



*Housing solutions for adults
and children with disabilities*

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Milwaukee County Economic and Community Development Committee
Ms. Patricia Jursik, Chair
Milwaukee County Courthouse
901 North 9th Street, RM 201
Milwaukee, WI 53233

September 27, 2012

Dear Ms. Jursik,

Movin' Out Inc. is a statewide nonprofit agency with a mission to provide housing solutions for households that include a family member with permanent disabilities. Movin' Out is also certified by Milwaukee County as a Community Housing Development Organization (CHDO) under HOME Program regulations by Milwaukee County. We have successfully completed the development of three previous multifamily projects that utilized Milwaukee County HOME funding in the municipalities of Glendale, Brown Deer and Greendale. In all three of these projects Movin' Out worked with the Milwaukee County Department of Health and Human Services and the Housing Division to develop very high quality, accessible and affordable rental housing units which are set aside for our target population and are integrated into larger development projects. Two of the three projects are completed and fully occupied and the third will be completed this fall.

Movin' Out is now requesting \$834,000 in federal HOME funding to support a new development to be located in the City of South Milwaukee. In this project we are partnering with Horizon Development a highly experienced multifamily developer and general contractor. Movin' Out will co-develop and co-own this project with Horizon. Included with this letter are the required application materials.

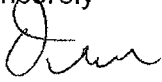
We are working with the City of South Milwaukee and their Redevelopment Authority to plan this project on a site currently owned by the City. We anticipate strong support from the City in the form of reduced cost for the site and financial assistance through TIF funding. The project will be requesting an allocation of Low Income Housing Tax Credits from WHEDA as part of the financing package.

This project will provide 40 units of much needed workforce housing with 11 units of supported housing integrated into it. Movin' Out is working with Milwaukee County Department of Health and Human Services, the Family Care agencies in Milwaukee County and their contracted service providers to plan and operate this housing in a fashion which will help to meet the housing needs of their clients.



We are hopeful that your committee will support our request for this critical funding. If there is any additional information you need please do not hesitate to contact me at (608) 251-4446 ext.4 or dp@movin-out.org .

Sincerely

A handwritten signature in black ink, appearing to read "Dave", written over the word "Sincerely".

Dave Porterfield
Real Estate Developer, Movin' Out, Inc.

**11th & Madison Apartments
City of South Milwaukee
Multifamily Development Project
Proposed by Horizon Development Group, Inc. and Movin' Out, Inc.**

General Description of Project

The proposed project is located in the City of South Milwaukee at the northeast corner of 11th Avenue and Madison Avenue. The completed project will consist of 40 residential units, community space for apartment residents, approximately 3,500 square feet of commercial space and 67 parking spaces. The site is currently owned by the City of South Milwaukee Redevelopment Authority which during the past several years has assembled the land and cleared it for redevelopment. It is located in the downtown central business district of the City with strong linkages to all community services and utilities. This project will be a joint venture with Movin' Out, Inc. and Horizon Development acting as co-developers. The project is requesting financial support from the City of South Milwaukee in the form of a loan and tax increment finance assistance. We are requesting \$834,000 in HOME funding from Milwaukee County in the form of a 0% interest deferred payment loan. The project will submit an application to WHEDA for Section 42 Tax Credits in February 2013. If awarded the tax credits the project would close and begin construction in fall of 2013 with occupancy in summer of 2014. Horizon Construction Group, Inc. will be the general contractor.

Project Location

The project location is well served by all required community services, public transportation and utilities. We have attached a location map and site plan showing the location of the site within the City of South Milwaukee.

Environmental Review

Based on representations from the seller (City of South Milwaukee RDA) there are no known environmental issues. Movin' Out and Horizon will, as part of our normal due diligence, obtain a Phase 1 Environmental Report and will work with Milwaukee County to carry out its required Environmental Review.

Non-Displacement/ Relocation

The property is vacant land and no displacement will occur as a result of this development.

Development Team

The partnership between Movin' Out and Horizon provides a strong development team for this project. Both entities have significant experience with the full range of required skills to plan, construct, market and operate this project. Briefly, Movin' Out, Inc. as the approved CHDO for Milwaukee County is a private, non-profit 501(c) (3) organization that works with people with disabilities and their allies to develop housing solutions that are safe, affordable and integrated into the community.

Movin' Out provides 1) housing counseling 2) development and management of rental housing 3) state-wide housing information and referral 4) gap financing toward a home-buyer's down payment and closing costs, 5) financing to rehab and/or make accessibility modifications to an owner occupied home.

Movin' Out has helped more than 1,100 Wisconsin households with down-payment or rehab assistance since 1997 and has developed over 200 units of community integrated rental housing since 2007. Sixty seven of Wisconsin's 72 counties have worked with Movin' Out to assist people with disabilities to improve their housing situation. Information and referral services include responding statewide to more than 800 phone calls annually. Movin' Out also started the country's first tax-exempt pooled housing trust

and has created other individualized options for households with unique circumstances. Movin' Out is certified by Milwaukee County as a Community Housing Development Organization (CHDO) under the HOME Program regulations.

Horizon Design Build Manage (Horizon) is a Madison, Wisconsin-based group of companies specializing in full service development, construction, and management of residential multi-family real estate. Horizon has 28 years of experience in developing multi-family communities and has steadily grown into an industry leader working from its core values of honesty, respect, integrity, and compassion. Horizon has completed over 70 multi-family housing communities totaling nearly 3,700 units. Horizon has expertise in systematically leading projects through the design, entitlement, financing, and construction phases and, with some of the most knowledgeable and experienced staff in the industry, prides itself on turning over projects on-time and on-budget. Although Horizon has developed and built various product types over the years, it is most familiar with 3 and 4 story residential. Years of experience yields efficient building design, resourceful and energy conscious material selections, operations-minded space design, and a highly organized construction approach.

Description of Deal Structure

The project will be owned by a newly formed LLC which will have two members, a managing member and an investor member. The investor member will provide an equity investment in exchange for the benefits associated with the 10 year stream of Section 42 tax credits. The investor member will own 99.99% of the LLC and the managing member will own 0.01%. The managing member will be a second LLC of which Movin' Out will own 51% and Horizon 49%. This project will be structured to meet all the HUD HOME Program requirements as a CHDO eligible project. Movin' Out, Inc. is requesting HOME funds in the form of a 0% interest loan which it will lend to the project.

Market

While a formal market study has yet to be completed we have consulted with a market analyst while planning the project to measure market demand and establish our projected rents. Input from our analyst supports the assumptions in our pro forma. Additionally, as this project will include targeting the 11 HOME funded units as supported housing for lower income tenants with permanent disabilities Movin' Out consulted with human service providers regarding demand for housing in South Milwaukee. Movin' Out has extensive experience with planning, developing and operating integrated supported housing including three projects previously funded by the Milwaukee County HOME program. In consulting with the Milwaukee County Department of Health and Human Services, State Wisconsin Family Care Agencies and their contracted residential services agencies we have established that there is significant demand and need for these units in this community. Attached is a brief market review summary provided by our third party market analyst Lexington Realty Services. It indicates there is strong demand and need for additional affordable rental units in this location.

Labor Standards - Our assumption is that this project will not be subject to Davis Bacon Labor standards

Lead-Based Paint - Does not apply

Tenant Selection Plan and Property Management - As co-developer and long-term co-owner of the property Movin' Out will have ongoing involvement in overseeing the management of the property. Our practice is to work in cooperation with the professional property management company to ensure that the goals of the project including the goal of providing integrated supported housing are achieved. We accomplish this by assisting in affirmative marketing through our human services network in Milwaukee County. We also provide comprehensive housing counseling to prospective tenants who have permanent disabilities assisting them through the required tenant selection process. These efforts help to ensure the

tenants in the supportive housing units will be successful. We also assist special needs housing tenants in our projects to maintain tenancy when possible by working with the human services system and property managers to overcome problems should they arise.

Horizon Management Services, Inc. will be the management company for the proposed housing community. Horizon has been in the business of owning and managing affordable housing since 1984 and currently oversees approximately 3,000 multi-family units in Wisconsin, Illinois, and Iowa. Horizon's portfolio includes both age and non age-restricted properties from moderate income housing to market rate housing. Our exceptional team of on-site managers, leasing staff, maintenance personnel, and accounting/compliance specialists implements proven property management strategies and delivers exceptional results to property owners. As property owners ourselves, Horizon knows that quality, customer service, and proactive management are the key to success and long term viability of housing communities.

Please see attached Tenant Selection Plan for more information on Horizon's criteria and standards in evaluating applicants for residency.

DBE/MBE/WBE Participation - Horizon will use good faith efforts to expend 20% of all Funds for Minority Business Enterprises (MBEs) and 5% for Women's Business Enterprises (WBEs), who may supply construction services, professional services, or materials for the Project.

Underwriting Template - See Attached

HOME units Fixed or Floating - This project will provide Floating HOME units.



Sample Affordable Housing Developments

September 25, 2012

MULTIFAMILY HOUSING

The Landing Apartments

500 E. Eagle Flats Parkway
Appleton, WI 54915

54 Residential Apartments
Riverfront Development

The project revitalized the former Riverside Paper Mill Site, an obsolete and underutilized area, located along the waterfront in downtown Appleton. The reopening of the Fox River locks system has created a new opportunity for sustainable development, and the community has a new appreciation for the wildlife and recreational opportunities in the heart of the city. The project meets the NAHB standards for Green Communities and for Green Built Homes.

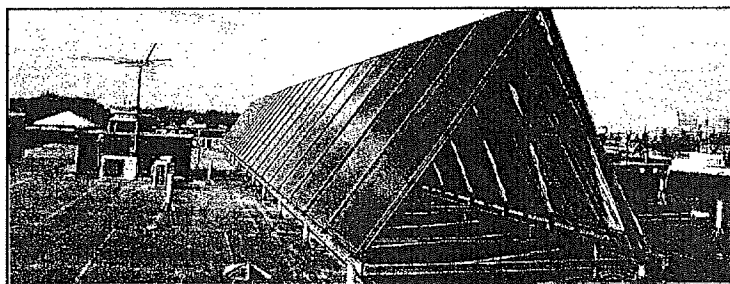
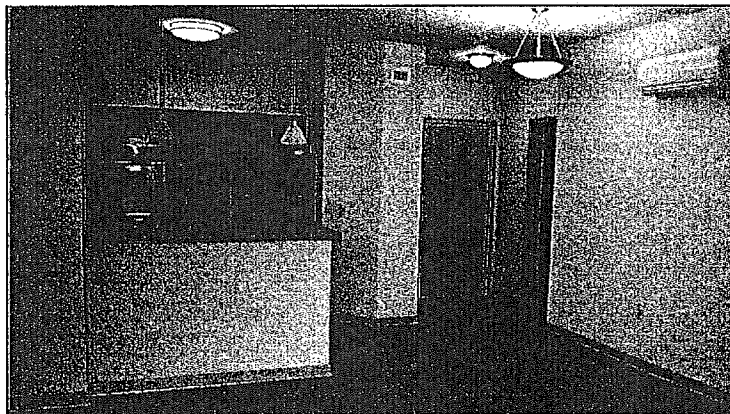
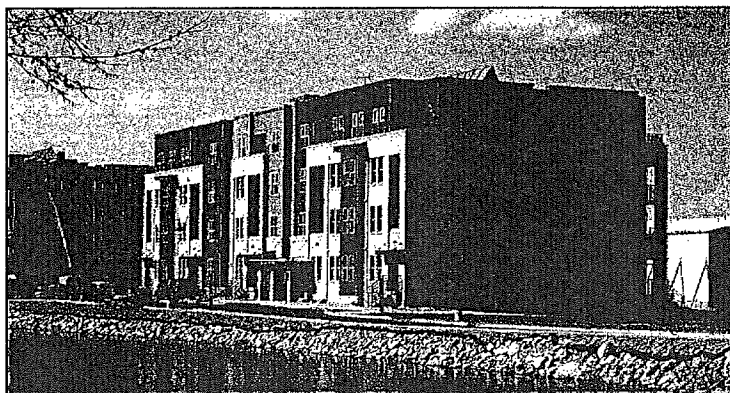
The site itself presented numerous challenges. Environmental concerns associated with being an industrial site for well over a century presented many challenges. Horizon worked closely with the City of Appleton and the WDNR to devise a method of demolition and construction that were acceptable to the State.

To maintain the industrial heritage and to provide a sustainable solution for building materials, The Landing incorporated over 640 tons of recycled material that was generated during the demolition process. Utilizing the recycled material on site greatly reduced both the demolition and the construction process, making the project much more affordable.

The solar hot water integrated into the domestic hot water and space heating will reduce operating and maintenance costs. As the residents pay for their own heat in this project, this savings will be passed on to the residents.

The project has received over \$30,000 in energy rebates through Wisconsin's Focus on Energy Program.

Role — Developer, Design/Build General Contractor,
Property Manager



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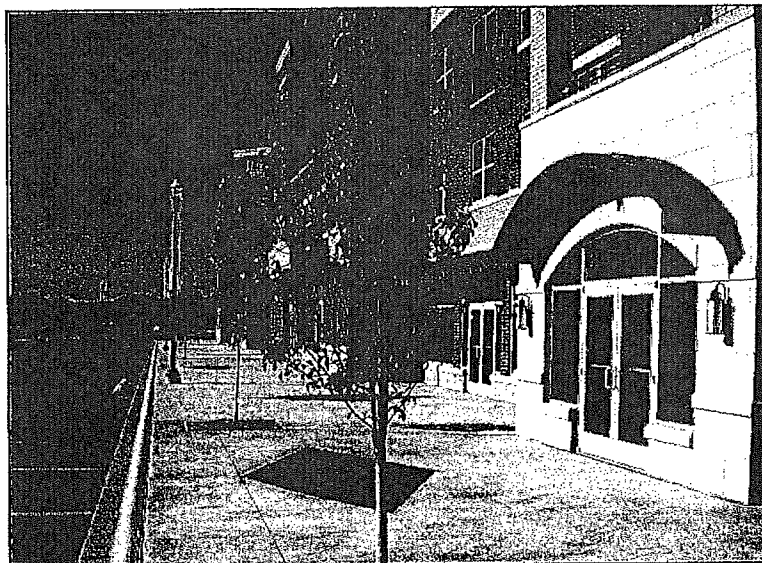
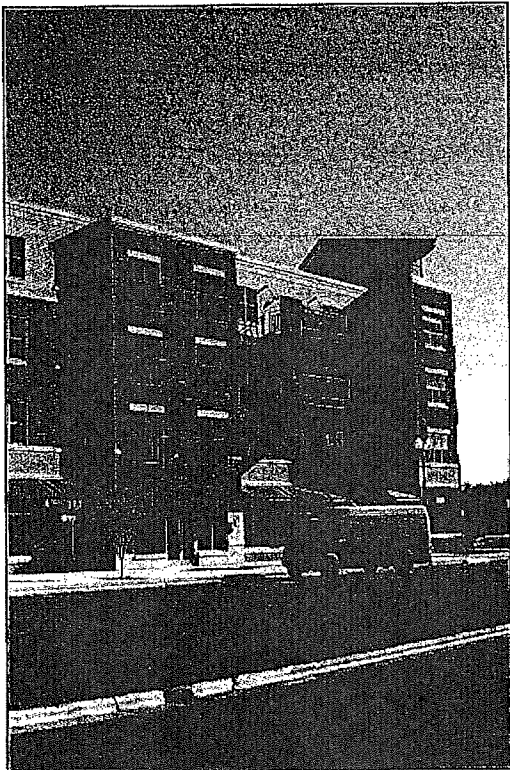
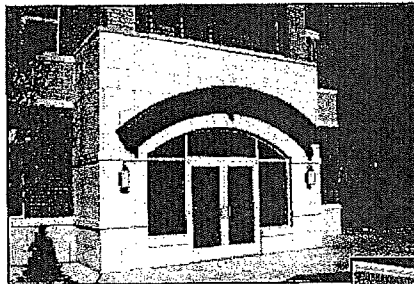
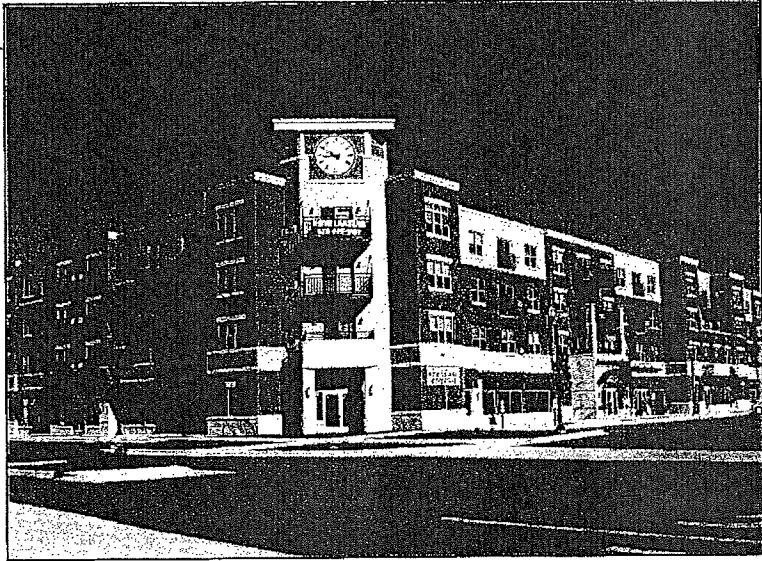
Woodfield Village Senior Apartments

445 Cardinal Lane
Green Bay, Wisconsin

Located in the beautiful village of Howard, this property has three floors of senior apartments, first floor retail and underground parking for the residents. Woodfield Village has 54 income-eligible apartment homes and seven market rate apartment homes. The French balconies combined with clean, modern lines give the building a unique, urban feel.

61 Unit Senior Apartment Building with
First Floor Retail Space

Role – Developer, Design/Build General
Contractor, Property Management



Mixed-Use Residential

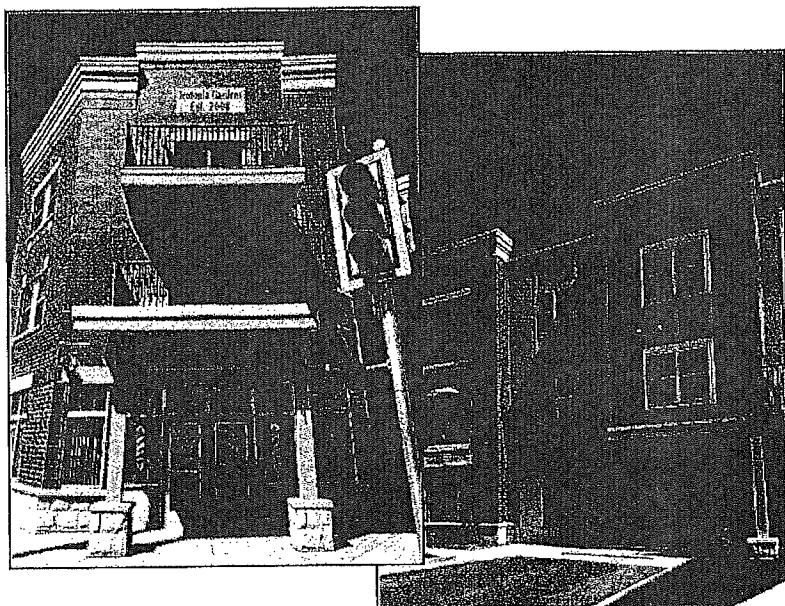
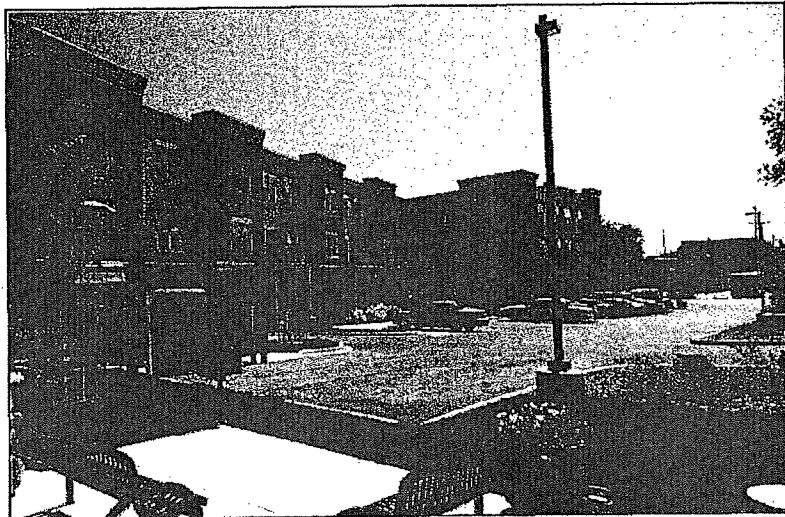
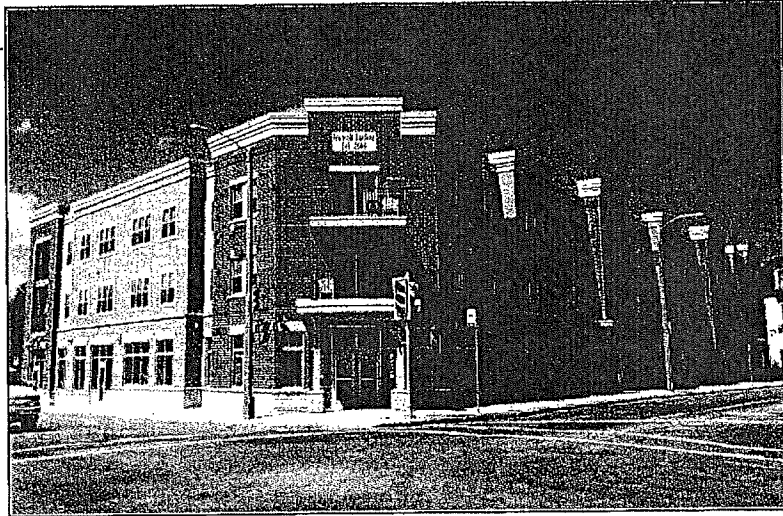
Teutonia Garden Apartments

2701 North Teutonia Avenue
Milwaukee, WI 53206

Teutonia Gardens is an innovative affordable housing development in Milwaukee's urban center which incorporates a thriving neighborhood barbershop which existed on the same site for forty years plus and an award winning urban garden with roof fed cistern. This Wisconsin Environmental Initiative "Green Built" certified project is the first in Wisconsin to offer the opportunity for residents to learn and earn from an urban garden.

24 Unit Apartment Building Featuring 5,400 sf
First Floor Retail Space and Urban Garden

Role – Developer, Design/Build General
Contractor



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SENIOR HOUSING

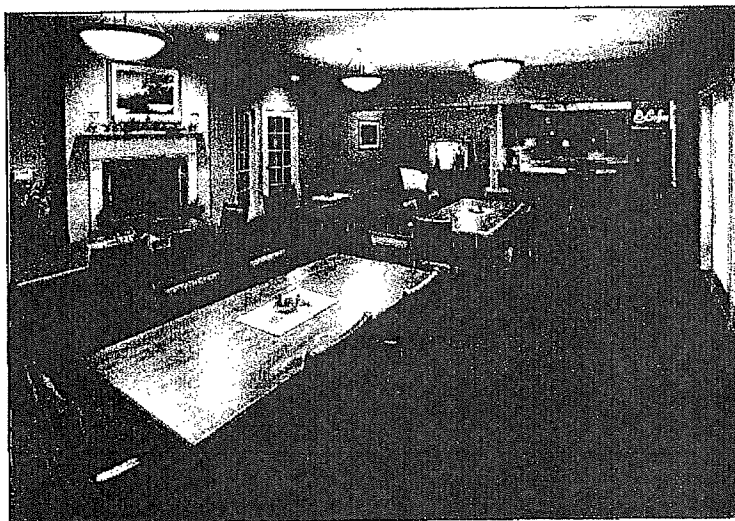
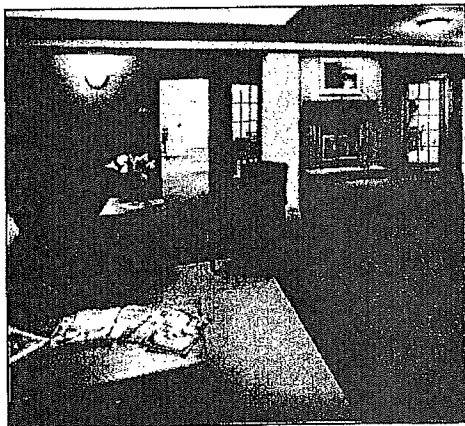
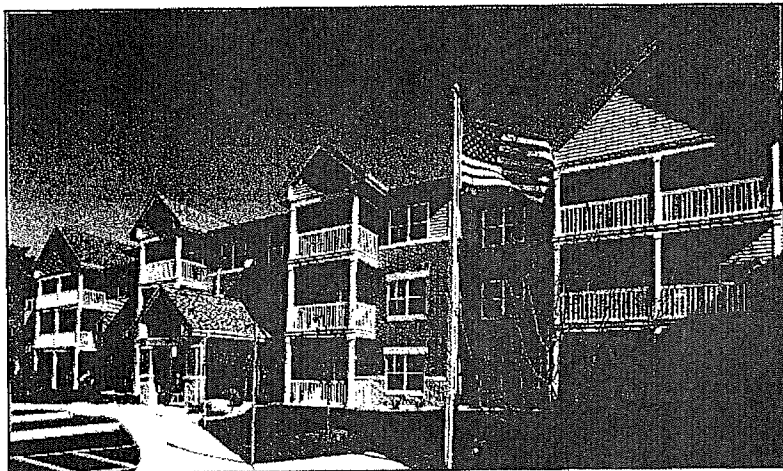
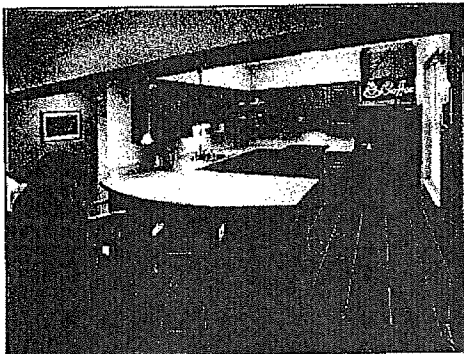
Frost Woods

Frost Woods Road
Monona, Wisconsin

Conveniently located at the junction of Frost Woods Road and Monona Drive, Frost Woods consists of two apartment buildings and a 16,000 square foot retail center, Frost Woods Commons. Frost Woods Senior I has 67 income-eligible apartment homes while Frost Woods II has 51 market-rate apartment homes.

Two Buildings with 118 Apartments and one retail building

Role – Developer, Design/Build General Contractor, Property Management



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Burr Oaks Senior Apartments

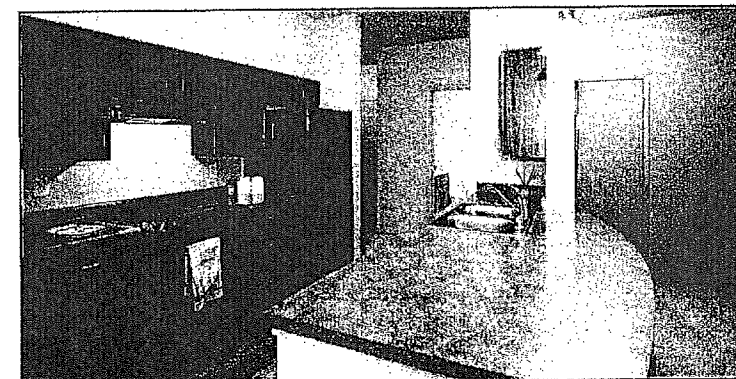
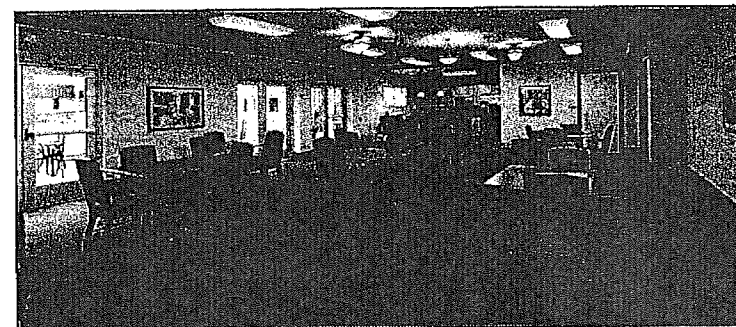
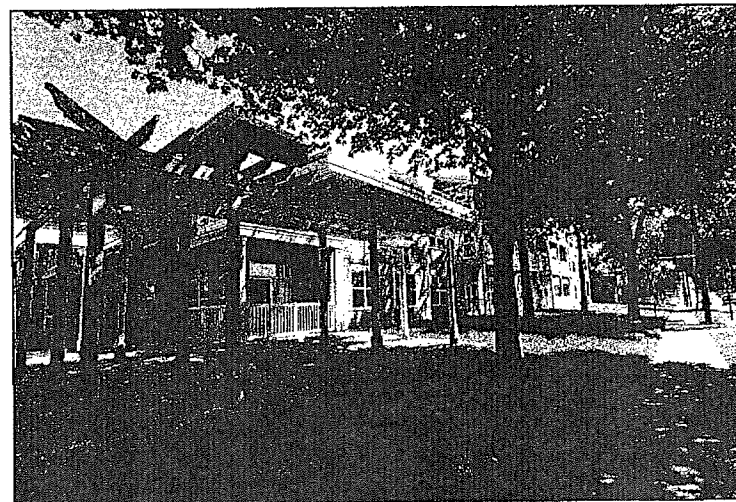
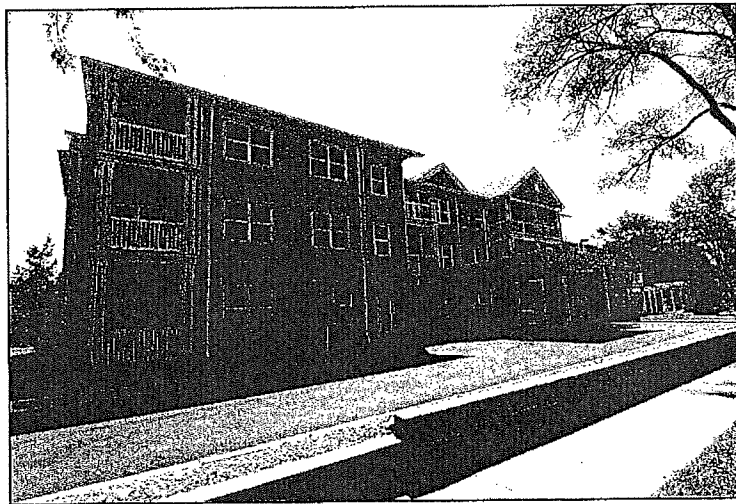
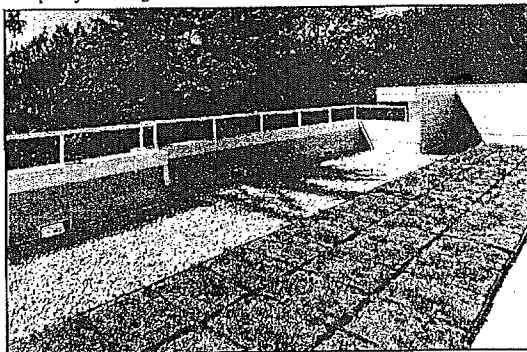
2417 Cypress Way
Madison, WI 53713

50 Residential Apartments
1.4 Acre Development

The Burr Oaks Senior Apartments revitalized a blighted area in a south side neighborhood of Madison. The goal was to replace the existing substandard apartments with high quality, affordable housing for seniors. As the developer, design/build general contractor and property manager, Horizon was able to successfully lead a complex team with many stakeholders through a lengthy entitlement process and seamlessly move into the construction phase. This integrated "one stop shop" approach allowed Horizon Construction Group to guarantee construction completion, fast tracked to hit leasing season in 7.5 months, and contract amount. Construction included all exterior components, interior build out and a green roof. Horizon was able to find a number of buyout savings without a sacrifice in quality, totalling \$170,000. These funds went to added upgrades without an additional cost to the client.

The project was completed in July of 2011 and was fully leased in four months. In total, WHEDA awarded the project \$7 million in affordable housing tax credits due to Burr Oaks major improvement in the quality of life for seniors and the continuance of the south side neighborhood renaissance. Additional financing included tax credits, HOME funds and First Mortgage.

Role – Developer, Design/Build General Contractor, Property Manager



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Chilton Uptown Commons

49 W Main Street
City of Chilton, WI
Calumet County

.8 Acres

Location: Central business district
adjacent to the Manitowoc River

**The city of Chilton makes a bold
statement to the community by
redeveloping four uptown properties
into a new senior living complex.**

History

Chilton is an industrious and thriving community in Wisconsin, hosting host a variety of manufacturing industries for more than a century. But, like many smaller communities, a changing economy over the last 30 years began to take a toll on Chilton's Main Street.

City administrators had a vision for redevelopment of the city's central business district and wanted to make a statement that Chilton is a desired place to live and work.

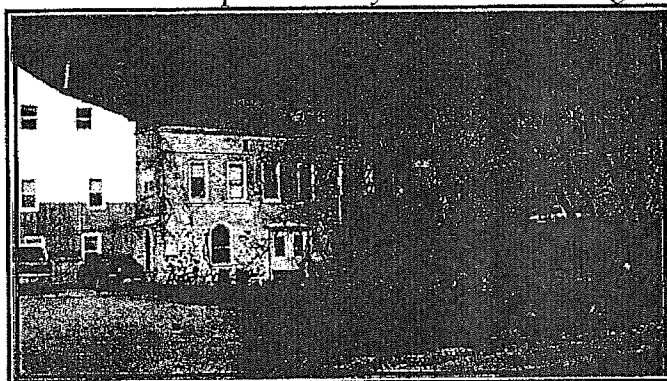
To begin to fulfill their vision, the city agreed to create a redevelopment authority. The next step was to select the right location for development. Leaders chose a four-property section uptown, near the Manitowoc River.

The combined history of activity at this relatively small strip of land dated back to 1908. Businesses included a laundry and bath house, a blacksmith, a farm implement warehouse, a plumbing business, two automobile dealerships and a siding company.

Investigation and Cleanup

Phase I and Phase II Environmental Site Assessments were conducted on the properties. Assessments were followed by site investigations that included 13 soil borings and six monitoring wells. The investigations showed relatively low levels of polycyclic aromatic hydrocarbon compounds (PAHs) present throughout the property. Volatile organic compounds (VOCs) were found in the soils of the southeast section of the site. Also, low levels of PAH were found in groundwater samples.

A remediation plan was put in place, allowing most contaminated soils to stay on-site and be used as fill. To prevent anyone from coming



Before redevelopment, this site near uptown Chilton was underutilized, considering its location along the Manitowoc River (photo courtesy city of Chilton).



Wisconsin Department of Natural Resources
Remediation and Redevelopment Program

PO Box 7921, Madison, WI 53707
<http://dnr.wi.gov/org/aw/rr>



into contact with the contaminated soil, the soil was capped by the building driveway and parking lot, with the rest being covered with 18 inches of clean soil.

Redevelopment

During the process of assessment and remediation, the city of Chilton succeeded in marketing the four-property parcel to a private developer. In 2009, the city and developer cut the ribbon on Uptown Commons, a new 40-unit independent senior housing complex, which includes underground parking.

The success of the project has encouraged the city to pursue further redevelopment work, including construction of a nearby parking lot.

Financial, Liability, Technical Assistance

The DNR's Remediation and Redevelopment (RR) Program assisted the Uptown Commons redevelopment through the award of four Brownfields Site Assessment Grants totaling \$90,150. Additionally, an RR Program project manager provided technical assistance and reviewed the remediation work.

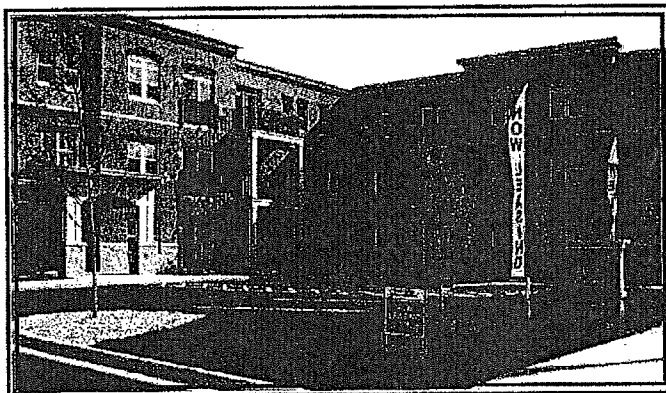
The original group of properties was included in a tax incremental finance (TIF) district, to provide funds for the \$82,280 cleanup. The developer was able to utilize \$438,408 in WHEDA low income housing tax credits for the construction of the complex.

Prior to the redevelopment, the county assessed the value of all four properties at \$241,033. Following completion of Uptown Commons, the new property is valued at is \$2,117,900.

Contacts

Alan Nass
Project Manager
DNR Remediation and Redevelopment Program
(920) 662-5161
Alan.Nass@wisconsin.gov

Shawn Reilly
Community Development Director
City of Chilton
(920) 849-2451
chiltonadm@charter.net



The new Uptown Commons senior housing project in Chilton is the centerpiece of the community's downtown renewal project (photo courtesy DNR).



Wisconsin Department of Natural Resources
Remediation and Redevelopment Program

PO Box 7921, Madison, WI 53707
<http://dnr.wi.gov/org/aw/rr>



**Independent Market Research
for 40-Unit Affordable Apartments**

By:

Lexington Realty Services
Dale Mussatti

MARKET PERFORMANCE MEASURES

Measures of the market area's ability to support the subject's development are discussed below. The proposed development's defined market area for this analysis is only the City of South Milwaukee. Please note that 2011 or 2012 data projections are not used in this report, as they were unavailable when this study was conducted.

Capture Rate

A capture rate is a measure of the proportion of the target market required for full occupancy. A penetration rate was calculated by dividing the number of subject units by the estimated number of age-income-qualified renter households applicable to the subject's units as of 2010. A rate of 5.0% was calculated for all of the subject's units. The market area appears to include a large base of target market households.

Penetration Rate

Penetration rate considers the subject's proposed units along with existing and proposed similar comparable properties in relation to market demand. The sum of the subject's proposed units, plus existing comparable units and proposed comparable units, is divided by estimated target market households as of 2010. Because South Milwaukee currently does not have any income-restricted tax credit family/workforce rental housing, the calculated penetration rate is the same as the calculated capture rate. As a result, a penetration rate of 5.0% is calculated for the subject's units. This rate means that the subject and its most direct competitors must attract approximately 5% of all potentially qualifying target market households to achieve full occupancy which leaves the remaining 95% qualifying target market households to be satisfied by less directly competitive forms of rental housing.

Full penetration of the market with supply would occur at a one-to-one ratio of target market households to appropriate supply, or penetration of 100%. We consider the market's 5.0% penetration rate, assuming development of the subject, as good evidence that the market area has an unmet need for affordable family/workforce rental housing.

TARGET MARKET DATA
Proposed Horizon Development

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
Total Population - Per ESRI (1)	20,958	21,256	21,307	21,423
Households - Per ESRI (1)	8,221	8,694	8,830	8,906
Average Household Size	2.55	2.44	2.41	2.41
Percentage Change in Population		1.4%	0.2%	0.8%
Percentage Change in Households		5.8%	1.6%	0.9%

Population - Per ESRI (1)

Under 65	17,872	17,727	17,905	17,783
65 and over	<u>3,086</u>	<u>3,529</u>	<u>3,402</u>	<u>3,640</u>
Total Population	20,958	21,256	21,307	21,423
Percentage Increase Population <65		-0.8%	1.0%	-0.7%
Percentage Increase Population 65+		14.4%	-3.6%	7.0%

Household Income (2) (3)

<65 Households

\$0-\$9,999	285	225	164
\$10,000-\$14,999	221	96	70
\$15,000-\$19,999	324	230	194
\$20,000-\$24,999	199	142	119
\$25,000-\$29,999	232	127	94
\$30,000-\$34,999	682	375	275
\$35,000-\$39,999	324	280	223
\$40,000-\$49,999	933	807	644
\$50,000-\$74,999	1,949	1,793	1,718
\$75,000-\$99,999	839	1,857	1,876
\$100,000-\$149,999	452	639	1,020
\$150,000-\$199,999	59	135	213
\$200,000+	<u>30</u>	<u>60</u>	<u>93</u>
Total	6,529	6,766	6,703

ESTIMATE OF TARGET MARKET HOUSEHOLDS

	Target Market Households	
	2010	2015
2010 Age <65 HH's, 26% to 60% AMI - \$13,580 to \$47,460	1,783	
2015 Age <65 HH's, 26% to 60% AMI - \$15,160 to \$52,980		1,748
Age 18 to 64 Household Renter Percentage (4)	40.0%	40.0%
Age 18 to 64 Target Market Households	713	699

(1) Source: ESRI; 1990-2000 Comparison Profile, Demographic and Income Profile

(2) Source: ESRI; Age by Income Profile

(3) 2015 Income Range calculated by increasing 2010 target market income range by 11.6% based upon ESRI's projected increase in median household income between 2010 and 2015.

(4) Source: 2000 Census; Calculated from data in Summary Tape File - 4

MARKET PERFORMANCE STATISTICS
Proposed Horizon Development

	Income- Restricted Units
Subject Units	36
Minimum Gross Rent	\$396
Assumed Household Size	1-5 Person
Lower Income Limit	\$13,580
Upper Income Limit	\$47,460
Income Qualified Households	1,783
Renter Percentage	<u>40.0%</u>
Target Market Households	713
Comparable Units - Existing (1)	0
Comparable Units - Proposed	<u>0</u>
Unmet Potential Demand	713

<u>Demand and Supply Ratios</u>	
Capture Rate (2)	5.0%
Penetration Rate (3)	5.0%

(1) The market area does not have any tax credit, income-restricted family/workforce housing.

(2) The percentage of target market required for subject full occupancy - Subject units divided by target market households.

(3) The percentage of target market that the subject and its existing and future competition must share - Subject units plus existing competitive units plus proposed competitive units divided by target market households.