



Department of Planning & Community & Economic Development

Community Development Division

215 Martin Luther King Jr. Blvd. Suite 300
P.O. Box 2627
Madison, Wisconsin 53703
Phone: (608) 266-6520
Fax: (608) 261-9626
www.cityofmadison.com

Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

May 3, 2019

To: Alder Christian Albouras
From: Jim O'Keefe
Re: Background and Status of Schroeder Road Housing Development

The following responds to your request for information about the proposed affordable housing development at 5614 Schroeder Road, the current site of Babe's Grill and Bar.

Background

Stone House Development Inc., formed in 1996, is a Madison developer specializing in affordable housing. It has completed 22 such projects, 9 of them in Madison.

In the summer of 2018, Stone House secured an option to purchase the Schroeder Road property from its current owner and submitted to the City a \$21 million proposal to build a 4-story, 96-unit apartment building. The development would include 82 underground and 67 surface parking stalls, and 4,000 square feet of commercial space.

Eighty-one of the proposed 96 units will be designated as "affordable", that is, income and rent restricted for households earning not more than 60% of the county median income. The remaining 15 units will be market rate – neither income nor rent restricted. Twenty of the affordable units are designated as supportive units. That means they will be reserved for households with incomes not higher than 30% of county median income. Ten of the supportive units will serve formerly homeless families deemed ready to live independently. Stone House will contract with The Road Home, a local agency that provides support services to families who have or are experiencing homelessness, to provide on-site support to these families. Stone House will reserve the other ten supportive units for U.S. military veterans, who are expected to receive support services through the Dane County Veterans Service Office.

In June, Stone House submitted an application to the City's Community Development Division seeking financial assistance through its Affordable Housing Fund. (The developer subsequently submitted its plans to the City's Plan Division, seeking required land use approvals, including a demolition permit and a conditional use permit.) During the time that City reviews were under way, Ald. Keith Furman and former Ald. Matt Phair convened two neighborhood meetings to provide information to residents and gain their

feedback. The meetings, both of which were well attended, included presentations from Stone House; staff from the City's Community Development, Planning and Traffic Engineering Divisions; and officials from the Madison Police Department and Madison Metropolitan School District.

Project Status

On December 4, 2018, the Madison Common Council approved a \$1,850,000 award to Stone House from the City's Affordable Housing Fund. The award was contingent upon Stone Housing securing federal low-income housing tax credits from the Wisconsin Housing and Economic Development Authority, and securing necessary City land use approvals. On December 18, the City issued a letter conveying to Stone House a Demolition Permit, Conditional Use Permit and Land Use approvals for the project. Finally, on April 4, 2019, WHEDA allocated to Stone House \$12.1 million in federal tax credits for the project.

Next Steps

With financial commitments and land use approvals in place, Stone House will now turn its attention to completing the following pre-development tasks:

- Finalize a Memorandum of Understanding with its supportive service Partner, The Road Home Dane County
- Select a general contractor and confirm construction costs relative to total project budget
- Negotiate with prospective investors on equity pricing of tax credits
- Negotiate with prospective private lenders on loan products
- Evaluate any funding gaps that may emerge through final design and bidding phases and, if necessary, apply for Dane County Affordable Housing Development Funds.
- Negotiate with the existing restaurant owner regarding the option to utilize the building's planned commercial space for to operate new restaurant space on the ground floor
- Finalize purchase of the site from the current owner
- Modify building design to address City concerns with noise levels related to the building's proximity to major roads

As of this writing, I am unaware of Stone House's specific schedule for Schroeder Road. My office's experience working with affordable housing developers over the past 5 years is that approximately a year elapses between the date on which WHEDA allocates tax credits to a developer, and the commencement of construction. Should this development hold true to that pattern, we would expect demolition and construction to begin next spring and the building to be ready for occupancy 12-14 months later. Barring unforeseen difficulties, a late spring or summer 2021 opening is a reasonable expectation.

I trust this overview is responsive to your request. Please do not hesitate to contact me if you have any questions or need additional information.