



City of La Crosse- Affordable Housing Revolving Loan Fund Application

Table of Contents/Self-Certification Checklist (mark x in box for completion)

Section 1 Project Summary

Section 2 Project Description

Form 2a Proposed Units by Bedroom Count and Income Levels, Homeless/Non-Homeless Units

Form 2b Project Schedule

Attachment A Preliminary architectural drawings or concept picture and site plan

Attachment B Low-Income Housing Tax Credit Self-Scoring Worksheet (if applicable)

Section 3 Development Budget

Form 3 Development Budget

Section 4 Financing Sources

Form 4 Financing Sources

Section 5 Project Operations

Form 5a Proposed Rents

Form 5b Operating, Service, and Rent Subsidy Sources

Form 5C Operating Pro Forma

Section 6 Organizational Capacity

Form 6 Developer Experience

Attachment B- Photographs/portfolio of other similar projects (no more than three (3))

Attachment C- Resume of lead coordinator

Attachment D- Copy of partnership agreement or operating agreement if the applicant is a partnership or limited liability corporation. This should indicate the cash contributions by the partners or members.

Attachment E- Copy of W-9 Form

Attachment F- If applicable, commitment letter from non-profit organization providing supportive services for the units targeted for very low-income populations.

Section 7 Certifications

**SECTION 1
PROJECT SUMMARY**

1. Developer/Applicant Information

Organization: MSP Real Estate, Inc.
Address: 1295 Northland Drive, Suite 270
City and Zip Code: Mendota Heights, MN Zip: 55120
Executive Director: Mark Hammond
Phone: 612-868-9997 Fax: 952-935-7202
Email: mhammond@msphousing.com
Project Contact Person: Mark Hammond
Phone: 612-868-9997 Fax: 952-935-7202
Email: mhammond@msphousing.com

Developer Organization Type (check only one):

- Nonprofit Corporation
- For-Profit Corporation
- Other (please specify)

2. Proposed Ownership Structure (check all that apply)

- Nonprofit
- Tax credit entity
- Limited Liability Corporation (LLC) or Limited Liability Partnership (LLP)
- Other, Describe:

3. Local Partnership(s) for Supportive Services on Units for Homeless or 50% CMI units

Organization: La Crosse County Veterans Service Commission
Organization Address: 212 6th Street North
City and Zip Code: La Crosse, WI Zip: 54601
Executive Director: Kathy Thoen – Veterans Service Coordinator
Phone: 608-785-9719 Fax: 608-785-9718
Email: laxveterans@lacrossecounty.org
Project Contact Person: Adam Flood
Phone: 608-785-9719 Fax: 608-785-9718
Email: aflood@lacrossecounty.org

SECTION 2 PROJECT DESCRIPTION

Project Characteristics

Project Narrative

1. Please provide a brief narrative summary of the proposed concept and your technical approach to the project. Please include target population, number of units, rental rates, and unique aspects of the project. Please describe design considerations for the target population or location.

The Driftless aims to serve the community by creating 120 units of affordable/workforce housing units for both seniors and individuals/families to serve a mix of age groups. This project would be the first development in the underutilized River Point District (specifically located at Zone D) that the City of La Crosse is targeting for redevelopment, helping to catalyze additional development in this area. The design is modeled off a project we recently completed project in Wauwatosa, WI (River Parkway) which was awarded first place in the 2021 Senior Housing News Architecture and Design Awards for Affordable Housing. We further elevated the design working with the City to suit this location in the River Point District. Along with increasing the tax base, this project will provide needed, quality, safe affordable housing, helping to enhance stability for lower income La Crosse area seniors and families. This underutilized site is also in a great location just north of Downtown with great access to transit and a grocery store right across the street.

As proposed, The Driftless is made up of five separate buildings. One building consists of four stories with 100 units of independent senior housing (age-restricted to 55+) above one story of structured parking. This independent senior building has a mix of one-bedroom and two-bedroom units. The remaining four two-story buildings consist of a total of 20 three-bedroom townhome style family units (non-age-restricted) with private entries and 12 structured parking spaces. All 120 units will be affordable to residents at or below 80% County Median Income (CMI) and targeted toward such populations. Further, 24 of these units are set-aside as supportive service units at 30% CMI. We have a signed MOU with La Crosse County Veterans Service Commission and plan to reach out to Couleecap, Inc. as well to partner in providing supportive services and referrals for these 30% CMI units. Depending on the income level and unit size, net rental rates range from \$468/month to \$1,390/month.

- Common Amenities: onsite parking, community room, outdoor patio, on-site leasing office, storage, tot lot
- Unit Finishes: full-service kitchen with Energy Star stainless steel appliances, granite countertops, vinyl plank flooring throughout with carpet in the bedrooms, large windows, private unit patios, in-unit washer and dryer, in-unit internet provided at no cost to residents

2. Describe the non-residential space included in the project and its use. (If applicable).

N/A

Design Quality and Compatibility

3. Attach a concept architectural drawings or picture and site plan of what the proposed development would look like.

Describe what design elements are included fit the criteria described in Architectural Design Expectations.

The Driftless was designed with a balance of density and open space in mind. The four-story independent senior building borders two streets facing the entrance of the River Point District to give a grand appearance. While the building is four stories, it activates the streetscape with a modern storefront community room and outdoor patio for residents to socialize above. The streetscape will also be lined with landscaping to break up the ground level, high-quality masonry materials and give a softer, pedestrian-scale feel. Along the other two streets of the block, the project opens up with two-story townhomes that have private ground floor entries facing the street for street

activation. Surface parking is tucked away within the development through the building activation on all four sides of the block. The additional structured parking for both the independent senior building and townhomes allows the project to preserve open space within the interior of the block, including protection for a tot lot. All of the buildings will use quality, durable materials, such as masonry and hardie panel to execute the high-end finish of this design suited for the River Point District.

4. How will the project meet the criteria for Green Energy Standards? What third-party rater agency will be used and what benchmarks will be met?

We recognize that sustainability is an important component of this development. The Driftless will be built to the standards of and receive certification through the Wisconsin Green Built program. In order to achieve this certification, the project must score 200 points under Wisconsin Green Built's checklist of energy efficient and sustainable items. Examples of green technologies that will be incorporated into the building design include Energy Star appliances in all apartments, LED lighting, high efficiency boilers, highly efficient shell, and installing low flow fixtures and faucets. We will also work with Focus on Energy to further recognize potential feasible energy saving and green strategies.

Please complete the following Excel forms

- **Form 2a, Units by Bedroom Count and Affordability.**
- **Form 2b, Project Schedule** (provide an estimate of the schedule of work).
Assume no re-location.
- **Form 2c LIHTC self-scoring** (if applying for LIHTC)
- **Attachment A, include preliminary architectural drawings or concept picture and site plan**

SECTION 3 DEVELOPMENT BUDGET

Development Budget Narrative

Please provide a brief description regarding the concept's development budget. Please explain the choices the development team proposes to make around cost as they relate to both opportunities for project savings and long-term project sustainability (**Complete Form 3**).

When we initially submitted our LIHTC application to WHEDA, we sized/designed the project concept to make the most of the WHEDA LIHTC toward this project as well as balance the density on the site. The split between the large apartment building and the townhomes allows us to get some good density on the site with the apartment building while providing alternative housing options for residents through the slab-on-grade townhomes. While costly, the structured parking under the apartment building allows us to provide more parking onsite while maintaining open space and allowing for the creation of more units. Overall, the project costs per unit are in line with what we are seeing in the market, allowing us to propose an affordable/workforce housing that feels and looks no different than market rate housing with high-quality, durable materials that will last. MSP cares about the quality of our buildings on the front end because with in-house property management, we end up dealing with the maintenance on the back end if we didn't prioritize quality at the initial build. Some design requirements and added costs this site requires include the structured parking, geopiers due to the soils, having proportionately more three-bedroom units compared to other developments (this project has 20% of all units as three-bedrooms and comparably other developments would have about 10% of all units as three-bedrooms), and several other elevated design requirements to suit the River Point District.

Please complete the following Excel forms
➤ **Form 3: Development Budget**

SECTION 4 FINANCING SOURCES

Financing Narrative

1. Provide a short narrative to Form 4, Financing Sources, and any assumptions with regards to the project's financing. Describe any assumptions made for the amount of LIHTC funding. Describe any other unique financing details as they pertain to the project.

We have already secured the LIHTC credits for this project and are assuming pricing at \$0.88 for the federal credits and \$0.70 for the state credits. We are currently showing long-term tax-exempt bond financing and short-term tax-exempt bond financing with the rate and terms through WHEDA. These interest rates are high and there is a possibility that the interest rates could be lower with a municipal bond issuance if possible through the City of La Crosse. We applied in October 2022 for TIF funds and through discussions with the City, it sounds like the maximum feasible TIF amount would be right around \$2.5M as we are showing in our proforma, but this amount has not been confirmed and we are still in discussions with the City over the potential TIF amount for this project. We also applied for the County Acquisition/Demolition funds in December 2022 in the amount of \$100,000 and hope to hear about an award this month. In current discussions with WHEDA, there is a fund that would be able to provide \$6,000/unit at or below 50% CMI which we are showing in our model for a total of \$432,000. Given that all of our units are at or below 80% CMI, we are showing the structure for these Affordable Housing Revolving Loan Funds based on the \$25,000/unit as a 1% interest loan and \$20,000/unit as a grant. This request totals \$2,000,000 with \$1,111,111 as a 1% interest loan and \$888,888 as a grant.

2. Describe how your organization is uniquely positioned to obtain the proposed financing as compared to other organizations. If applicable, describe the any gap in funding and possible ways to address these gaps. **(Complete Form 4).**

We already have one big step complete toward the financing for this project with being awarded LIHTC in which the LIHTC equity makes up over 50% of the project budget. We also have experience on previous projects piecing together the financing with a combination of CDBG, TIF, and other City/County financing sources among others to get the projects across the finish line. With the current funds shown, we are not projecting a roughly \$97,554 gap in funds if all funds are awarded as currently applied for. We are consistently looking for and open to other financing options or changes in our project structure that may be able to fill this financing gap. We will continue to search for financing and structuring options with community partners to help this project get across the finish line for the community of La Crosse. One option is looking at municipally issued bonds which would have a lower interest rate than WHEDA bond terms. We have briefly discussed this with the City and there is a possibility of looking at this path further to help close the remaining gap.

Please complete the following Excel forms

- **Form 4, Financing Sources**

SECTION 5 PROJECT OPERATIONS

Project Operations

Please complete the following Excel forms

- **Form 5A, Proposed Rents**
- **Form 5B, Operating, Service, and Rent Subsidy Sources**
- **Form 5C, Operating Pro Forma**

Operating Pro Forma Narrative

1. Provide a narrative explanation of the proposed financial plan for covering operating expenses for 15 years and maintaining the quality of the apartment over the period of affordability. Describe the proposed period of affordability for the project. As the operation of the project may require a rental subsidy, describe your organizations track record in securing such subsidies (Section 8 vouchers, VASH Vouchers, other)
 - As our property management team is in-house, we are able to work closely with our property management team from the beginning to anticipate operating expenses for the development based on the area and our vast portfolio.
 - MSP cares about the quality of our buildings on the front end because with in-house property management, we end up dealing with the maintenance on the back end if we didn't prioritize quality at the initial build. We have an extensive property management and maintenance team that helps to ensure our properties are kept up to date on maintenance and/or repairs.
 - As a WHEDA project, the proposed period of affordability for this project is 30 years.

Supportive Housing Services

(Write N/A if your project does not have homeless units set-aside units or supportive housing services. Should be jointly completed with the non-profit agency providing the supportive services.)

Case Management, Supportive Housing, Residential Support Services

2. Describe how the project will work with a homeless agency to house people experiencing homelessness who are on the Coulee Continuum of Care Prioritization list. Be specific in terms of how these individuals will be referred. Write N/A if this does not apply.
N/A
3. Please describe the tenant selection plan and tenant selection criteria for units set-aside for people experiencing homelessness.
N/A
4. Describe how the case management or permanent supportive services model will work and how it would lead to housing stability and self-sufficiency for homeless individuals or families. Describe how these services will be funded.

N/A

5. Describe your organization's experience and success in working with individuals who were homeless, living in poverty, and ability to stabilize these individuals and provide the necessary supportive services to ensure they are stabilized.

N/A

6. Describe your organization's participation in the HMIS system and La Crosse's Continuum of Care. (If not participating, please explain.) Include any other unique aspects of this partnership.

N/A

7. Describe your plan for any other residential support services such as formation of a resident association, community building activities, job training, physical activity, GED classes, ect. Describe from Developer's Perspective how they will coordinate with local partner agency(ies). **(Developer to complete this section)**

Approximately 24 units (20% of total units) are set-aside as supportive services units at 30% CMI. We have a signed MOU (attached) with La Crosse County Veterans Service Office and intend to reach out and partner with Couleecap, Inc. In providing support for veterans, the La Crosse County Veterans Service Office assists with benefits at the federal, state, and county level and connects veterans with available services. Couleecap fights poverty and promotes self-sufficiency, economic development, social justice, and personal responsibility by helping those in need with housing, food, transportation, and more.

Residents living in our 30% units will receive marketing information from our on-site property manager about the services our supportive service partners can provide to individuals and families that need these services. Additionally, our supportive services partners will refer prospective residents to The Driftless through their own outreach in the community. Irrespective of this outreach, residents will have a choice of who the service provider will be regardless of the supportive housing management plan in place. See the following for a more detailed description of the types of supportive services each of our partners can provide to prospective 30% residents of The Driftless.

SECTION 6 ORGANIZATIONAL CAPACITY

General

8. Indicate the roles of the Developer in the project. (check all that apply)

- Ownership Entity
- Managing Partner or Managing Member
- Social Service Provider
- Property Management
- Sponsoring Organization
- Developer
- Other, Describe:

Ownership Entity

9. Describe the proposed ownership entity and if the relationship between the ownership entity and the Developer is expected to change over time.

The proposed ownership entity would be a Limited Liability Company (LLC) called The Driftless Apartments, LLC. The President of MSP Real Estate, Inc. would also have an ownership interest in the managing member

entity of the LLC. Please also note that the developer, property manager, and general contractor all have common ownership and are identities of interest.

Experience

10. Describe the Developer's experience assembling and financing heavily leveraged projects, working with HUD CDBG or HOME funds, as well as coordinating with multiple community stakeholders and elected officials. Describe any experience working with supportive housing units. (Include photographs of past projects in Attachment B (no more than 4)).

- MSP Real Estate has extensive experience in identifying and addressing affordable housing needs since 1991 and creating affordable housing developments throughout Wisconsin, Minnesota, and Indiana.
- We have extensive experience utilizing various funding sources to piece projects together including LIHTC, CDBG, TIF, FHLB AHP, and City/County funds among other financing sources.
- Through working in different communities, we have enjoyed working with many different elected officials and community stakeholders to create the best project for their communities.
- All of our recent affordable housing projects include approximately 20% of total units set-aside as 30% CMI supportive service units. We have partnered with various organizations local to the project including Veterans Services Offices, Salvation Army, Social Development Commission, Aging & Disability Resource Centers, etc. to create a referral network. We rely on these referral networks to both provide referrals for residents to live at the development and introduce residents to supportive services that they may find useful in their lives.

11. Is your organization or any affiliate currently engaged in any project workouts? Yes No
If yes, please explain.

12. Indicate record of securing and/or syndicating LIHTC allocations, note any potential conflict resulting from upcoming or present obligations.

- The Driftless is our 32nd project that has secured tax credit awards with a combined 2,000+ units of affordable family and independent senior housing either completed or currently under construction.

13. Why should the Developer be chosen to receive these funds over other qualified affordable housing developers?

As we have already secured WHEDA LIHTC for this project, this minimizes some of the risk in financing the project through already having over 50% of the funding sources secured in WHEDA LIHTC. In addition, all units in this project are affordable at or below 80% CMI with both independent senior and family (non-age-restricted) components to serve a variety of community members at different income levels and stages of life. Our affordable projects have also been recognized in the past for the architecture and design that will create a standout project in the River Point District. This project would be the first development in the underutilized River Point District that the City of La Crosse is targeting for redevelopment, helping to catalyze additional development in this area. This underutilized site is also in a great location just north of Downtown with great access to transit and a grocery store right across the street. In addition to the development concept overall, MSP Real Estate has a proven track record of piecing together affordable housing projects with experience utilizing a variety of financing resources and getting projects across the finish line. As a long-term owner and holder of our properties, we are highly involved in the quality of the project from start to finish. As related entities, there is also a continuity throughout the project between development, construction, and property management in creating the best possible project for our future residents and the communities we build in.

14. What is the Developer's plan should they not successfully obtain LIHTC funding?

N/A – LIHTC funding has already been secured for this project.

PERSONNEL

15. List the names of key members of the Developer organization’s development team, their titles, and their years of experience in affordable housing.

Name	Title <i>(e.g., executive director, project manager.)</i>	Years’ Experience in Affordable Housing
Milo Pinkerton	President	30+
Mark Hammond	Vice President of Development	7
Brian Martin	Vice President of Asset Management	12
Alyssa Klecker	Development Associate	2

16. Name the individual who will serve as lead for the development team and who will direct and coordinate the development effort to completion. This person must remain on the project and be the primary point of contact unless substitution is approved by the City of La Crosse. Describe their relevant experience below, particularly with development that house people with special needs or supportive housing units. Attach their resume as Attachment C.

Mark Hammond is the Vice President of Development for MSP Real Estate, Inc. and will be the lead for the development team on this project. Mark has been heading up MSP’s development pipeline for all of our projects over the last seven years. This includes our recent concept of setting aside approximately 20% of our total units set aside as supportive service units at 30% CMI. Through this experience, he has formed relationships with various supportive service partners in different communities to help provide residents with potential needed services and referrals to and from our projects. In addition, several of these prior projects that Mark worked on contained a special needs component as a part of FHLB AHP financing. Prior to working with MSP, Mark worked for a development company based out of La Crosse. Mark is from the La Crosse area and is very excited for the potential of developing this project in his hometown. Please see further information about Mark and MSP Real Estate, Inc. in the developer experience attachment.

REFERENCES

17. List the names of three (3) references for the developer. References that are relevant to the scope of work are most desirable (permanent lender, other City developer has worked with, LIHTC limited partner investor, community group that has worked with the developer, prior experience in a comparable development)

Name	Title/Organization	Contact Information (phone/email)	Relationship
Josh Resch	Starion Bank	608-224-5546 joshuar@starianbank.com	Banking
Kevin Kilbane	Raymond James	216-509-1342 kevin.kilbane@raymondjames.com	Tax Credit Equity
Paulette Enders	City of Wauwatosa	414-479-3531 penders@wauwatosa.net	Community Development

Property Management

18. A key indicator of success will be the ability of the project to maintain the property. Describe the anticipated management plan for this project. Discuss the property management plan and property and tenant management policies and procedures, including security measures to maintain a safe living environment.

The staff of The Driftless has well-defined job responsibilities. Site staff includes:

The Property Manager (1) of the property is responsible for the overall daily operations of the property; such as rent collections, resident retention/relations, employee relations, tax credit certification/recertification, dealing with vendors, community involvement, purchasing and budget control, etc. The Maintenance Technician (1) is responsible for doing day-to-day routine maintenance calls. Residents contact the site office to submit work orders. All on-site staff is supervised by a Regional Manager. The leasing policies conform with standard industry practice for Low Income Housing Tax Credit and are outlined in the Resident Selection Plan. Each applicant must income qualify under the median income limits for the tax credit housing programs. We do a complete criminal, credit and previous rental history background check on each applicant before they are accepted into the Property. Each applicant is charged a \$20.00 application fee to help offset the cost of processing applications. A Security Deposit of first month's rent will be charged for each apartment, subject to market concessions. All leases will be in writing for a term of one year. The lease will renew annually unless a written notice of intent to vacate has been received a full calendar month plus one day in advance of the termination date. The lease will be signed prior to move-in by all adult members of the household. Each resident will sign a receipt acknowledging that they received a copy of their lease. The Agent is knowledgeable of required and prohibited lease clauses and state lease laws. Community Rules will be provided to each Resident as an attachment to their lease.

19. Describe Developer's property management experience for similar projects, including the number of staff, process for marketing and income-qualifying tenants

- Over 30 yrs. of housing management experience
- Properties of this size have a staff consisting of 1 property manager, 1 maintenance manager and a Regional Manager overseeing the day to day
- Marketing efforts consist of; On-line and social media marketing, Local and Regional print media, property brochures, direct mailers and other information handouts, signage for walk-in traffic and referral networks
- All applications are processed and reviewed by a 3rd party compliance contractor. Application information is valid for 120 day prior to lease commencement. All leases will be in writing for a term of one year. The lease will renew annually unless a written notice of intent to vacate has been received a full calendar month plus one day in advance of the termination date. The lease will be signed prior to move -in by all adult members of the household. Each resident will sign a receipt acknowledging that they received a copy of their lease.

20. Will management be provided on site? If yes, what will be the form of management?

- Management Office (Business Hours Only) – There will be a property management office onsite along with a property manager and maintenance technician.

21. Describe your affirmative marketing plan, to ensure that diverse and communities of color learn of the opportunity. Detail specific steps taken to ensure that protected groups that likely would not otherwise be aware of the housing opportunities in the project. (Please note upon request by staff, the owner will submit additional marketing place and documents to show the owner's fair housing efforts).

See the attached Affirmative Fair Housing Marketing Plan (AFHMP). Marketing practices to those 'least likely' identified groups in our AFHMP include directly reaching out over phone, email, and occasionally in person to organizations recognized in our AFHMP. The property manager will discuss the project and provide marketing materials including flyers and brochures. Outreach will occur during initial lease-up and throughout the project

duration for ongoing marketing of vacant units. Other proposed marketing activities included in the AFHMP include Apartments.com & Craigslist through SEO targeting with keywords as well as targeted mailings to residents within the census tract area.

Equal Opportunity (MBE/WBE), Non-Discrimination, Section 3 Compliance

22. The City of La Crosse anticipated investing significantly in this project and expects local employment and economic development. What will the Development Team’s approach be to ensuring strong participation by local businesses? What is the Developer’s prior experience in attracting and utilizing minority-owned and women-owned businesses?

Our recent WHEDA projects have had a 25% Emerging Business Enterprise (EBE) goal on qualifying costs. We have been able to meet this goal on all our recent WHEDA projects in the Milwaukee and Madison area by hiring competitive, local subcontractors who we have formed relationships with. The EBE designation includes a variety of business certifications including minority-owned business enterprises (MBE), women-owned business enterprises (WBE), disadvantaged business enterprises (DBE), small business enterprises (SBE), etc. Given that the La Crosse area would be a new market for us, there is a disadvantage compared to previous projects where we have formed local relationships, however, I think there is also an advantage to being open to various new businesses to form relationships with from the start, including competitive minority-owned and women-owned businesses. WHEDA also does not have an EBE goal for La Crosse county as it does Milwaukee and Dane County, which may indicate that it is tougher to meet such a goal in the La Crosse area. However, we will reference the directories available and work with any resources the City/County may be able to provide to reach out to these businesses when bidding the project.

23. HUD Section 3 Requirements will apply to the construction work on this project, if CDBG funds are utilized. Describe the approach and methods the Developer would utilize to employ residents of a development and other individuals eligible as Section 3 participants.

It is our intent to structure this project’s financing so that we are using any CDBG money for site acquisition, site prep, site costs, other soft costs, etc. We do not intend to utilize CDBG funds for construction. In the event this is not possible and CDBG funds must be utilized for construction, we will work to meet the requirements for Section 3 participants. We have not worked with Section 3 participation in the past, but would make our best efforts to comply if required on this project. We would reach out to La Crosse area employment/training centers and other area partners for resources to identify Section 3 workers to provide to our subcontractors who are looking for new hires to place on our project.

Please complete the following Excel forms

- **Form 6, Developer Experience**
- **Attachment B**, Include up to 4 photographs (with captions) of similar projects developed by Developer described in question 3 or provide website links to 4 projects.
- **Attachment C**, Resume of lead project manager.
- **Attachment D**- Copy of partnership agreement or operating agreement if the applicant is a partnership or limited liability corporation. This should indicate the cash contributions by the partners or members.
- **Attachment E**- Copy of W-9 Form
- **Attachment F**- If applicable, commitment letter from non-profit organization providing supportive services for the units targeted for very low-income populations.

