

Finance Committee  
Presentation  
May 16, 2019



Block 88 Judge Doyle Square Project

Stone House Development, Inc.

## Proposal Highlights

- Straight-forward mixed use, mixed income development that can be built in a timely fashion
- Experienced local developer, property manager, architects and contractor
- Meets the RFP priority for sustainable design
- Maximizes density constrained by parking, podium design, and Capital view restrictions

## Proposal Details

- Building is 9 floors above the podium/parking structure
- Contains 7,000 square feet of first floor commercial
- 159 apartments : 27 studios; 88 one bedrooms; 44 two bedrooms
- Outdoor grilling, seating area
- Community Room, Exercise Room for all residents



The Madison Mark  
132 E. Wilson, Madison  
112 Units / 12,000 sf Commercial / Retail  
Completed in 2005



The Lyric  
1010 East Washington Ave, Madison  
138 Units / 70,000 sf Commercial/Retail  
Completed in 2017



## Sustainability & Green Building Certifications

- Project will be Wisconsin Green Built Certified
- Developer will work with Focus on Energy
- Building will contain solar roof panels and potentially, solar panels for hot water
- Project will include:
  - ✓ High efficiency HVAC system
  - ✓ LED lighting with motion sensors
  - ✓ Water efficient plumbing fixtures
  - ✓ Energy Star appliances
  - ✓ Building envelope that is 3% higher performing than code
  - ✓ Reduced glazing from prior concept
  - ✓ Metal stud partitions with high recycled content
  - ✓ Green roof where appropriate

## RFP Response Revisions

- Elimination of townhouse units, total still 159
- Improved Resident Community Space
- Reduced construction costs and increased rents resulting in a change to the 37 affordable units:
  - 20 at 60% vs. 10
  - 17 at 80% vs. 27
- Further exploration of new soft financing
- Reduced AHF funding to \$30,000/60% unit

# Revised RFP Proposed Unit Mix

*20 Affordable Units at 60%  
17 at 80%*

**Sources:**

Developer Equity and Deferred Fee	\$3,500,000
Investor Equity	\$4,887,000
Badger Fund Equity	\$0
AHF Loan	\$300,000
AHF Grant	\$300,000
First Mortgage	\$30,500,000
<b>Total Sources</b>	<b>\$39,487,000</b>

**Uses:**

Air Rights and Podium Purchase	\$5,000,000
Park Fees	\$542,100
Construction Costs	\$27,500,000
All other Project Costs	\$6,444,900
<b>Total Uses</b>	<b>\$39,487,000</b>

Expected Stabilized Annual Real Estate Taxes \$480,300

## Justification of City Payment

### Air Rights:

- 60% units @ \$5,000/unit for 10 units - \$50,000
- 80% units @\$12,500/unit for 27 units - \$337,500
- Market units @ \$17,500/unit for 122 units - \$2,135,000

### Podium:

- 148 open air stalls at \$15,000 per stall - \$2,220,000

### Retail:

- \$280,000 (raw, unfinished space without mechanicals, demising walls, etc.)
- Preliminary Total - \$5,022,500



## Increasing Number of Affordable Units

- New source of soft financing
- Lease podium and/or air rights

## New Source of Soft Financing

- The developer has participated in a group called the Economic Stability Council for the past two years.
- This group of investors and other stakeholders is interested in finding unique ways to combat the lack of affordable housing.
- The proposed structure is to create a pool of funds from Madison-based corporations, tentatively called the Badger Housing Fund, to make equity investments (and/or loans), at below market rate of returns, in projects that support affordable housing and do not use 9% affordable housing tax credits. The group is very interested in finding a pilot project and Judge Doyle Square would offer a perfect opportunity.
- Timeframe for commitment is 3 – 6 months from selection.

## ***Sources and Uses Options***

***20 Affordable Units at 60%  
17 at 80%***

***64 Affordable units at 60%***

### **Sources:**

Developer Equity and Deferred Fee	\$3,500,000	\$3,500,000
Investor Equity	\$4,887,000	\$2,896,400
Badger Fund Equity	\$0	\$2,500,000
AHF Loan	\$300,000	\$960,000
AHF Grant	\$300,000	\$960,000
First Mortgage	\$30,500,000	\$28,500,000
<b>Total Sources</b>	<b>\$39,487,000</b>	<b>\$39,315,400</b>

### **Uses:**

Air Rights and Podium Purchase	\$5,000,000	\$5,000,000
Park Fees	\$542,100	\$370,500
Construction Costs	\$27,500,000	\$27,500,000
All other Project Costs	\$6,444,900	\$6,444,900
<b>Total Uses</b>	<b>\$39,487,000</b>	<b>\$39,315,400</b>

Expected Stabilized Annual Real Estate Taxes	\$480,300	\$447,900
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- We acknowledged in our RFP response that the proposed project will require a major alteration to the existing SIP. Our expected timeline is:

## Major Alteration Timeline

