met. This may mean that all of the units are rented to applicants with income between 0-30% of CMI but at a minimum we are guaranteeing the above.

The total project costs covering acquisition, rehab, soft costs and fees will be approximately \$6,981,344. For details please see the attached financial analysis. The Project will be funded with a mixture of bonds, tax credits, short and long term loans and grants. Sources and approximate amounts are:

- WHEDA Preservation Revolving Loan Fund: \$2,125,000
- USDA/RD or WHEDA loan: \$635,000
- USDA MPR Acquisition loan: \$991,509
- Federal Home Loan Bank AHP grant: \$795,000
- 4% LIHTC equity: \$1,743,332

These sources leave a project gap of \$567,929, the total amount the DCHA is applying for in this grant. The minimum of county funding necessary to complete the project is \$313,965. The difference can be made up by deferring our developer fee however we prefer to retain the fee for operation reserves and unforeseen costs in the first years of operation.

If successful, the County grant funds will be applied to land and rehabilitation hard costs for the units in the Park Verona project. It is the intention of the DCHA to receive the Dane County funds in the form of a grant. The project will remain affordable for a minimum of 30 years per the land use restriction agreement required by WHEDA for LIHTC projects. Additionally DCHA commits to keep the project affordable for as long as it retains the project even beyond the 30 year period.

Section 4.4

Housing First

The Project will further the county's goal of Housing First by:

- Providing permanent housing with reduced barriers to entry
- Delivering Empowerment Supportive Services
- Standard housing lease without mandated therapy or services compliance

Selection criteria will be adjusted to reduce barriers to entry and provide otherwise unqualified applicants with an opportunity to secure housing. A detailed description of the selection criteria follows in Section 4.7.

Empowerment Supportive Services will be provided for residents of the project at no cost and at no obligation. Services will include Assistance with Benefits, Job Services and Financial Literacy. A detailed description of the empowerment supportive services follows in Section 4.6.

The lease for the tenants at the project will be our standard residential lease. The lease will not have any stipulation to use the supportive services offered or any additional provisions that are not part of a standard residential lease.

Section 4.5

Targeted Population

All three locations in the project are currently restricted to the elderly at or below 60% of CMI. The elderly designation will be continued however the new income restrictions in Section 4.3 will be enforced making units available from as low as 0%.

Section 4.6

Supportive Services

Empowerment Supportive Services will be provided for residents of the project at no cost and at no obligation. Services will include Assistance with Benefits, Job Services and Financial Literacy. **Assistance with Benefits** will be provided by Dane County Human Service (DCHS). DCHS manages a diverse group of programs which promote self-sufficiency including Food Share, Medicaid and Badger Care Plus, Wisconsin Shares Child Care Subsidies and the Wisconsin Works cash benefit program. In addition DCHS offers Tenant Resources to help with Landlord/Tenant issues and eviction prevention, child care referral services, a Drop-in Child Care Center and Reduced Cost Bus Passes. Finally DCHS helps connect to other resources such as Energy Services for utility payment assistance, Forward Services Corp. for employment and job training services and 4 Cs for child care certifications, resources and referrals. DCHS's main location is at the Job Center in Madison and some services can only be obtained at that location, we will provide information on all available public transportation options to reach the Job Center. However, DCHS also operates a community outreach program called Joining Forces for Families (JFF) that operates a satellite office in each of the three communities covered by this grant application. Most services offered by DCHS can be obtained through the JFF offices. In addition we plan to hold informational sessions on all services provided at our offices at least annually. We will make residents aware of public transportation options to get to our office and make private transportation available to anyone who wants to attend the session if public transportation is not available.

Job Services will also be provided by DCHS. DCHS offers assistance in addressing barriers to employment, finding job leads, resume assistance and interview training. They assess education levels, career inventories, career aptitude, promote exposure to employment environments and teach tangible work skills. DCHS can also assist in creating business plans and help network for financial support for persons interested in creating a small business.

Financial Literacy will be provided by GreenPath. GreenPath offers free credit counseling and debt consolidation including credit report review and education on how to manage and improve credit scores. Advisors help explore options for achieving financial goals and creating a custom action plan. GreenPath can work with creditors to stop collection calls, lower interest rates and eliminate debt. Services will be available to residents on-line, over the phone and at GreenPath offices year round. In addition we plan to host on-site events targeted to the residents at least once per year. Supportive services listed above will be funded out of rent proceeds to the project. Memorandums of understanding with both DCHS and Greenpath have been drafted and signed by both parties and are included in this application.

Section 4.7

Tenant Screening Policies

Selection criteria will be adjusted to reduce barriers to entry and provide otherwise unqualified applicants with an opportunity to secure housing. **Credit-** applications with a credit score below 390 will be denied. However if the applicant shows evidence of completion of a free credit counseling session with Green Path their application will not be denied regardless of credit score. **Debt to previous landlord-** applications the show a debt to a previous landlord will be denied. However if the applicant negotiates a written payment plan that is acceptable to the landlord and shows evidence of making at least the first payment on that plan will not be denied. **Conviction of drug or alcohol use related offense-** applications which show a conviction for drug or alcohol use related offense in the past two years will be denied. However if the applicant provides evidence of completion of a drug or alcohol treatment program, the application will not be denied. **Eviction-** Applications that show a writ of restitution for eviction from housing within the past 5 years will be denied. However if the application shows only one eviction in the 5 year time period, and that eviction was for non-payment of rent, and the applicant shows evidence of completion of a free credit counseling session with Green Path their application will not be denied.

Income will not be required for residency since all units in the project will come with rent assistance. **Housing references** will not be required but will be verified. A history of lease violations (other than non-payment of rent) will result in denial of application. **Criminal history** will be verified and applications that show convictions for felonies or other charges that may interfere with other tenant's peaceful enjoyment of the property within the last two years will be denied. Arrest record (without conviction) will not be considered when screening applications.

Section 4.8

Funding Leverage

The total project costs will be \$6,981,344 including acquisition, rehab, fees and soft costs for development. The County funds of \$567,929 are just 8.14% of the total development cost. The other sources of funds are:

- WHEDA Preservation Revolving Loan Fund- \$2,125,000
- USDA/RD or WHEDA loan- \$635,000
- USDA MPR Acquisition loan- \$991,509
- Federal Home Loan Bank AHP grant- \$795,000
- 4% LIHTC equity- \$1,743,332
- Reserves transferred with sale- \$123,574

The \$567,929 of County funds will enhance the affordability of the project because without the County funds the project will not go forward, and as stated the current owner has filed paperwork with USDA Rural Development to take the project out of the RD program if our acquisition fails. This means that without the County funds the units will be taken to market rate and the low income residents will be forced to find new housing. The rate of county funds to affordable housing unit bedroom is \$7,281 per bedroom.