

**2006 APPLICATION FOR HOME FUNDING
DANE COUNTY URBAN COUNTY CONSORTIUM**

1. **Name of Applicant:** City of Middleton/Down Payment Assistance Program

2. **Address:** 7426 Hubbard Avenue, Middleton, WI 53562

3. **Contact Person:** Mike Davis **Title:** City Administrator

Tel: 827-1058 **Fax:** 827-1057

Email: mdavis@ci.middleton.wi.us

4. **Type of Application:** (mark all that apply)

- | | |
|-------------------------------------|----------------------|
| <input type="checkbox"/> | Acquisition |
| <input type="checkbox"/> | Rehabilitation |
| <input type="checkbox"/> | New Construction |
| <input type="checkbox"/> | Infill Development |
| <input checked="" type="checkbox"/> | Homebuyer Assistance |
| <input type="checkbox"/> | Other: _____ |

5. **Type of Applicant:** (mark all that apply)

- | | |
|-------------------------------------|------------------|
| <input type="checkbox"/> | Non-profit |
| <input type="checkbox"/> | For-profit |
| <input type="checkbox"/> | CHDO |
| <input type="checkbox"/> | Partnership |
| <input checked="" type="checkbox"/> | Local Government |
| <input type="checkbox"/> | Proprietorship |
| <input type="checkbox"/> | Corporation |
| <input type="checkbox"/> | Public Agency |
| <input type="checkbox"/> | PHA |
| <input type="checkbox"/> | L.L.C. |
| <input type="checkbox"/> | Other: _____ |

6. **Project Name:** Down Payment Assistance Program

Project Location: (address or other description)

City of Middleton

7. **Project Cost:**

Total Cost of Project:	\$635,852
Dane County Grant / Loan Funds Requested:	\$100,000

8. **Project Abstract:** Provide a brief description of how funds will be used for this project in the space below.

**CITY OF MIDDLETON DOWN PAYMENT ASSISTANCE PROGRAM -
Helping low- to moderate-income families purchase homes -**

What is the City of Middleton’s Down Payment Assistance Program (DPAP)?

- The City offers down payment assistance to qualified home buyers with total annual household incomes falling between 40% and 80% of Dane County median income.
- Funds may be used for down payment or closing costs, and for certain other costs required to be paid in advance of purchase.



What is a qualifying home?

- Homes must be owner-occupied primary residences (either free-standing homes or condos) located within the city of Middleton.
- Assistance is targeted to homes priced at or below \$175,000 (76% of the average Middleton sale price in 2003).

How much assistance is available?

- Down payment assistance ranges from 5% to 10% of purchase price.
- The City encourages recipients to combine the assistance with financial support from other sources.

Does the assistance have to be repaid?

- If the home remains the borrower’s primary residence for 15 years, only the original amount of the down payment assistance must be repaid.

9. **Households/Persons Benefited:** Number benefited by this project:

In Households: 50 In Persons: 115

10. **HOME Unit Count:**

Development Cost	N/A
Total Units	50

Bedrooms	0	1	2	3	4	5	6	Total
No. of Units		16	27	7				50
Maximum								

HOME/Unit								
Max. HOME Investment								

HOME Investment	50,000
Other Investment	585,852

Min. HOME Units/Cost	50/\$1,000 ea.
Min. HOME Units/ HOME Investment	50/\$50,000 Total

HOME Units	50
HOME Investment/Unit	\$1,000
Recapture Period	N/A

5 yrs. < \$15,000
10 yrs. \$15,000 - \$40,000
15 yrs. >\$40,000

11. Targeted Income Ranges of Tenants: 40% to 80% of CMI

County Median Income (CMI)	0 Bedrooms	1 Bedroom	2 Bedrooms
30%	\$ to \$	\$ to \$	\$ to \$
40%	\$ to \$	\$ to \$	\$ to \$
50%	\$ to \$	\$ to \$	\$ to \$
60%	\$ to \$	\$ to \$	\$ to \$
Market	\$ to \$	\$ to \$	\$ to \$

(CMI)	3 Bedrooms	4 Bedrooms	5 Bedrooms	6 Bedrooms
30%	\$ to \$	\$ to \$	\$ to \$	\$ to \$
40%	\$ to \$	\$ to \$	\$ to \$	\$ to \$
50%	\$ to \$	\$ to \$	\$ to \$	\$ to \$
60%	\$ to \$	\$ to \$	\$ to \$	\$ to \$
Market	\$ to \$	\$ to \$	\$ to \$	\$ to \$

12. Development / Implementation Team: List all members of the development/implementation team (as applicable) in the table below. Do not include lenders.

Function	Company/Organization	Contact Person	Telephone
Architect			
Engineer			
Financial			

Consultant			
Construction Management	Ellefson Company	Chad Obright	274-4034
Operational/ Rental Mgt.			
Program Delivery	Wisconsin Partnership for Housing Development	Judy Karofsky	258-5560 (24)
Other	City of Middleton	Mike Davis	827-1058
Other			

13. Project Market:

Briefly describe the households/individuals that will be targeted by the project, and how strong the market demand is for your project.

Middleton workers and prospective home owners between 40-80% of median income are the target population. The Ellefson Company's development will be near the bus line and within walking distance of the City's two major industrial parks: Middleton Business Park and Airport Road Business Park. Therefore, the City believes that the affordable units to be built will be readily accessible for the vast majority of Middleton's burgeoning workforce. The City would like to help Middleton workers drastically reduce commute times and associated pollution from commuting.

14. Participant Selection: Describe how the participants (tenants, homebuyers, clients, etc.) will be selected.

Participants must be prospective purchasers of homes in the City of Middleton with income between 40-80% of County median. Those who meet these criteria will be approved on a first come/first served basis.

15. Services Provided: Describe services that will be provided to the participants/residents of this project or program.

Qualified purchasers will be eligible for down payment assistance between 5-10% of the purchase price.

16. Coordination with Other Agencies: Describe how your organization will coordinate with other organizations to provide needed services to participants/residents.

The City has hired the Wisconsin Partnership for Housing Development to administer its program. Also, we have coordinated with WHEDA for coordinated down payment funding on mutually approved clients. Further, in April, 2005, the City hosted a seminar for local businesses, realtors, bankers and interested persons about this new initiative.

17. Proposed Project Schedule:

As applicable, provide the schedule for completing the following actions.

a. Project Start-up	Completion Date
Purchase Contract, Option Signed	October, 2005
Property Acquisition Completed	November, 2005
Final Plat Approved	April, 2005
Zoning Approval Obtained	Completed
Urban Service Area Approval Obtained	Completed
Final Bid Specifications Completed	N/A
Detailed Program Design Completed	N/A
Environmental Reviews Completed	October, 2005
Building Permits Obtained	April, 2006

b. Financing Sources Obtained	N/A (see below)	Completion Date
Construction Loan		Developer Responsibilities
Bridge Loan		
Private Lender Financing		
Tax Credit Application Submitted		
Tax Credit Allocation Approval		
Government Grants / Loans		
Other Financing:		
Other Financing:		

c. Construction / Implementation	Completion Date
Construction Starts	
Marketing of Units or Program Begins	
Occupancy / Rent-up Begins (rental projects)	
Full Occupancy (rental projects)	
Closing on First Sale (homebuyer projects)	
Closing on Final Sale (homebuyer projects)	
Complete Rehab Const. (units currently occupied)	

18. Project Costs and Use of County HOME Funds:

Provide information, as applicable.

a. New Construction and Rehabilitation	Total Cost	County Funding
Rehabilitation of existing units		
Renovation of non-residential structures to residential units		
New construction of residential units		
Other: Down Payment Assistance	200,000	100,000 (50,000 CDBG)
Other:		

**b. Acquisition
Funding**

Total Cost

County

Land (Write Down on Price)	390,852	
Buildings		
Other expenses:		

c. Site/Off-site Improvements	N/A	Total Cost	County Funding
Clearance/demolition			
Drainage improvements			
Installation/renovation of sanitary sewers			
Installation/renovation of water mains			
Transportation improvements (on-site)			
Transportation improvements (off site)			
Other:			
Other:			

d. Soft Costs	Funding	N/A	Total Cost	County
Market Analysis				
Architectural, engineering, and other professional services				
Application fees for financing				
Permanent financing fees				
Appraisal and environmental assessment fees				
Tax credit syndication fees				
Attorneys fees				
Developer's fees				
Developer's overhead				
Construction management				
Other:				

e. Reserves and Contingencies	Total Cost	County Funding
Initial operating deficit reserves		
Construction contingencies		

f. Relocation and Loss of Rental Income	Funding	Total Cost	County
Relocation			
Loss of Rental Income			

g. Tenant and Homebuyer Assistance	Total Cost	County Funding
Tenant-based rental assistance		
Security deposit payments for renters		
Down payment assistance for homebuyers	205,000	100,000
Mortgage financing for homebuyers		

h. Other	Total Cost	County Funding
Consultant Administration	40,000	

i. Total Cost and Total County Funding	Total Cost	County Funding
TOTAL	635,852	100,000

19. Sources of Funds: Provide information as applicable.

a. Permanent Financing (do not include construction financing)

Name of Lender or Source of Funds, Contact Persons and Telephone Numbers	Amount Funded	Annual Debt Service	Annual Interest Rate (pct.)	Amortization period (yrs.)	Loan Term (yrs.)	Actual or Projected Commitment Date
City of Middleton	390,852	N/A				
City CDA	140,000					
CDBG	50,000					
Alliant Energy Foundation	5,000					
HOME Funds from Dane County	50,000					
Owner's Equity (describe)		N/A	N/A	N/A	N/A	
Tax Credit Proceeds		N/A	N/A	N/A	N/A	
TOTAL	635,852		N/A	N/A	N/A	N/A

b. Construction Financing N/A

Sources of Funds	Amount	Name and Phone Number of Contact

c. Tax Credit Information N/A

Tax credit basis amount:		Pct. Sold to investors:	
Type of credit(4%or 9%)		Total tax credit equity:	
Tax credit syndicator:			

(contact and phone #)	
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20. Site Information: Applicable to acquisition, rehabilitation, or new construction projects. N/A

a. Do you have site control? Yes _____ No _____
If yes, what form: _____
Evidence of site control is in: Attachment _____, Page _____

b. Seller's Name: _____
c. Seller's Address: _____

d. Telephone: _____ Fax: _____

e. What is the seller's relationship to you? _____

f. Size of site: _____

A location map and legal description of the site are in: Attachment _____, Page _____

A sketch plan of the site plan for new const. is in: Attachment _____, Page _____

Two color photographs of the site to be built on are in: Attachment _____, Page _____

Evidence that the local jurisdiction has been contacted about the project is in:
Attachment _____, Page _____

g. (1). Is the site properly subdivided and zoned? Yes _____ No _____
If no, explain the schedule below:

Evidence of proper subdivision and zoning is in: Attachment _____, Page _____

h. (2). Has final plat been approved? Yes _____ No _____
If no, explain the schedule below:

Evidence of final plat is in: Attachment _____, Page _____

i. Are all utilities presently available to the site? Yes _____ No _____
If no, explain below.

j. Answer the following environmental questions and provide additional information as appropriate.

	Yes	No
Are there designated flood plain areas on the site?		
Are there designated wetland areas on the site?		
Is the project/surrounding area listed on National/State/Local Registers of Historic Places?		
Is the project affected by a noise source (airport, railroad tracks, major street or highway)?		
Are you aware of any other environmental hazards that are on or near the site?		
Are there any soil, slope or erosion concerns associated with the site?		
Has a Phase One Environmental Assessment been done for the site?		
Are there any other environmental issues you wish to bring to our attention?		

21. Existing Building(s) Information: Applicable to acquisition and rehabilitation projects. N/A

Street Address or P.I.N. # of Each Building	No. of Units	No. of Stories	Year Built	Style of Building

Two color photos of the above-referenced buildings are in: Attachment ____, Page ____

22. Rental Development Project Income: Provide the following information for rental projects only. N/A

a. Projected Rent Schedule when project is fully implemented.

	No. of Units of This Type	No. of Bedrooms/Bathrooms	Average Size (sq. ft.)	Monthly Rent Per Unit*	Annual Rent for All Units	Receives Rent Assistance	
						Yes	No
1.							
2.							
3.							
4.							
5.							
6.							
TOTAL							

b. Current Rent Schedule. (complete for rental projects that are currently occupied) *

	No. of Units of This Type	No. of Bedrooms/ Bathrooms	Average Size (sq. ft.)	Monthly Rent Per Unit	Annual Rent for All Units	Receives Rent Assistance	
						Yes	No
1.							
2.							
3.							
4.							
5.							
6.							
TOTAL							

c. The tenant will pay the following utilities:

Utilities	Type (gas, electric, etc.)	0 bdr.	1 bdr.	2 bdr.	3 bdr.	4bdr.	5 bdr.	6bdr.
Heating		\$	\$	\$	\$	\$	\$	\$
Cooking		\$	\$	\$	\$	\$	\$	\$
Hot Water		\$	\$	\$	\$	\$	\$	\$
Lighting		\$	\$	\$	\$	\$	\$	\$
Air Cond.		\$	\$	\$	\$	\$	\$	\$
Sewer		\$	\$	\$	\$	\$	\$	\$
Trash		\$	\$	\$	\$	\$	\$	\$
Total Tenant-Paid Utilities		\$	\$	\$	\$	\$	\$	\$

Units include:

HOME Units:

<input type="checkbox"/>	Range
<input type="checkbox"/>	Air Conditioner
<input type="checkbox"/>	Washer & dryer
<input type="checkbox"/>	Refrigerator
<input type="checkbox"/>	Kitchen exhaust fan
<input type="checkbox"/>	Washer & dryer hookup
<input type="checkbox"/>	Disposal
<input type="checkbox"/>	Dishwasher
<input type="checkbox"/>	Other:

Market-Rate Units:

<input type="checkbox"/>	Range
<input type="checkbox"/>	Air Conditioner
<input type="checkbox"/>	Washer & dryer
<input type="checkbox"/>	Refrigerator
<input type="checkbox"/>	Kitchen exhaust fan
<input type="checkbox"/>	Washer & dryer hookup
<input type="checkbox"/>	Disposal
<input type="checkbox"/>	Dishwasher
<input type="checkbox"/>	Other:

d. Annual Income from Other Sources

Source	Amount
Parking	
Laundry Facilities	
Program Income (for services, etc.)	
Other (describe)	

23. Annual Projected Expenses:

Provide the following information for rental projects only.

a. Annual Administrative Costs

Item	Amount
Advertising	
Management	
Administrative	40,000
Legal / Accounting	
Other:	
Total Administrative	

b. Annual Operating Costs

Item	Amount
Gas & Other Fuel	
Electricity	
Water/Sewer	
Trash Removal	
Janitorial	
Exterminating	
Other:	
Total Operating	

c. Annual Maintenance Costs

Item	Amount
Decorating	
Repairs	
Security	
Ground Maintenance	
Annual Replacement Reserve	
Other:	
Total Maintenance	

d. Annual Taxes and Insurance

Item	Amount
Real Estate Taxes	
Insurance	
Total Taxes and Insurance	

e. Annual Program Expenses*

Item	Amount
Cost of Services to Residents	

*Include only the cost of services to this facility.

Total Annual Operating Costs: 40,000

If necessary, detailed information on expenses is in Attachment: _____, Page _____.

24. Acquisition, Rehabilitation, or New Construction of Homes for Sale: N/A
(to be filled out for this type of project only)

Use of HOME Funds

Activity	Total Cost Per Unit	Maximum HOME Cost Per Unit	Average HOME Cost Per Unit
Acquisition			
New Construction			
Homebuyers Assistance	12,717	1,000	1,000
Other:			

a. How long will your organization hold title to the homes before conveying them to qualified home buyers? N/A

b. Describe the carrying costs that will be included in the price to the homebuyer (e.g. insurance, maintenance, financing charges, etc.)

c. Description of the homes to be sold.
(Complete one row of table for each type of home)

Size of Home (number of bedrooms and baths)	Type of Home (SF attached, SF detached, TH, etc.)	Average Square Feet of Home	Anticipated Selling Price	Anticipated Appraisal Value

25. **DESCRIPTION OF COMPLIANCE WITH TRADITIONAL NEIGHBORHOOD DEVELOPMENT PRINCIPLES:** Describe how the project conforms to the following traditional neighborhood development principles:

Traditional neighborhoods are designed as compact, walkable, diverse, and attractive neighborhoods. They are defined by the following principles:

1. ***Compact and walkable.*** Neighborhoods should be compact enough to encourage development of pedestrian connections and destinations without excluding automobiles.
2. ***A heirarchy of interconnected streets.*** Streets and roads function as a connected network, dispersing traffic and offering a variety of pedestrian and vehicular routes to any destination while connecting and integrating the neighborhood with surrounding communities.
3. ***An identifiable neighborhood/community center and edges.*** A center that includes public spaces - such as a square, green or important street intersection - and public buildings - such as a library, church or community center, transit stop and retail businesses - provides a civic focus and informal place of gathering; and edges that promote neighborhood identity.
4. ***A variety of housing choices within the same neighborhood.*** The neighborhood includes a variety of dwelling types so that younger and older people, singles and families, of varying income levels may find places to live.
5. ***A diverse mix of activities (residences, shops, schools, workplaces and parks, etc.) occur in proximity.*** Many activities of daily living should occur within walking distance, allowing independence to those who do not drive and adding to neighborhood vitality.
6. ***A range of transportation options.*** Streets are designed to promote the safe and efficient use by walkers, bikers, drivers and transit riders.
7. ***Pedestrian-friendly.*** Features such as safe, attractive and comfortable streets and public spaces promote walking as a viable option to auto trips.
8. ***Open spaces, greens, parks, accessible and convenient to all.*** Significant cultural and environmental features are incorporated into the design of the development for the use, benefit and enjoyment of the entire community. A range of parks, from tot-lots and village greens to ballfields and community gardens, are distributed within neighborhoods.

The City is in the process of selling 8+ acres to the Ellefson Company d/b/a Cornerstone Development, LLC, for a mixed income condominium project of 132 units on Pleasant View Road, just south of Airport Road in Middleton. This would be an infill project on the City's far-west side.

The City will adjust the proposed purchase price of \$1,654,000 by \$390,852 per the following explanation:

- a. \$193,332 offset for Park Fees to be paid for 132 units (96 two bedrooms at \$1634 and 36 one bedrooms at \$1013)**
- b. \$150,000 offset for cost of installing water pump system.**
- c. \$47,520 offset for city sewer interceptor fees (\$6000/Acre for 7.92 Acres).**

In return, the Ellefson Company will guarantee 35 units will be listed for a purchase price below \$150,000. (The unit count is based upon 25+% of the total number of units which is higher than the typical 15% affordable units used in similar scenarios.)

In addition to the 35 units to be built by the Ellefson Company over the next 3-5 years, the City estimates assisting an additional 15 families with down payment assistance over the next 1-2 years. Therefore, a total of 50 families are projected for down payment assistance.

Of the 35 aforementioned units from the total of 132, 22 will be two bedrooms, 11 will be one bedroom and 2 will be three bedrooms. The Ellefson Company will complete 7 affordable units per year and evenly disperse the units throughout the development. Further, these units will be restricted to buyers with income at or below 80% of the median income for Dane County. The income will be verified by both the seller and the City of Middleton by gathering the buyer's past two paycheck stubs and the past years W-2 form.

The \$150,000 cap will be adjustable by 5% per year the project is under construction. In addition, the Ellefson Company will attempt to provide additional units that list for a purchase price for which an 80% CMI buyer qualifies.

The City anticipates that many, if not the vast majority, of the new condominium owners will be interested in utilizing the City's Down Payment Assistance Program (DPAP) for mortgage financing assistance. The City's CDA has made available \$100,000 for Down Payment Assistance and has budgeted \$40,000 and contracted with the Wisconsin Partnership for Housing Development for administration of the DPAP.

The Ellefson development (see attached illustration of projected units) site is located on Pleasant View Road just south of Airport Road. As mentioned above, the development will be a mixed income project, including at least 25% of its units to be sold to families between 40-80% of County Median Income. The project site is within ½ mile walking distance of Middleton's two business parks, Middleton Municipal Airport, the Capitol Ice arena and the bus line. It also is located directly across the street from a new community park that will include a soccer complex of 9 fields, 5 baseball/softball fields, playground equipment, and bike/ped trails and environmental corridors that connect the neighborhood to jobs, recreational amenities, schools and retail development. This project is a classic BUILD infill development with traditional neighborhood ambitions and strongly pedestrian/bicycle friendly. It is also ideal for working people who do not wish to commute long distances to work and desire living in Wisconsin's most livable urban area.

26. APPLICANT'S CERTIFICATION:

The Applicant certifies that all information in this application, and all information furnished in support of this application, is given for the purpose of obtaining a loan or grant under Dane County's HUD-financed affordable housing programs and is true and complete to the best of the Applicant's knowledge and belief. Verification may be obtained from any source named herein. The Applicant agrees that this application is a public document and is subject to the Freedom of Information Act.

Mike Davis
Authorized Applicant Representative

Signature

City Administrator
Title

August 12, 2005
Date

EXHIBIT 1: County Median Income by Household Size, Effective 2/05
"SECTION 8 INCOME LIMITS"

MSA: Madison, WI FY 2005 MEDIAN FAMILY INCOME: \$73,200

No. of Persons:	1	2	3	4	5	6	7	8
30% of Median	\$15,350	17,550	19,750	21,950	23,700	25,450	27,250	29,000
Very Low-Income	\$25,600	29,300	32,950	36,600	39,550	42,450	45,400	48,300
Low-Income	\$40,600	46,400	52,200	58,000	62,650	67,300	71,900	76,500

EXHIBIT 2: MSA: Madison, WI, Maximum Allowable Rents

No. of Bedrooms:	0	1	2	3	4	5	6
Low HOME Rent Limit	\$500	630	746	951	1,061	1,171	1,281
High HOME Rent Limit	\$500	630	746	1,019	1,297	1,441	1,560
Fair Market Rent	\$500	630	746	1,019	1,297	1,492	1,686
50% Rent Limit	\$640	686	823	951	1,061	1,171	1,281
60% Rent Limit	\$813	872	1,048	1,204	1,323	1,441	1,560