



December 18, 2014

Mr. Nic Sparacio
Community Development Director
City of Manitowoc
Planning Department
900 Quay Street
Manitowoc, WI 54220

Dear Mr. Sparacio:

This letter provides a summary of leveraging commitments for our proposed 40 unit affordable housing redevelopment targeted for the former and underutilized Mirro Plant #3 building in Manitowoc, Wisconsin.

Phase	Type of Funding	Funding Source	Amount	Secured
Assessment	Assessment	City (USEPA Assessment Grant)	\$50,334	YES
Acquisition	Industrial RLF	City	\$300,000	Committed
Cleanup	Brownfields RLF	City	\$250,000	Committed
Redevelopment	Housing RLF	City	\$204,448	Committed
	Tax Credits Sale	WHEDA – LIHTC	\$5,456,263	YES
	HTC Sale	State and Federal Historic Rehabilitation Tax Credits-	\$2,424,685	YES
Redevelopment	Home Funds	State of Wisconsin	\$500,000	YES
TOTAL			\$9,185,130	

WHEDA – Wisconsin Housing and Economic Development Authority

LIHTC – Low-Income Housing Tax Credit

HTC – Historic Tax Credits

As a developer of several successful brownfield redevelopment projects in many Wisconsin communities including Manitowoc, Wisconsin, we support the City of Manitowoc’s application to USEPA for a Community Wide Brownfield Assessment Grant to provide continued support to the City’s efforts to assess and redevelop brownfield properties and again make these viable properties that create jobs and contribute to the municipal tax base.

We look forward to working with the City of Manitowoc on this exciting opportunity. The City’s efforts in so many ways made this project feasible and possible. Please feel free to contact me with any questions.

Sincerely,

Robert Lemke, AIA
President
LEED® Accredited Professional
Wisconsin Redevelopment, LLC
7611 Harwood Ave, Suite A
Wauwatosa, WI 53213
414 640 2175 (cell)
Lemke@msoe.edu

Artist Lofts - Manitowoc- with \$300,000
 ASSUMPTIONS PAGE
 Friday, June 12, 2015
 40 Units

WHEHA Score: 338 GAP: \$229,191

Total # of Units:	40	30%	10	40%	0	50%	14	60%	12	Market	4	1bdm	0	2 bdrm	24	3bdm	16
Requirements:		\$/unit				Sources:											per unit
Acquisition Costs:	300,000	7,500				LIHTC Equity:				0.915 per credit				5,316,350			132,909
Site Costs:	33,000	825				State HTC Equity:				0.90 per credit				870,923			21,773
Construction Costs:	5,584,525	139,613				Fed. HTC Equity:				0.95 per credit				1,520,124			38,003
GC, P&O:	781,834	19,546				1ST MORTGAGE:								300,000			7,500
Contingency:	639,936	15,998				2nd Mortgage - Soft Cash Flow Only - City of Mani								177,818			4,445
Soft Costs:	782,474	19,562				FHLB								0			0
Developer Fees:	962,000	24,050				WEDC								0			0
Reserves	184,671	4,617				GAP								229,191			5,730
Total Development Costs:	9,268,440	231,711				Total Development Sources:								8,414,405			210,360

Total Annual Exp & Reserves:	Annual	pupv	pupm											rate	amort	
Total P&I:	196,083	4,902	408.51							PERM TERMS:	2.11%	30				
Total P&I, Op Ex & Reserves:	13,505	338	28.14							1st Year DCR:	3.13					
	209,588	5,240	436.64							15th Year DCR:	1.32					
Total Income:	251,460	6,287	523.88							Cash before Investor Fees						per unit
Net Operating Income:	42,239	1,056	88.00							1st Year Cash Flow:	\$28,734					718.35
1st year Annual Cash Flow:	28,734	718	59.86							15th Year Cash Flow:	\$4,363					109.07

WHEHA Scoring:	Score	Max
Lower Income Areas	0	5
Efficiency & Sustainability	42	48
Community Notif & Support	8	8
Mixed Income:	10	15
Serves Lrg Families:	18	18
Serves Lowest Incomes:	80	80
Supportive Housing:	25	35
Elderly Assisted:	0	18
Rehab/Neighborhood Stab	0	40
Universal Design:	23	23
Financial Participation:	25	25
Ownership Type:	6	6
Rent to Own:	0	3
Project Team:	40	50
Readiness to Proceed:	15	15
Credit Usage:	10	40
Debt Coverage Ratio:	6	6
Employment & High Need:	30	30

Note: needs letter from City and 3 other ltrs of support

0

Based on Past #s

Total Points: 338 465 -127

2013 General Cutoff: 303
 2013 Nonprofit Cutoff: 308

Artist Lofts - Manitowoc - with \$300,000
6/12/2015



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SOURCES

	RESIDENTIAL	COMMERCIAL	TOTAL
State Historic Equity	870,923		870,923
Federal Historic Equity	1,520,124		1,520,124
State Affordable Housing Equity	0		0
Federal Acquisition Equity	0		0
Federal Affordable Housing Equity	5,322,805		5,322,805
Total Limited Partner Equity	74,454,25	\$0	\$ 7,707,396
Managing Member Equity	0	0	0
Deferred Acquisition	0	0	0
Municipal Loans			
First Mortgage - City of Manitowoc	300,000	0	300,000
2nd Mortgage - Soft Cash Flow Only - City of Manitowoc	177,818	0	177,818
3rd Mortgage - Soft Cash Flow Only - City of Manitowoc-Security Deposits	26,630	0	26,630
4th Mortgage - EPA - City of Manitowoc	327,405	0	327,405
FHLB	0	0	0
per LIHTC Unit			
WEDC	0	0	0
State of Wisconsin HOME funds	500,000	0	500,000
County Economic Development Grants	0	0	0
Other Deferred Fee	0	0	0
*Remaining GAP	229,191	0	229,191
TOTAL SOURCES	\$9,268,440	\$0	\$9,268,440

TOTAL REQUIREMENTS - From Page 1

TOTAL REQUIREMENTS	\$9,268,440	\$0	\$9,268,440
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Debt Service Coverage Ratio

3.13

1.20

Construction Loan Sizing

Total Development Costs:	\$9,268,440
Less 80% of Developer Fees	(769,600)
Less 100% Reserves Funded by Ec	(184,671)
Less 100% 1st Mortgage by City of	(300,000)
Less 80% 2nd Mortgage by City of	(142,254)
Less 80% HOME funds loan from	(400,000)
Less 0% State Historic Equity	-
Less 20% Federal Historic Equity	(304,025)
Less 20% LIHTC Equity	(1,064,561)
Total Maximum Construction Loan	\$6,103,329

City must subordinate to Construction Lender
Sponsor must subordinate to Construction Lender
100% of State Equity comes after C of O

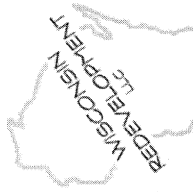
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SQUARE FOOTAGES

Apartments	Gross SF	Total Residential	Total Commercial
Lower Level	625	625	0
First Floor	20,920	20,920	0
Second Floor	15,600	15,600	0
Third Floor	15,600	15,600	0
Fourth Floor	15,600	15,600	0
Fifth Floor	15,600	15,600	0
Sixth Floor	740	740	0
Seventh Floor	0	0	0
Eighth Floor	0	0	0
Subtotal	84,685	84,685	0

Totals	84,685	84,685	0
Percentages		100.00%	0.00%

NOTE: ALL SQUARE FOOTAGES MUST BE VERIFIED!!



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Artist Lofts - Manitowoc - with \$300,000

PRELIMINARY RENTAL ASSUMPTIONS

WHEDA Max: 138
 Low Income: 80
 Support Hsg: 25
 Total: 133

SOURCES

RESIDENTIAL		COMMERCIAL		
Total # of Uni	AVE SE	SF	Net Rental Rate (2)	Annual Income
LI Units				
5	3 Bdrm	0 sf total	\$2.00 per sf	0
11	3 Bdrm	0 sf total	\$0.00 per sf	0
0	3 Bdrm	0 total	\$0.00 per mo	0
0	3 Bdrm	0 sf total	\$0.00 per month	\$0
3	2 Bdrm			
0	2 Bdrm			
10	2 Bdrm			
0	1 Bdrm			
0	1 Bdrm			
0	1 Bdrm			
36	90.00%			

Unit Mix	Monthly Rent (1)	Util.	Gross Monthly	WHEDA Max. (Inc. Utilities)	Monthly Income	Annual Income	90% NHEDA
3 Bdrm	\$ 650	126	\$776	963	\$3,250	\$39,000	867
3 Bdrm	\$ 575	126	701	802	6,325	75,900	722
3 Bdrm	\$ 475	126	601	642	0	0	578
3 Bdrm	\$ 475	126	601	642	0	0	578
2 Bdrm	\$ 575	104	679	834	4,025	48,300	751
2 Bdrm	\$ 475	104	579	695	1,425	17,100	626
2 Bdrm	\$ 450	104	554	556	0	0	500
2 Bdrm	\$ 313	104	417	417	3,130	37,560	375
1 Bdrm	\$ 731	0	-	731	0	0	658
1 Bdrm	\$ 609	0	-	609	0	0	548
1 Bdrm	\$ 463	0	-	463	0	0	417
1 Bdrm	\$ 365	0	347	365	0	0	329
Subtotal:							
management unit							
3Bdrm	\$ 650					\$0	
2 Bdrm	\$ 700		per sf			33,600	
1 Bdrm			per sf			0	
Total	4	10.00%					

Total Units	Sub-Total Residential Income	Sub-Total Commercial Master Lease	Total Income
40	\$20,955	\$251,460	\$251,460
60%			
50%			
40%			
30%			
Market			
Total Units			

OTHER INCOME	Monthly	Annual Income
Parking Indoors	\$0	\$0
Parking Outdoors	0	0
Management Unit Rental	0	0
Commercial Master Lease	0	0
Laundry/Other	400	4,800
Sub-Total Other Income	400	\$4,800
TOTAL RESIDENTIAL INCOME:		\$256,260

Total Residential Income minus Commercial Master Lease:	Units
40% at 50% =	16

Commercial	SF	Net Rental Rate (2)	Annual Income
North Retail	0 sf total	\$2.00 per sf	0
South Retail	0 sf total	\$0.00 per sf	0
Cell Tower Rentals	0 total	\$0.00 per mo	0
Master Lease:		\$0.00 per month	\$0
Total Commercial	0 sf total		\$0

SUMMARY	
Sub-Total Residential	\$251,460
Sub-Total Other Income	4,800
Total Residential	\$256,260
Total Commercial	\$0
Total Income:	\$256,260

(1) Residents responsible for utilities
 (2) Triple Net Rental Rate, Tenants are responsible for utility costs



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PRELIMINARY INCOME AND EXPENSE ASSUMPTIONS

RESIDENTIAL ONLY

Rents - Residential (utilities by tenants)	\$251,460
Rents - Commercial (NNN)	0
Other Income	4,800
Subtotal Income	256,260
Vacancy Allowance	-17,938
TOTAL NET RESIDENTIAL INCOME	\$238,322

Operating Expenses	160,783
Reserve Expenses	15,600
TOTAL OPERATING EXPENSES	\$176,383

Net Operating Income \$62,239

Annual Capital Reserve	\$400 per unit
Annual Operating Reserve	\$100 per unit
Total Reserves	4,000
	\$20,000

Second Mortgage \$0

TOTAL NET INCOME \$42,239

Second Mortgage Requirements	
AFR	0.00%
Amortization:	125 years
Loan Amount:	0
Annual P&I payments	\$0

MAXIMUM SUPPORTABLE FIRST MORTGAGE CALCULATIONS

Interest Rate	2.11%
Amortization:	30 years
Mortgage Calculation Based on CAP Rate	
Cap Rate	10.00%
Property Value	\$422,393
Loan to Value Ratio	100.00%
Maximum Supportable Mortgage	\$422,393
Yearly P & I Payments	\$18,146
Debt Coverage Ratio based on NOI:	3.25
Debt Coverage Ratio based on TNI:	2.21
Project's Maximum Supportable Mortgage:	\$300,000

Mortgage Calculation Based on DCR	
Min. Acceptable DCR based on NOI:2nd:	3.13
Income Available for Debt Service	\$13,505
Maximum Supportable Mortgage	\$300,000
Cash Flow	\$28,734
DCR Yr 1 after first and second mortgage:	3.13
DCR YR 15:	1.32

Blended Rate Calculation	2.11%	30
First Mortgage	6.00%	30
HOME Mortgage at AFR	4.08%	

COMMERCIAL ONLY

Rents - Residential (utilities by tenants)	\$0
Rents - Commercial (NNN)	0
Other Income	0
Subtotal Income	0
Vacancy Allowance	0.00%
TOTAL INCOME	\$0

Operating Expenses	NNN Rents
Reserve Expenses	NNN Rents
TOTAL OPERATING EXPENSES	\$0

Net Operating Income \$0

Annual Capital Reserve	\$0.50 per sf
Annual Operating Reserve	\$0.50 per sf
Total Reserves	0

TOTAL NET INCOME \$0

Second Mortgage Requirements	
AFR	6.00%
Amortization:	30 years
Loan Amount:	0
Annual P&I payments	\$0

MAXIMUM SUPPORTABLE FIRST MORTGAGE CALCULATIONS

Interest Rate	2.11%
Amortization:	30 years
Mortgage Calculation Based on CAP Rate	
Cap Rate	10.00%
Property Value	\$0
Loan to Value Ratio	100.00%
Maximum Supportable Mortgage	\$0
Yearly P & I Payments	\$0
Debt Coverage Ratio based on NOI:	#DIV/0!
Debt Coverage Ratio based on TNI:	#DIV/0!
Project's Maximum Supportable Mortgage:	\$0

Mortgage Calculation Based on DCR	
Min. Acceptable DCR based on NOI:2r	1.20
Income Available for Debt Service	\$0
Maximum Supportable Mortgage	\$0

Blended Rate Calculation	2.11%	30
First Mortgage	6.00%	30
HOME Mortgage at AFR	4.08%	

RESIDENTIAL & COMMERCIAL COMBINATION

Rents - Residential (utilities by tenants)	\$251,460
Rents - Commercial (NNN)	0
Other Income	4,800
Subtotal Income	256,260
Vacancy Allowance	-17,938
TOTAL INCOME	\$238,322

Operating Expenses	160,783
Reserve Expenses	15,600
TOTAL OPERATING EXPENSES	\$176,083

Net Operating Income \$62,239

Annual Capital Reserve	\$16,000
Annual Operating Reserve	4,000
Total Reserves	\$20,000

TOTAL NET INCOME \$42,239

TOTAL SUPPORTABLE FIRST MORTGAGE \$300,000

TOTAL SECOND MORTGAGE \$0

TOTAL PERMANENT FINANCING: \$300,000

MAXIMUM SUPPORTABLE TOTAL MORTGAGE CALCULATIONS

Interest Rate	2.11%
Amortization:	30 years
Mortgage Calculation Based on CAP Rate	
Cap Rate	10.00%
Property Value	\$422,393
Loan to Value Ratio	100.00%
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Min. Acceptable DCR based on TNI:	1.20
Income Available for Debt Service	\$13,505
Maximum Supportable Mortgage	\$300,000

Blended Rate Calculation	2.11%	30
First Mortgage	6.00%	30
HOME Mortgage at AFR	4.08%	



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129,316.54

PROJECT AT A GLANCE

117,390.00

	State HTC	Fed. HTC	State LIHTC	Fed. Acq.	Fed. LIHTC	Total LIHTC
	8082284		8,582,269	0	8,251,540	
Total Project Cost	\$9,268,440	8,082,284	8,582,269	0	8,251,540	
Basis	8,409,689					
WEDC Approved Basis	8,082,284					
Grants	0					
Deduct Fed. Hist. Credits (Res. Portion Only):					(1,616,457)	
Subtotal	8,082,284	8,082,284	8,582,269	0	6,635,083	
Deduct for Parking	0				0	
					6,635,083	
Residential Fraction: 100.00%			100.00%	100.00%	100.00%	
Residential Basis:			8,582,269	0	6,635,083	
Qualified Census Tract x 30%? YES			0	0	1,990,525	
Project Eligible Basis	8,082,284	8,082,284	8,582,269	0	8,625,608	
Applicable Fraction: 90.00%	NA		90.00%	90.00%	90.00%	
Qualified Basis	NA		7,724,042	0	7,763,047	
Applicable Rate	20.000%	20.000%	0.000%	3.000%	7.570%	
Credit Amount Calculated:	1,616,457	1,616,457	0	0	587,663	
WHEIDA AWARDED CREDITS						
Total Credit over 10 years	1,616,457	1,616,457	0	0	5,876,627	586,950
Percentage Ownership: 98.99%		1,600,131			5,817,273	5,810,218
Price Per Credit:	\$0.900	\$0.950	\$0.500	\$0.92	\$0.92	\$0.92
Subtotal:	1,454,811					
Less State Income Tax: 7.90%	-114,930					
Subtotal:	1,339,881					
Less Federal Income Tax: 35.00%	-468,958					
Subtotal:	870,923					
Other Fees:						
Equity Raised:	\$870,923	\$1,520,124	\$0	\$0	\$5,322,805	\$5,316,350

TOTAL HISTORIC EQUITY IS **\$2,391,047** WITH BOTH STATE AND FEDERAL Combination

Maximum Available Equity	\$7,707,396	0	\$7,707,396
First Mortgage	300,000	0	300,000
Second Mortgage	177,818	0	177,818
Deferred Sale	0	0	0
Shortfall	(1,083,226)	0	(1,083,226)
FHLB	0	0	0
WEDC	0	0	0



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