

**MILWAUKEE COUNTY
INTER-OFFICE COMMUNICATION**

DATE: August 24, 2012

TO: Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

FROM: Héctor Colón, Director, Department of Health and Human Services
Prepared by James Mathy, Administrator - Housing Division

SUBJECT: Report from the Director, Department of Health and Human Services, requesting authorization to enter into a HOME written agreement for \$850,000 with General Capital Group for the construction of 11 units of affordable housing at 6000 Creekside Drive in Brown Deer

ISSUE

The Department of Health and Human Services is requesting authorization to enter into a HOME Written Agreement for \$850,000 of HOME funds with General Capital Group to assist in the construction of 11 units of affordable housing at 6000 Creekside Drive in Brown Deer. These 11 units will be a part of a 44-unit development called Beaver Creek.

BACKGROUND

The HOME program was born out of the National Affordable Housing Act of 1990 and was a spin-off of the Community Development Block Grant program to address housing needs only. Milwaukee County, as a designated Urban County, is part of a HOME Consortia with West Allis and Wauwatosa.

Financing of rental projects is an eligible HOME activity and the Village of Brown Deer is part of the HOME Consortium jurisdiction. Financing of the project, if approved, will include a mortgage and promissory note at 0% interest deferred for 20 years. Eligible costs for the project include construction costs of the HOME units, a proration of required common areas, proration of land acquisition costs and a maximum reserve of 18 months. Minimum HOME investment per unit is \$1,000 and the maximum is listed below.

NON ELEVATOR TYPE	Basic Limit Per No. of Bedrooms				
	0	1	2	3	4
	\$50,956	\$58,752	\$70,857	\$90,699	\$101,042

ELEVATOR TYPE	Basic Limit Per No. of Bedrooms				
	0	1	2	3	4
	\$53,624	\$61,471	\$74,749	\$96,700	\$106,147

The property will have to remain affordable for 20 years. During that period of affordability, the HOME Written Agreement, as approved by Corporation Counsel and Risk Management, will be enforced and

there will be a covenant recorded against the property. Even if the loan is repaid early or there is a change in ownership, the period of affordability will remain for the full duration. During this period at least 20% of the units must be "Low HOME rent" units, the remaining may be at the high rent limit. Rents shall be calculated by using the Section 8 utility allowance or other approved schedule. Below are the tables for the 2012 limits and period of affordability. Attachment A further explains the tenant and unit requirements.

Activity	Minimum period of affordability in years
Rehabilitation or acquisition of existing housing per unit amount of HOME funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New construction or acquisition of newly constructed housing	20

The Low Rent Unit annual gross income limits (50% of County Median Income (CMI)) are:

1 person	\$25,650
2	\$29,300
3	\$32,950
4	\$36,600
5	\$39,550
6	\$42,500
7	\$45,400
8+	\$48,380

The "flat" Low Rent Unit monthly rent amount limits are:

0 bedrooms	\$608
1	\$686
2	\$823
3	\$951
4	\$1,062

The High Rent Unit annual gross income limits (60% of CMI) are:

1 person	\$30,780
2	\$35,160
3	\$39,540
4	\$43,920
5	\$47,460

6	\$51,000
7	\$54,480
8+	\$58,020

The High Rent income annual gross limits for up to 10% of the units (80% of CMI) are:

1 person	\$41,000
2	\$46,850
3	\$52,700
4	\$58,550
5	\$63,250
6	\$67,950
7	\$72,650
8+	\$77,300

The High Rent Unit monthly rent amount limits are:

0 bedrooms	\$608
1	\$725
2	\$866
3	\$1,091
4	\$1,124

The Developer shall be responsible for conducting income qualification reviews of tenants based on the 24 CFR Part 5 definition of income. The County will be responsible for monitoring files and conducting annual inspections. County Housing staff as well as an independent party with experience in subsidy layering have reviewed the project using the HUD recommended template (See the underwriting template in Attachment B). The subsidy layering analysis shows the amount requested is reasonable and that the project is feasible.

DISCUSSION

The proposed Beaver Creek Town homes project is an extension of the Beaver Creek Condominiums located at 60th & Brown Deer Road in the Village of Brown Deer. General Capital originally developed the corner with a mixed-use commercial development and condominium community in a traditional neighborhood setting. The site is located just blocks from the City of Mequon border and outlying suburban communities. The site is in a high profile commercial corridor, close to employment, shopping and services.

Originally laid out as a 54-unit condominium community, the plan for Beaver Creek has evolved to include a cross section of housing and commercial development, including high quality affordable rental townhomes. The rental townhomes are arranged around a central green space that includes a walking path, extensive perennial plantings and a gazebo for community use. The site lies on the recently naturalized Beaver Creek, a beautiful meandering stream that ties into the Milwaukee River downstream. Units with creek views will enjoy year round color and interest, with wetland and prairie plantings integrated into the project’s landscaping.

The buildings themselves will include private entries and garages. Each unit will include either a patio or balcony. The buildings will be constructed in a similar style and quality as the original condominium development, creating architectural continuity throughout the project. The layout of the buildings, parking and pedestrian paths are based on an original Traditional Neighborhood Development ("TND") plan approved in 2006. The layout promotes pedestrian activity and neighborhood interaction.

The site is located near public transit. There are many significant employers in the immediate vicinity including TAPCO, Badger Meter, FiServ and others. The Brown Deer Business Park is located within minutes of the development, offering excellent employment opportunities for residents.

General Capital has produced in excess of one thousand units of affordable and market rate senior, workforce and family rental units. General Capital will use the same development platform for the Beaver Creek facility as it has for numerous previous projects ensuring a methodical, predictable development process and leasing of the units. General Capital will serve as lead developer and its affiliate, Bedrock Construction, will serve as general contractor. The Hoff Group will serve as construction manager. Oakbrook Corporation will be the property manager. JFS will operate the supportive services component of the development.

Together, this well-seasoned team will develop, construct and operate a high-quality affordable housing facility that will serve people with disabilities as well as individuals and families seeking affordably-priced apartment units. General Capital previously developed Deerwood Crossing (a tax credit RCAC directly across the street from the Bradley Crossing site) for JFS; the development opened on time, on budget, exceeded lease up projections, and is currently 100% occupied with a lengthy waiting list.

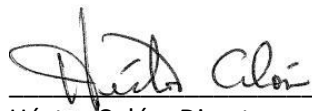
RECOMMENDATION

It is recommended that the County Board of Supervisors authorize the Director, DHHS, or his designee, to enter into a HOME written agreement, with approval of Corporation Counsel and Risk Management, for the use of \$850,000 of HOME funds to General Capital Group for the construction of 11 units of affordable housing at 6000 Creekside Drive in Brown Deer.

FISCAL EFFECT

This projected is completely funded with HOME revenue. A fiscal note form is attached.

Respectfully Submitted:



Héctor Colón, Director
Department of Health and Human Services

cc: County Executive Chris Abele
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