



Department of City Development  
City Plan Commission  
Redevelopment Authority of the City of Milwaukee  
Neighborhood Improvement Development Corporation

Rocky Marcoux  
Commissioner  
rmarco@milwaukee.gov

Martha L. Brown  
Deputy Commissioner  
mbrown@milwaukee.gov

February 13, 2014

Honorable Members of the Community and  
Economic Development Committee  
City Hall, Room 205

Dear Committee Members:

Re: Resolution approving issuance by the Public Finance Authority  
of revenue bonds (Prairie Haven Apts. Project)

This resolution approves of the issuance, by the Public Finance Authority, of up to \$12 million of tax- exempt revenue bonds for the Prairie Haven Apartments project at 8949 N. 97<sup>th</sup> St.

The bonds will finance the purchase and renovation of the 222-unit senior living facility now known as the Wisconsin Lutheran Retirement Community. One hundred and fifty-one units will be set aside for occupants earning no more than 60% of the county median income.

The buyer of the facility is Crown Court Prairie Haven, LLC whose sole member is Crown Court Properties, Ltd., headquartered in Mequon. Crown Court operates similar properties in Wisconsin and Illinois. A detailed description of Crown Court is attached.

The property was constructed in 1983 and includes studio, one and two bedroom units. Common areas include a community room, dining room, activity and crafts room, woodworking shop, library, chapel, exercise room, and numerous other amenities. Planned improvements include parking lot repairs, roof replacement, new vanities and kitchen cabinets, new carpeting in common areas and apartments, painting of units and common areas, as well as plumbing, lighting, and HVAC upgrades.

The Public Finance Authority was created by the Wisconsin legislature in 2010 and can issue bonds to finance qualifying projects, as permitted by the U.S. tax code,



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inside and outside the State of Wisconsin. The PFA's bonds are similar to city industrial development bonds in that interest paid to holders of the bonds is not subject to federal income taxation and, therefore, carries a lower rate of interest compared with conventional financing. The bonds are also not liabilities of the PFA, City of Milwaukee or State of Wisconsin and are not backed by any pledge of taxes.

The project will significantly upgrade this senior housing complex and we, therefore, recommend adoption of this resolution. The attached exhibit contains the mix of units and proposed rents for the project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rocky Marcoux".

Rocky Marcoux  
Commissioner

Attachment

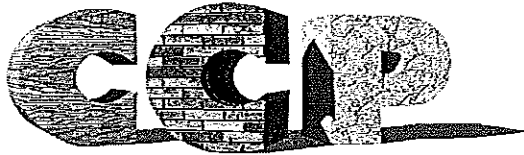
Public Finance Authority  
 Multifamily Housing Revenue Bonds  
 Prairie Haven Apartments  
 Series 2014A and 2014A-T (Taxable)

Unit Mix

| Unit Mix  | # of Units | % Total Units | % of AMI | Net Rents | Utility Allowance | Gross Rents | Rent Month | Rent Annual |
|-----------|------------|---------------|----------|-----------|-------------------|-------------|------------|-------------|
| Studio    | 18         | 7%            | 60%      | 500       | 74                | 574         | 8,000      | 96,000      |
| 1BR / 1BH | 41         | 18%           | 60%      | 680       | 93                | 773         | 27,880     | 334,560     |
| 1BR / 1BH | 75         | 34%           | MKT      | 695       | 93                | 788         | 52,125     | 625,500     |
| 2BR / 1BH | 32         | 14%           | 60%      | 781       | 120               | 901         | 24,992     | 299,904     |
| 2BR / 1BH | 58         | 26%           | MKT      | 875       | 120               | 995         | 50,750     | 609,000     |
| Total     | 222        |               |          |           |                   |             | 163,747    | 1,964,964   |

Amenities

- > On-site leasing office
- > Controlled entry with electronic pass keys
- > Community room
- > Wellness center
- > Fitness center
- > Library
- > Sun room
- > Country store
- > Sitting areas
- > Dining room
- > Garden plots
- > Recreation room.
- > Chapel
- > Pool / whirlpool
- > Craft room
- > Laundry room
- > Beauty salon
- > Detached garage stalls
- > Surface parking
- > Individual storage units
- > Bus transportation
- > Energy star appliances (stove, refrigerator, garbage disposal)
- > Wall air conditioning units
- > Washer / dryer hookups
- > Patio / balcony
- > Window treatments



Crown Court Properties, Ltd.

*Crown Court Properties, Ltd. is a 501(c)(3) not-for-profit organization*

## **CROWN COURT PROPERTIES DEVELOPMENT EXPERIENCE**

### **Organization**

Crown Court Properties Ltd. ("CCP") is a 501(c) 3 organization established in 2000 with a charitable purpose of preserving affordable housing that is at risk of being eliminated from the national affordable housing inventory either through conversion to market rate or by physical deterioration.

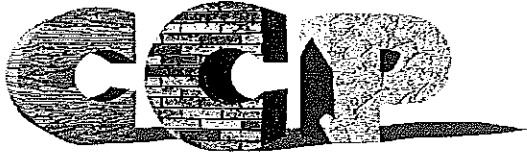
### **Mission Statement**

To acquire, rehabilitate and properly maintain affordable housing for low to moderate- income households.

### **History and Experience**

Crown Court Properties to date has received 10 LIHTC allocations for a total of 646 units. CCP currently has developed and is General Partner or Owner of a total of 626 units. A smaller 20 unit 2008 award for a new construction project was returned due to challenges in the equity markets at that time. Our history and current experience in affordable housing currently includes the following specific activities:

1. Acquired in 2001 Willow Heights Apartments, which is a 64 Unit Elderly Apartment Building, located in Decatur, Illinois, with Tax Exempt Bonds, and a Section 8 contract, currently the development is operating ahead of budget and has achieved REAC scores in excess of 95 during CCP's ownership. CCP acts as the General Partner in this development through a separate LLC formed to own the development. Recently, we successfully secured financing for rehab through the Illinois Housing Development Authority ERP program (see below).
2. Acquired in 2003 and rehabbed Bay Hill Apartments, which is a 68 Unit Town House Complex, located in Sturgeon Bay, Wisconsin; financed under Rural Development and US Bank loans and a Section 8 contract, valued at \$5,900,000. CCP received and sold Tax Credits to the Enterprise Social Investment Foundation in the amount of \$2,525,000. Extensive rehab was performed at Bay Hill; during this rehab CCP participated in all scheduled draw meetings and advised on tenant file compliance as well as the complete tenant relocation process, which was performed on a rolling basis so as not to displace any tenants or schoolchildren. Particular program difficulties were encountered in the overlapping and conflicting Rural Development and Tax Credit regulations with respect to



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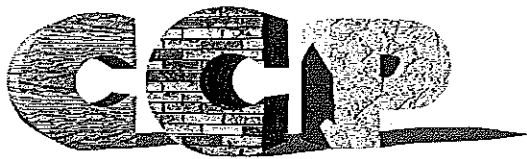
household incomes and compliance. CCP was able in conjunction with management, to satisfy both the State Housing Finance Agency responsible for the monitoring of the credits as well as Rural Development who is responsible for compliance with specific Rural Development income and compliance regulations.

3. Acquired in 2003 and rehabbed Terrace Heights Apartments, which is a 50 Unit Town House Complex, located in Wausau, Wisconsin with a Section 8 contract, valued at \$4,725,000; financed with a US Bank loan and a Section 8 contract. CCP received and sold Tax Credits to the Enterprise Social Investment Foundation in the amount of \$2,100,000; extensive rehab was performed at Terrace Heights. Particular program difficulties were encountered in tax credit syndication and valuation of market rents vs. the Section 8 rents, which were 200% of FMR. This necessitated an operating reserve be established to fund the rent differential in the event the section 8 contract would not be renewed. CCP assisted in this valuation process along with management and its project auditors Virchow Krause.

4. Acquired in 2005 and rehabbed, Northwoods Apartments, which is a 72 Unit Apartment Complex, located in a qualified census tract in Milwaukee, Wisconsin, with a Section 8 contract. This development is valued at \$6,000,000 and has received a reservation from WHEDA for the allocation of tax credits. Extensive rehab began in March of 2005. A new building was constructed which included a management office, laundry facility and computer-learning center. There were extensive landscape improvements, including complete replacement of all asphalt parking. One building had the entire 3-story front entryway stairwell removed and reconfigured in order to make that entrance fully handicapped-accessible. During the rehab CCP participated in all scheduled draw meetings and advised on file compliance as well as the tenant relocation during the renovation. The work was performed on a rolling basis in order to avoid permanent displacement of any tenants and to minimize disruption to resident's daily lives, e.g. schoolchildren.

5. Acquired through HUD foreclosure auction in 2005, Camilla Court Apartments, a 62 unit Section 8 elderly property in Milwaukee, Wisconsin. Camilla Court was a troubled property with numerous physical challenges, the result of a series of missteps by previous ownership and management, which had left the property with serious fiscal issues and occupancy problems.

In February of 2006 an application for 9% credits was submitted under the preservation category and CCP was awarded the credits. Receipt of this allocation allowed for Camilla Court's complete renovation. CCP has brought sustainability to the project which impacts the



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neighborhood, by securing \$350,000 in grants from the Federal Home Loan Bank of Chicago and the Helen Bader Foundation and most importantly, \$5,347,000 in tax-credit equity.

6. In fall of 2007 CCP acquired and commenced rehab on Flagship Apartments, consisting of 70 units of scattered site apartments, located in Kewaskum and Green Lake, Wisconsin, with a project based Section 8 contract and with WHEDA's allocation of tax credits. Extensive rehab began in November of 2007.

Financing included construction and permanent loans from US Bank and \$3,818,027 in tax-credit equity.

7. In April of 2008 CCP received 2 additional 9% tax credit allocations for the Fairview Crossings Project located in Kiel and Plymouth, Wisconsin and for the Bayview Terrace Project located in Sturgeon Bay, Wisconsin. These projects combined total 100 units of acquisition rehab and an **annual** LIHTC reservation of \$550,000 being added to the CCP portfolio. CCP has returned the LIHTC and received funding through the 1602 credit exchange program. These 2 projects were closed in November of 2009 using the Credit Exchange Program. These were the first projects in the State of Wisconsin to close with WHEDA under this new program.

8. In September of 2008 CCP received a 9% LIHTC allocation for Park Hill Townhomes, a new construction of 20 townhome and duplex units adjacent to Park Hill Senior Apartments. The new units were intended serve families with 3 bedrooms 1.5 baths, each unit with its own private garage and entrance. This allocation was returned to the Authority due to the drastic changes in the equity and real estate markets at the end of 2008.

9. In June of 2009 CCP received a 9% tax credit allocation for the Jefferson Apartments project located in Jefferson, Wisconsin. This project combines two RD properties for a total of 64 units of acquisition rehab and an **annual** LIHTC reservation of \$607,000 being added to the CCP portfolio. CCP successfully closed this project with an investor and WHEDA's TCAP gap funding program dollars.

10. In February of 2010 CCP restructured the Willow Heights project in Decatur, IL. This transaction utilized multiple layers of financing, including; \$2,560,000 of tax exempt bond financing, placed with US Bank, \$1,400,000 of TCAP loan funds, \$2,213,000 of 1602 grant funds, \$413,250 of IL State Donation tax credit equity from US Bank and private investor equity. CCP worked diligently with all levels of IHDA staff to successfully conclude this complex transaction.



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11. In April of 2011 CCP received a 9% tax credit allocation for the Wilkinson Manor Project located in Oconomowoc, Wisconsin. This project combines 76 units of acquisition rehab and an annual LIHTC reservation of \$573,582 being added to the CCP portfolio. 20 new garages will be added to the development at the senior site. CCP has brought sustainability to the project which impacts the neighborhood, by securing \$350,000 in Home funds through Waukesha County and most importantly, \$5,333,779 in tax-credit equity.

12. In January 2013 CCP received a 4% tax credit allocation for the purchase and rehabilitation of Prairie Haven, a 222 senior apartment complex with an adjacent 24-person CBRF facility. This project is still in the closing process, partnering with WHEDA.

## Principals and Partnerships

### I. Principals

Crown Court Properties operation is led by Rabbi Motty Spalter and Menachem Rapoport. Motty and Menachem handle the daily responsibilities of managing the organization, and over the last thirteen years, have achieved a tremendous amount in the affordable housing industry. They are personally involved in prospecting for project development, new project feasibility, purchase price assessment, tax credit application process, negotiations with potential syndicates, mortgage applications, rehab planning, construction details, site visits, management issues, rent up, monthly audit review, and tenant relations.

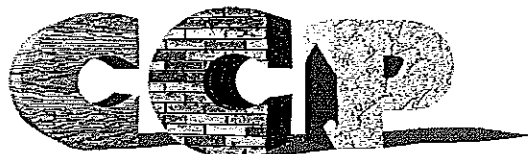
### II. Partnerships

#### 1. Property Managers

CCP generally contracts with ACC Management Group which has a depth of experience in the marketplace as well as a stellar reputation earned by their in depth knowledge of affordable housing management practices and compliance policies.

CCP has successfully accomplished the acquisition, rehabilitation, and management of its affordable housing portfolio working primarily with ACC Management Group and Stier Construction Inc. These entities combined have extensive experience in the development, construction, rehabilitation, management and compliance of all programmatic types of affordable housing including Section 8, Rural Development and the Section 42 tax credit program.

#### 2. Lenders and Investors



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Crown Court Properties has developed many solid business relationships over the last six years with the following companies: Our primary loan provider US Bank, pre-development lenders; LISC and FCI, Equity investors; ESIC, Paramount, Great Lakes Capital Fund and Boston Capital. Letter of credit providers; Associated Bank, US Bank N.A. and US Bank CDC. We have also received loans/grant funding from the Federal Home Loan Bank of Chicago via their AHP program and HOME funds.

### 3. Directors and Advisory Board

Additionally CCP has on its Board several directors with extensive business acumen and/or programmatic knowledge of the RD, Section 8 and Section 42 tax credit programs. Furthermore and equally important is the CCP Housing Advisory Board, comprised of individuals knowledgeable and well known in the affordable housing field. With the oversight of its Board of Directors and advice from the Housing Advisory Board, CCP is well equipped to tackle the challenges of preserving affordable housing through its hands on commitment and its demonstrated ability to acquire, develop, rehab and manage affordable housing.