



Stone House Development  
625 N. Segoe Road  
Madison, WI 53705  
(608)251-6000

*Response For Proposal Provide To*



**MILWAUKEE**  

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**PUBLIC LIBRARY**

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Project Timeline

Detailed Financial Information

Revised Building Plans and Elevation Studies

## Updated PROJECT TIMELINE

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Developer Selection:	Fall 2011
Architectural Design and Development:	By February 2012
City Approvals, if any:	By February 2012
Section 42 Application Submittal:	February 3, 2012
Library Alternate Site Selected:	December 2011 – May, 2012
Section 42 Tax Credits Awarded:	By May 1 <sup>st</sup> , 2012
Library Alternate Site Secured:	By June 15 <sup>th</sup> , 2012
Debt and Equity Commitments:	By August 1 <sup>st</sup> , 2012
Architectural Working Drawings:	May – August, 2012
Library Relocation:	August 1- August 15, 2012
Land Acquisition / Demolition	August 15 <sup>th</sup> , 2012
Start of Construction:	September 15 <sup>th</sup> , 2012
Library “Gray Box” delivery:	July 1 <sup>st</sup> , 2013
Construction Completion:	August 15 <sup>th</sup> , 2013

## FINANCIAL INFORMATION

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### 10/26/2011 Update

The preliminary project proforma is attached. Please note the following with respect to the requested financial information:

- 1) A detailed project budget is attached, including an estimate for demolition provided by the developer. We have not included an estimate for asbestos or demolition from a 3<sup>rd</sup> party contractor. The developer has sufficient experience in these areas and is confident the necessary funds are in the project budget.
- 2) Letters of interest for construction and permanent financing have not been provided. In the last 3 years, the developer has financed over \$50 million worth of development projects and is confident that sufficient financing will be available upon receipt of a reservation of affordable housing credits.
- 3) A commitment for a temporary library location has not been provided. The developer has included sufficient funds in the project budget (\$200k) to lease temporary space for the relocation period. Upon selection by the committee, the developer will begin to target temporary locations.

# Milwaukee - East Library Development

Milwaukee, WI

## PROJECT SUMMARY

10/25/2011

PROJECT DATA		VARIABLE DATA			CREDIT DATA	
Total Units	80	QCT?	15%	Yes	CHS Credits - Fed	\$0
LIHTC Units	70	% Comm. Space		0.0%	CHS Credits - State	\$0
Market Units	10	% Historic		0.0%	Annual LIHTC	\$1,137,103
		Ann Rev. Inc (yr. 1-7, 8+)	2.0%	2.0%	Current Credit % - 9%	9.00%
		Ann Exp. Inc (yr. 1-7, 8+)	3.0%	3.0%	Current Credit % - 4%	4.00%
Closing Date	10/1/2012	Asset Management Fee		1.0%	Set-Aside Percentage	87.50%
In-Service Date	8/1/2013	Int. Rate - Reserves		1.0%	Acquisition Credits	No
	8/1/2013	Cap Rate on Sale		8.0%	Federal CHS Credit %	20%
Permanent Loan Amortization	10/1/2013	Cost of Sale		5.0%	State CHS Credit %	5%

PROJECT FINANCING					
SOURCE	AMT	RATE	AMORT	PMT	TERM
First Mortgage	\$4,250,000	7.250%	30	\$28,992	15
			0	\$0	15
			0.00%	0	\$0
Deferred Dev. Fee	\$441,075	0.00%	0	\$0	
Construction Loan	\$6,000,000	5.00%	NA	NA	18 mo.
Owner Equity			NA	NA	
Equity	\$ 0.90		NA	NA	NA
<b>Total (Permanent)</b>	<b>\$14,925,000</b>		NA	NA	NA

ORGANIZATIONAL INFO.		
ALLOCATIONS	MM	IM
Income / Loss	0.01%	99.99%
Tax Credits	0.01%	99.99%
Cash Flow	0.01%	99.99%
Sale	0.01%	99.99%
Cap. Contr.	\$1,023	\$10,232,901
	INC	CAP. GAIN
Tax Brackets	35.00%	35.00%

PROJECT EXPENSES - GROSS			
EXPENSE ITEM	ANNUAL	EXPENSE ITEM	ANNUAL
Advertising	8,000	Electricity	20,000
Administrative	4,000	Gas	20,000
Office Expense	5,000	Water / Sewer	15,000
Legal / Acct.	6,000	Trash Removal	15,000
Repairs / Maintenance	35,000	Real Estate Taxes	110,000
Decorating	5,000	MANAGEMENT / COMPL. FEES:	
Pest Control	5,000	Management Fee	5.50% 44,795
Grounds	5,000	Compliance Fee	0
Elevator	5,000	Credit Agency Fee	\$25.00 2,000
Insurance	25,000	Replcmt Reserve	\$300 24,000
Payroll	40,000		
<b>TOTAL OPERATING EXPENSES</b>			<b>\$4,922 \$393,795</b>

ACCOUNTING INFO	
DEPRECIABLE LIVES	PERIOD
Residential Costs	27.5
Comm. Costs (<20%)	27.5
Land Improvements	15
Personal Property	7
Organizational Costs	5
Financing Costs	30

PROJECT REVENUE										
	# OF UNITS	NET RENT	UTIL. ALLOW.	GROSS RENT	2011 MAX RENT	SET ASIDE %	% OF MAX.	MKT RATE	# OF UNITS	NET RENT
<b>LIHTC:</b>										
Efficiency				\$0	\$716	50%				
One Bedroom				\$0		30%		One Bedroom		
One Bedroom				\$0		40%		One Bedroom		
One Bedroom	21	\$710	34	\$744	\$767	50%	97.00%	One Bedroom	7	\$950
One Bedroom	8	\$775	34	\$809	\$921	60%	87.84%	Two Bedroom		
Two Bedroom				\$0		30%		Two Bedroom	3	\$1,250
Two Bedroom				\$0		40%		Manager Unit		\$900
Two Bedroom	27	\$830	38	\$868	\$921	50%	94.25%	<b>VACANCY</b>	2013	2014
Two Bedroom	6	\$900	38	\$938	\$1,105	60%	84.89%	Resid.	16.8%	7.0%
Three Bedroom	8	\$950	44	\$994	\$1,063	50%	93.51%	Parking	16.8%	7.0%
Three Bedroom				\$0		60%		Comm.		
<b>MISC:</b>										
Cable / Internet / Misc	\$1,200	\$1,200						Parking Stalls (Garage)	\$4,860	81 stalls at \$60
Comm. Space	\$0		s.f. @	\$0.00				Parking Stalls (Garage)	\$0	

**Milwaukee - East Library Development**  
PROJECT COST

<b>ACQUISITION</b>	
Purchase Price	20,000
Demolition of Existing Library	100,000
<b>Total Land</b>	<b>120,000</b>
Existing Structures	
<b>TOTAL ACQUISITION</b>	<b>120,000</b>

<b>BUILDING</b>	
<b>GMP TARGET</b>	11,100,000
Project Contingency	500,000
<b>TOTAL BUILDING</b>	<b>11,600,000</b>

<b>SITE IMPROVEMENTS</b>	
Site Work	
Landscaping	
<b>TOTAL SITE</b>	<b>0</b>

<b>PERSONAL PROPERTY</b>	
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<b>TOTAL HARD COSTS</b>	<b>11,600,000</b>
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<b>HARD COSTS PLUS ACQ.</b>	<b>11,720,000</b>
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<b>PERMANENT FINANCING</b>	
Mortgage Origination	65,000
	0
Loan Legal Costs	8,000
<b>TOTAL FINANCING</b>	<b>73,000</b>

<b>TOTAL PROJECT COSTS</b>	<b>14,925,000</b>
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<b>CONSTRUCTION FINANCING</b>	
Construction Interest / Neg. Arb.	300,000
Constr. origination	50,000
Misc. Constr. Loan	
Bridge Loan Origination	
<b>CONSTRUCTION FINANCING</b>	<b>350,000</b>

<b>BUILDING SOFT COSTS</b>	
Development Services and Overhead	1,500,000
Accounting / Cost Cert	15,000
Tax Credit Fees	118,000
Engineering	25,000
Legal-Building	20,000
Design	300,000
Real Estate Taxes	30,000
Construction Insurance	20,000
Title Policy	15,000
Appraisal	5,000
Developer's Attorney	50,000
Survey	6,000
Market Study	7,000
Environmental Reports	8,000
Misc.	5,000
<b>BUILDING SOFT COSTS</b>	<b>2,124,000</b>

<b>OTHER SOFT COSTS</b>	
Organization - Legal	5,000
Organization - Accounting	
Syndication - Legal	35,000
Temporary Library Leasing Costs	200,000
Pre-Opening Costs	12,000
Operating Reserves	356,000
Rent up Reserve	50,000
<b>OTHER SOFT COSTS</b>	<b>658,000</b>

Milwaukee - East Library Development  
STABILIZED YEAR

<b>GROSS INCOME</b>	<b>STABILIZED YEAR</b>
RESIDENTIAL INCOME	803,040
COMMERCIAL INCOME	0
LESS VACANCIES	(56,213)
<b>NET INCOME</b>	<b>746,827</b>
LAUNDRY / MISC. INCOME	14,400
PARKING INCOME	58,320
LESS VACANCIES	(5,090)
<b>OPER. INCOME</b>	<b>814,457</b>
LESS OPER. EXP.	(393,795)
<b>NET OPER. INC.</b>	<b>420,662</b>
<b>DEBT SERVICE</b>	<b>(347,910)</b>
<b>DEBT COVERAGE (First Mtge Only)</b>	<b>1.2091</b>
<b>DEBT COVERAGE (all)</b>	<b>1.2091</b>
<b>CASH FLOW</b>	<b>72,752</b>