

GARDEN TERRACE APARTMENTS

EXECUTIVE SUMMARY



The proposed Garden Terrace Apartments is an affordable, multi-family development on the near north side of La Crosse, Wisconsin. The new construction development will consist of 50 apartments and a multi-purpose community center. The development will be split between two sites: City-owned property on the 700 block of Kane Street and two privately owned lots on the 1100 block of St. James Street. The building will incorporate universal design principals, exceed minimum accessibility requirements, and achieve a Wisconsin Green Built Homes designation for energy efficiency and sustainability.

BUILDING & SITE OVERVIEW

The development will be split between two sites: City-owned property on the 700 block of Kane Street and two privately owned lots on the 1100 block of St. James Street. The building will incorporate universal design principals, exceed minimum accessibility requirements, and achieve a Wisconsin Green Built Homes designation for energy efficiency and sustainability.

Kane Street Site. The Kane Street site (lower lot) will have a two-story apartment building consisting of 44 units. The building will be served by a central elevator and will have a central corridor. Seven three-bedroom units will also benefit from exterior walk-up entrances. Surface parking at a 1 space per dwelling unit ratio will be available off the alley.

St. James Site. The St. James site (upper lot) will have six two-story townhomes and the community center. These townhouses will have three-bedrooms, two bathrooms and private, single-car garages.

The community center will house the Kane Community Hub, a resource that will be open to Garden Terrace residents, the Kane Street Garden and the surrounding neighborhood. This space will feature a multi-purpose meeting space for employment readiness training and resident activities; a catering-style kitchen for activities such as nutritional classes and community meals; and on-site property management offices. The Kane Community Hub also will be a space for Impact Seven's referral and



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supportive services partners to have one-on-one meetings with formerly homeless clients, group sessions and other programming. Located adjacent to the Kane Street Community Garden, the Hub will foster interaction among the Hunger Task Force and the development’s supportive service partners working with veterans and households transitioning out of homelessness.

Local Services and Amenities. The Garden Terrace is located roughly 2 miles north of downtown La Crosse and is well-served by two bus routes on Lang (Route 5) and Copeland/Rose Streets (Route 6). Many resources and amenities are within walking distance or a short bus ride.

	Distance (miles)		Distance (miles)
Grocery		Public Schools	
Gordy's Market	0.8	Northside Elementary	0.8
Festival Foods	2.0	Logan Middle School	0.6
Hospitals & Clinics		Logan High School	0.8
Neighborhood Family Clinics	0.8	Youth Services	
Mayo Clinic Health System	2.2	Margaret Annett Head Start Center	0.3
Gunderson Lutheran Medical Center Clinic	2.8	Boys and Girls Club of La Crosse	0.4
VA River Valley Outpatient Clinic	3.0	Higher Education & Workforce Development	
Supportive Services		University of Wisconsin - La Crosse	1.3
Couleecap	1.3	Wisconsin Jobs Center at Wester Technical College	1.5
La Crosse Vet Center	1.1	Viterbo University	2.3
WDVA VORP Main Office	4.0	Workforce Development Center - Western WI	3.9
Public Parks & Recreation		Other Services & Amenities	
Green Goose Park	0.1	Coulee Region Business Center	0.3
Red Cloud Park	0.6	The Hunger Task Force of La Crosse	0.4
Black River Beach Neighborhood Center	0.6	North Community Library	0.7
Copeland Park	0.8		
Dahl Family YMCA	1.7		

Site Control and Zoning. Impact Seven has executed Option to Purchase Agreements for all three parcels. The acquisition price for the land is \$1. The appraised value is \$275,000, which serves as a portion of the City’s financial commitment to the project. The two private parcels are being acquired for a combined \$107,000; that option extends through July 31, 2017.

The City of La Crosse Common Council approved the general Planned Unit Development rezoning on December 8, 2016, which paves the way for the proposed use. A specific Planned Development District petition with detailed elevations and site plans will be submitted after the LIHTC award is secured.

Environmental and Engineering. Impact Seven has obtained preliminary storm water management designs; the cost estimate includes a structured underground detention system for the Kane Street site and a rain garden on the St. James site for water management. Impact Seven has also ordered Phase I Environmental Site Assessments for both sites; no recognized environmental conditions were uncovered.

UNIT MIX & OPERATIONS

The unit mix consists of one, two and three-bedroom apartments on the Kane Street site and three-bedroom townhomes on the St. James site. Fifteen units will be targeted to either homeless veterans, homeless families or chronically homeless and will have project-based rental assistance (the Targeted Units). For the purposes of the Land Use Restriction, ten of the Targeted Unit will be at 30% of the Area Median Income and five will be at 50% of the Area Median Income. In practice, the majority of the qualifying households for the Targeted Units will have incomes well below 30% AMI. The housing design does not distinguish between residents in a Targeted Unit or a market rate unit. Based on feedback from local providers, the Targeted Unit mix is weighted toward one-bedroom units.

VASH Rental Assistance. The Housing Authority of the City of La Crosse (the Housing Authority) received an award for 15 HUD Veterans Assistance Supportive Housing (VASH) vouchers in November 2016. The Housing Authority applied for the vouchers expressly for the Garden Terrace Development. The Housing Authority identified the four-county Coulee Continuum of Care area (Crawford, La Crosse, Monroe and Vernon Counties) as the outreach area for homeless veterans, which will ensure there is a sufficient number of eligible veteran households for the Garden Terrace Development.

Rent and Income Mix. Impact Seven engaged Baker Tilly to prepare a market study in November 2016. The rents below are achievable based on Baker Tilly’s analysis.

By Income Level			
	# of Units	%	# PBRA
30% AMI	10	20.0%	10
50% AMI	20	40.0%	5
60% AMI	12	24.0%	0
Market / Unrestricted	8	16.0%	0
Total	50		15

2016 Income Limits			
1 person	2 person	3 person	4 person
14,220	16,260	18,300	20,310
23,700	27,100	30,500	33,850
28,440	32,520	36,600	40,620
None	None	None	None

By Unit Type			
	# of Units	%	# PBRA
1 BR	14	28%	9
2 BR	16	32%	4
3 BR	20	40%	2
Total	50	1	15

Tenant Rent *	Square Feet
\$518 - \$795	610
\$621 - \$950	825
\$743 - \$904	1,100-1,400

* Units at 30% AMI will have project-based rental assistance in which tenants pay 30% of their income.

Tenants will pay all utilities except water/sewer and trash/recycling. Upon award of credits, Impact Seven will evaluate whether to incorporate a central solar-domestic hot water system, which would change the water heating expense to be landlord-paid.

SUPPORTIVE SERVICES

As noted above, this project is connected to a concerted effort to address homelessness in the City of La Crosse. In 2015, the La Crosse Mayor Tim Kabat signed on to the Mayor’s Challenge to End Veteran Homelessness, a national initiative that is spearheaded locally by a coalition called the La Crosse Collaborative to End Homelessness (see <http://endhomelessnesslacrosse.org>). In 2016, the Collaborative engaged a national homelessness consultant to help assess the scope of homelessness in La Crosse and lead a series of intensive action labs to establish strategic goals achievable in 100-day increments.

Impact Seven intends to team with three service providers – Couleecap, Tomah VA Medical Center (VAMC) and the Wisconsin Department of Veteran Affairs (WDVA) – to refer prospective residents and provide ongoing support to the Garden Terrace residents who are transitioning out of homelessness.

Couleecap, a multi-faceted human service organization, is Impact Seven’s primary referral partner. Couleecap is the co-lead agency, along with the YWCA, of the Coulee Continuum of Care. Couleecap administers several programs that assist individuals and families who have experienced homelessness, including their Supportive Housing Program (SHP). In SHP, case management staff work to support each household in improving their self-sufficiency by connecting households with mainstream resources, assisting households in increasing or securing income, and assisting households in improving their

housing stability. Couleecap sees The Garden Terrace Apartments as the next stage for clients who are stable and ready to move to a greater level of independence. This is a housing type that is in short supply in the La Crosse area given high rental costs and landlord reluctance to take risks on renters with weak credit and past involvement with the criminal justice system. Impact Seven and Couleecap have entered into a Memorandum of Understanding (MOU) to provide tenant referral and advisory support to ensure that Garden Terrace Apartments reaches vulnerable households for the Targeted Units.

Impact Seven will also work with the VA Medical Center in Tomah (VAMC) to house veterans participating in the Veterans Affairs Supportive Housing (VASH) program. The VASH program, funded by HUD and the VA and provided locally through the Tomah VAMC, serves very low-income homeless veterans that have a mental health or chronic health condition for which they need case management. Case management lasts as long as it is needed by the veteran. The Tomah VAMC's VASH program currently provides tenant-based rental assistance. Tomah VAMC has Case Managers, Peer Support Specialists, a Registered Nurse and a Housing Specialist / Outreach worker who work in partnership with veteran participants to provide support and assistance to promote stability, housing permanence and recovery. Currently, this staff serves approximately 40 homeless veterans.

Lastly, Impact Seven will also collaborate with the Wisconsin Department of Veterans Affairs (WDVA). Through the Veterans Outreach and Recovery Program (VORP), WDVA provides case management for homeless veterans with mental/behavioral health or substance abuse who are not eligible for VA services. WDVA will refer veterans to Impact Seven for housing and will continue to provide case management and appropriate supportive services through referrals to ensure that veterans can successfully maintain independent housing. The WDVA implemented VORP in 2014 and currently provides case management to 22 homeless veterans who are not eligible for VA services in the La Crosse region through one case manager. Impact Seven and WDVA have entered into a MOU for this project.

DEVELOPMENT TEAM & OWNERSHIP STRUCTURE

Developer / Owner:	Impact Seven, Inc.
Architect:	Engberg Anderson
General Contractor:	Catalyst Construction
Attorney:	Foley & Lardner LLP
Accountant:	Baker Tilly
Property Manager:	Gorman & Company
Service Provider(s):	Couleecap: referrals and technical assistance VA Medical Center-Tomah: case management for VASH-supported units WI Department of Veterans Affairs: case management for their referrals

TIMELINE

LIHTC Application	March 3, 2017
FHLB Application	June 2017
George/St. James Site Acquisition	July 2017
FHLB Award	November 2017
Construction Closing / City Land Acquisition	Q1 2018
Construction Completion	Q2 2019
100% Initial Occupancy	Q4 2019
Stabilized Occupancy (3 months breakeven)	Q1 2020

NOTES TO SCORING CRITERIA

FINANCIAL NEED

Developer Equity. Garden Terrace will be funded primarily through app. \$6.15M in LIHTC equity financing. Other major funding commitments include Federal Home Loan Bank funds, NeighborWorks grant funds, Home Depot Foundation Grant funds, and City of La Crosse CDBG/HOME loan funds. Please see the Project Sources pro forma in Sec. 3 of this application for detailed information.

% of Project Cost. We propose a TIF grant allocation of **\$199,557**. At this amount, TIF funds represent about 2% of total project sources.

Payback Period. The TID in which Garden Terrace is located closes in 2033. We anticipate a 15 year payback period for our requested TIF grant.

Land assembly cap. The cost to assemble the land needed for this development is \$107,001. Please find the 'Uses' sheet in the Project Description section of this application for details on land acquisition costs. Land assembly is therefore app. 1% of total project cost.

Internal Rate of Return. Impact Seven anticipates securing a developer fee of \$440,000 from the project and \$375,000 in deferred developer fee, for a total of \$815,000 over the life of the project. The total developer fee represents app. 7.6% of total project costs.

Increase in Improvement Value. The site is currently assessed at \$110,100. The estimated post-build assessment is \$2,347,773, which represents a 21x increase in the value of the project improvements.

PUBLIC BENEFIT

Job Creation. Garden Terrace will catalyze two full-time jobs: A regional property manager whose office will be located at the site, and a regional maintenance technician who will oversee Garden Terrace and other properties managed by Impact Seven. Additionally, the project will provide construction and trades-related work during the year-long construction period.

Strengthen Economic Base of the City. We estimate that Garden Terrace will yield \$2,347,773 in new assessed value for the City. Additionally, the housing will provide safe, decent, and affordable housing to residents who may be excluded from quality housing alternatives.

Leveraging of non-city funds. Non-TIF funding commitments comprise app. 98% of total project sources, against an app. \$10.7M project budget.

Redevelopment of underutilized properties. The development will be split between two sites: City-owned property on the 700 block of Kane Street and two privately owned lots on the 1100 block of St. James Street. The building will incorporate universal design principals, exceed minimum accessibility requirements, and achieve a Wisconsin Green Built Homes designation for energy efficiency and sustainability.

The Kane St. site is currently vacant and surrounded by single-family housing, while the St. James site is currently occupied by three older single-family homes. The project will provide new units in a neighborhood with older housing stock, as well as new community space for use by the Hunger Task Force, whose community gardens are adjacent to the site.

Stabilize and upgrade existing neighborhoods. Garden Terrace is the result of the City of La Crosse's competitive Request for Proposals (RFP) for the right to develop a City-own property using \$550,000 of Community Development Block Grant (CDBG) funds. Through the RFP, the City's primary goals were to (1) invest in the Lower Northside Depot Neighborhood and (2) create housing targeted to homeless individuals and families, with a special emphasis on veterans. To achieve the City's objectives, the Garden Terrace Apartments include 15 units targeted to formerly homeless households, 27 units at 50% and 60% of the area median income, and 8 units without rent restrictions.

Create mixed-use commercial/housing opportunities. In addition to housing, the site will host the Kane St. Community Hub, a resource that will be open to Garden Terrace residents, to the Kane Street Community Garden managed by The Hunger Task Force, and to the surrounding neighborhood. This space will feature a multi-purpose meeting space for employment-readiness training and resident activities; a catering-style kitchen for activities such as nutritional classes and community meals; and on-site property management offices. The Kane Community Hub also will be a space for Impact Seven's referral and supportive services partners to have one-on-one meetings with formerly homeless clients, group sessions and other programming. Located adjacent to the Kane Street Community Garden, the Hub will foster interaction among the Hunger Task Force and the development's supportive service partners working with veterans and households transitioning out of homelessness.

Contribute to other unique projects or programs. The Kane Community Hub also will provide space for Impact Seven's referral and supportive services partners to have one-on-one meetings with formerly homeless clients, group sessions and other programming. Located adjacent to the Kane Street Community Garden, the Hub will foster interaction among The Hunger Task Force and the development's supportive service partners working with veterans and households transitioning out of homelessness.

Improving infrastructure. Construction in Garden Terrace requires us to elevate the building site out of the FEMA-designated flood plain and to provide on-site storm water management. The two sites will be ringed with retaining walls that contain the fill needed to remove the site from the flood plain. The Kane St. site will manage storm water through an underground retention basin, while the St. James site will direct storm water into a series of on-site, engineered rain gardens.

SPECIAL CONSIDERATIONS

Higher standard of urban design. The buildings at Garden Terrace complement the traditional neighborhood design patterns sought within the City's Multi-Family Design criteria, with exterior massing and finishes that read as modern and contemporary. The ground-floor entrances provided for many of the units add interest to the streetscape and help to subdivide long neighborhood blocks. Variety in the roof massing creates visual interest, while respecting the spatial patterns present throughout in the neighborhood.

LEED Silver or equivalent. Impact Seven commits to achieving Wisconsin Green Built Homes certification for energy efficiency and sustainability at Garden Terrace.

Providing protection of natural resources. The buildings at Garden Terrace will both elevate the land out of the FEMA-designated flood plan, and utilize water-retention practices that ensure that storm water is treated on site. Additionally, we've worked closely with The Hunger Task Force to ensure that their participants will have easy, intuitive access from the adjacent community gardens, into the Kane St. Community Hub, such that the two sites will complement each other's use and functionality.

Other standards that enhance the quality of life. Impact Seven staff have worked diligently to ensure that the housing at Garden Terrace is physically accessible to people with disabilities, and financially accessible to people with limited incomes. In addition to rent limits imposed by the LIHTC funding, Impact Seven Fifteen units will be targeted to either homeless veterans, homeless families or chronically homeless and will have project-based rental assistance (the Targeted Units). For the purposes of the Land Use Restriction, ten of the Targeted Unit will be at 30% of the Area Median Income and five will be at 50% of the Area Median Income. In practice, most the qualifying households for the Targeted Units will have incomes well below 30% AMI. The housing design does not distinguish between residents in a Targeted Unit or a market rate unit. Based on feedback from local providers, the Targeted Unit mix is weighted toward one-bedroom units.

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The design quality, affordability, and neighborhood benefits built into the project help ensure that all residents at Garden Terrace can enjoy a high quality of life, and that the development enhances the lives of the neighbors and the quality of the neighborhood.