1. Project Name/Title: CDBG Housing for Homebuyers
2. Agency Name: Movin’ Out, Inc
3. Requested Amount: $360,000 (for 2015) $360,000 (for 2016)
4. Project Type: Continuing
5. Framework Plan Objective Most Directly Addressed by Proposed Activity:
   Objective 1.2: Housing Assistance; Improve housing stability for homebuyers, renters, homeless and special needs populations.
6. Product/Service Description:
   Movin’ Out will provide eligible households up to $30,000 in CDD funds for assistance with the acquisition of their first home. By providing no interest, deferred loan, the first mortgage will be lowered enough to make monthly payments affordable to a low to moderate income household. Movin’ Out will provide homebuyer education and verification of household’s eligibility for the program. Movin’ Out may be reimbursed up to 15% of the total amount awarded for these services. The deferred loan will be repaid when the home buyer no longer occupies the property, transfers title or requests a cash-out refinance for non-home improvements. The City will allow Movin’ Out to use Program Income from loan repayments for additional deferred loans to other low/moderate income households in Movin’ Out's program to continue to support affordable housing in Madison.
7. Anticipated Accomplishments (Numbers/Type/Outcome):
   Movin’ Out will improve the housing stability for ten first time homebuyers in 2015 and an additional ten in 2016. All households will have a member with a permanent disability. Borrowers will receive on average 65 hours of homebuyer education from Movin’ Out.
8. Staff Review:
   A. Total Cost/Total Beneficiaries Equals: $1,600,000/50 households= $32,000 per HH
   CD Office Funds/CD-Eligible Beneficiaries Equals: $360,000/10 households= $36,000 per HH
   CD Office Funds as Percentage of Total Budget: 22.5%
   To what extent does the proposal meet the Objectives of the Community Development Program Goals and Priorities for 2015-2016?
   The proposal fully meets the objectives of the CD Division. Movin’ Out has requested Housing Assistance to expand homeownership opportunities and stabilize low to moderate income households by providing mortgage reduction financing. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property, transfer or change in use of the property. The promissory note will require a repayment of a percent of the appraised value based on the amount of the CDD funds invested in the property or net proceeds, whichever is less.
   To what extent is the proposed program design and work plan sufficiently detailed to demonstrate the ability to result in a positive impact on the need or problem identified?
   Movin’ Out participants face barriers in housing choices due to lack of income or accessibility issues due to physical limitations. People with disabilities require stability and continuity for them to be successful in their communities and home ownership supports both of those outcomes. Madison has one of the highest median housing costs in Wisconsin, while people with disabilities, on average, have a lower household income than the general population. Movin’ Out’s counselors, who are HUD approved counseling providers, offer pre-purchase and post-purchase education to ensure families are successful. Providing education and mortgage reduction options Movin’ Out clients are able to obtain affordable housing options stabilizing the household.
   To what extent does the proposal include objectives that are realistic and measurable and are likely to be achieved within the proposed timeline?
   Movin’ Out’s timeline is acceptable. In 2012 and 2013 Movin’ Out expended $663,393 in capital cost and served twenty-one households. Movin’ Out receives an average of 1,166 intake calls requesting information on services each year and there are currently six households on a waiting list for City of Madison funding.
   Who will directly benefit from this project (numbers) and to what extent will it benefit the individuals it proposes to serve (depth of service/impact)?
   Ten low to moderate income households will be served in 2015 and another ten to be served in 2016. Each household will have a member who has a permanent disability. These twenty households will have access to affordable housing in the traditional housing market by using Movin’ Out’s program to assist them with required down payment. The participants will receive an average of 65 hours of education to ensure they are successful homebuyers. Expanding homeownership opportunities to households creates housing stability for family and educational stability for children.
   To what extent do the agency, staff and/or Board experience, qualifications, past performance and capacity indicate probable success of the proposal?
Movin’ Out has been providing housing counseling in Dane County for 17 years. There is a great amount of support and coaching throughout the whole purchase transaction. Movin’ Out is highly regarded with competent staff that continues to attend training to stay up to date with industry changes. Staff effectively matches homeowners with other available funding sources leveraging CDD funds to create a feasible mortgage payment for LMI families. There are currently three housing counselors on staff who are highly knowledgeable about real estate industry and addressing issues specifically relevant to people with disabilities. Staff have provided housing assistance in City of Madison to an average of 11 households per year for the last three years.

**G. To what extent is the agency's proposed budget reasonable and realistic, able to leverage additional resources, and demonstrate sound fiscal planning and management?**

Low income households typically require a deeper subsidy then is available through other assistance programs in the City of Madison. Movin’ Out will be required to limit the amount of assistance to each household to $30,000 per CDD Goals and Priorities guidelines. Households will be able to leverage CDD funds with other funds Movin’ Out will apply for through Federal Home Loan Bank of Chicago. This program has a revolving loan account with CDD in which the CDD re-allocates program income at the time of a sale or transfer of property owned by a current Movin’ Out assisted household. This program income is included is the following years contract. At this time Movin’ Out has $75,630 in program income available in 2015.

**H. To what extent does the agency’s proposal demonstrate thorough planning and success at securing a diverse array of support, including volunteers, in-kind support and securing partnerships with agencies and community groups?**

Movin’ Out’s homeownership program does not rely on the use of volunteers. There may be occasion where a past participant is asked to volunteer their time to participate as a board member, or is used to assist in promotional materials. Realtor’s Association of South Central WI coordinates an annual fundraiser with Movin’ Out.

**I. To what extent does the applicant propose services that are accessible and appropriate to the needs of low income individuals, culturally diverse populations?**

Program is open to any LMI household who can qualify for a first mortgage and has a household member with a permanent disability. Movin’ Out seeks to serve low income households who are priced out of the current housing market in Madison due to their lack of savings for down payment and the high cost burden to purchase a residential home in Madison.

**J. To what extent is the site identified for the proposed project appropriate in terms of minimizing negative environmental issues, relocation and neighborhood or public concerns?**

Eligible participants may purchase anywhere within the City of Madison as long as the property meets program criteria, such as Minimum Housing Code and purchase price limitations. CDD staff will complete an environmental review for each property assisted to verify the property is compliant with HUD standards. Movin’ Out will be required to provide documentation that the seller is aware of federal assistance in the transaction and the sale is voluntary.
STAFF REVIEW OF PROPOSALS FOR
2015 – 2016 Funding Process

1. Project Name/Title: B. Rental Housing Development (Madison on Broadway)
2. Agency Name: Movin’ Out Inc. (MOI)
3. Requested Amount: $720,000 in 2015
4. Project Type: New
5. Framework Plan Objective Most Directly Addressed by Proposed Activity:
Objective 1.1: Housing Supply; Preserve, improve and expand the supply of affordable housing for homeowners and renters.
6. Product/Service Description:
With Mirus Partners as a co-developer, Movin’ Out proposes to acquire land and newly construct a 36 unit, affordable, accessible multifamily rental housing tax credit development at West Broadway & Fayette Avenue on the Madison's Southside across from the South Towne Mall. MOI will be the long-term owner; Oakbrook Corporation will provide property management services.
7. Anticipated Accomplishments (Numbers/Type/Outcome):
A total of 36 rental housing units will be created with 4- One-, 26 Two- and 6 Three-Bedroom units. Nine (9) of the units will be targeted to households with at/below 30% CMI. Eleven (11) units will be targeted to households with incomes between 31-50% CMI. Ten (10) units will have income targets between 51-60% AMI. The remaining 6 units will target households between 61-80% CMI. At least 36 households will be served with approximately 74 individuals in the first year based on an average of about two residents per unit. One-quarter of the units (25%) will be targeted at income eligible households with a member with a permanent disability. Consisted with the CD Program Goals and Objectives of $70,000 per new construction rental unit, this proposal targets at least nine (9) of the units to be designated as CDD-assisted.
8. Staff Review:
A. Total Cost/Total Beneficiaries Equals: $6,500,460/36 rental housing units= $180,568/unit
   CD Office Funds/CD-Eligible Beneficiaries Equals: $720,000/11 rental housing units= $65,455/unit
   CD Office Funds as Percentage of Total Budget: 55%

   To what extent does the proposal meet the Objectives of the Community Development Program Goals and Objectives for 2015-2016?
   The proposal specifically meets the CD objective to increase the supply of newly constructed affordable rental units for low-income households. This project also proposes to address the multiple Priorities and Strategies in CD Objective 1.1. Housing Supply related to geographically targeting the assistance, particularly in an area needing workforce housing that maximizes access to jobs. This proposal meets the AHTF and City's goals of redevelopment, workforce housing, mixed-income affordable rental housing, and accessible housing for people with disabilities.

   To what extent is the proposed program design and work plan sufficiently detailed to demonstrate the ability to result in a positive impact on the need or problem identified?
   MOI’s proposed project and program design is well planned and sufficiently detailed to assess impact. MOI proposes to increase affordable rental housing supply with three populations: people with disabilities and/or veterans who need supportive housing and workforce housing.

   To what extent does the proposal include objectives that are realistic and measurable and are likely to be achieved within the proposed timeline?
   MOI has significant experience in developing housing and should be able to meet these objectives in the proposed timeline. If awarded tax credits in April 2015, construction would begin in October 2015 with a planned completion date of Summer 2016. As part of this application, MOI submitted a market study conducted by Lexington Realty Services which shows that sufficient demand exists to support project feasibility.

   Who will directly benefit from this project (numbers) and to what extent will it benefit the individuals it proposes to serve (depth of service/impact)?
   At least 36 households will be served with approximately 74 individuals in the first year based on an average of just over two residents per unit.

   To what extent do the agency, staff and/or Board experience, qualifications, past performance and capacity indicate probable success of the proposal?
   Movin’ Out has been developing affordable housing for over ten years, including six tax credits projects, with a seventh underway. MOI’s staff are highly qualified and have significant experience in developing both new
construction and rental rehab projects. MOI’s past performance indicates high probable success of the proposal. Mirus Partners specializes in real estate including WHEDA tax credit rental development; Mirus’ staff have over ten years experience in real estate development. Oakbrook Corporation will provide the property management services for all of the units. Movin’ Out and Oakbrook have demonstrated their ability to comply with City, State and Federal regulations related to affordable housing development including tax credits requirements. MOI’s board includes experienced and qualified professionals and residents with a strong interest and experience in affordable housing development and non-profit organizational management. Tim Radelet, an attorney specializing in affordable housing finance and development, will begin serving as MOI’s Executive Director in August 2014.

G. To what extent is the agency’s proposed budget reasonable and realistic, able to leverage additional resources, and demonstrate sound fiscal planning and management?

Movin’ Out submitted applications for both Housing Development Reserve Funds and Affordable Housing Trust Funds (AHTF) for a total of $720,000, the combination and terms of which would be negotiated. The development team will submit an application for Low-Income Housing Tax Credits to WHEDA in January 2015 for a total development cost of approximately $6.5M. This project will leverage a substantial amount of additional funds. Movin’ Out indicated, if awarded tax credit equity of $3.3M, they could obtain a favorable first mortgage loan of approximately $1.8M at 5.9% plus the remaining funds needed to complete the project. Movin’ Out has also applied for $576,000 in Federal Home Loan Bank of Chicago Affordable Housing Program (AHP) funds.

MOI has a sound knowledge of Madison’s housing market. The proposed budget is based on years of experience developing housing. At $180,000 per unit, projected development costs appear higher than historical averages, likely due to a number of factors including: a recent spike in construction costs, the inclusion of townhouse style units, energy-efficiency, accessibility, and other amenities (e.g., underground parking, fitness center and community room). Increased construction costs may continue to present challenges to affordable housing development. An updated project pro-forma and related details will need to be submitted, evaluated and approved once all financing is secured.

To what extent does the agency’s proposal demonstrate thorough planning and success at securing a diverse array of support, including volunteers, in-kind support and securing partnerships with agencies and community groups?

MOI’s proposal gives solid evidence of coordinating with existing agencies and resources to provide support service referrals via an integrated approach to housing people with special needs. This is especially evidenced through an agreement with Dane County Department of Human Services to provide services to allow tenants with long-term supportive service needs to live independently. MOI also has tentative agreements with the Dane County Veterans Service office and the Aging and Disability Resource Center to coordinate a range of services. MOI’s application demonstrates a diverse array of financial support. MOI does not use volunteers for its rental program.

To what extent does the applicant propose services that are accessible and appropriate to the needs of low income individuals, culturally diverse populations?

These new construction units will meet or exceed accessibility requirements and standards and will serve with low income individuals and families. MOI manages its rental properties in a manner specifically sensitive to the needs of low-income renters with disabilities. Bus stops on or within one block of the intersection of Broadway & Fayette carry three Metro routes. The Bridge-Lake Point-Waunona Neighborhood Center is less than three blocks away.

To what extent is the site identified for the proposed project appropriate in terms of minimizing negative environmental issues, relocation and neighborhood or public concerns?

Significant reinvestment over the past 20 years, including extensive CDBG and CDA planning and redevelopment, have resulted in a more stable neighborhood. Census Tract 15.01 is no longer a CDBG targeted neighborhood, with 48% of households at <80% CMI). However, the neighborhood continues to have segments of multi-family housing with pockets of concentrations by race, ethnicity &/or low-income. CDD staff must also a complete Site & Neighborhood Assessment to assure the City’s support of the project affirmatively furthers fair housing and equal opportunities. A preliminary review shows that the area is more racial and ethnically diverse as compared to the City (37% vs. 24% non-white). There is a higher concentration of economically disadvantaged children (80% vs. 48%). Vacancy rates in this area continue to be consistently higher than the rest of the city (53714 = 4.51%; 53716= 4.92% vs. 3.46% Madison area); However, vacancy rates are still below the 5% standard for a healthy market. CDD staff have discussed the proposed project with CDA staff; No concerns have been raised. The advantages of new construction rental units in this area with quality ownership and management outweigh the potential cons.

Ald. Strasser has indicated support of the project. CDD staff will complete an Environmental Assessment to ensure any related issues are addressed. With new construction on a vacant lot, there are no relocation or displacement concerns. The proposed project is in an active TID nearing closure; funds from the TID may be available to support development. MOI is exploring opportunities to develop this project as mixed-use with 1st floor commercial office space. Preliminary conversations are underway, but were not substantially complete at the time of submission. If project parameters evolve significantly, the project would return to the CDBG Committee for review.