

Milwaukee's Veterans Manor

Permanent Supportive Housing and Services for Veterans



Rendering of Veterans Manor, Milwaukee, Wisconsin
Rendering by Eppstein Uhen Architects

Retired U.S. Army Brigadier General Robert Cocroft is the kind of guy you don't say no to. As a result, he – and other public and private supporters – are bringing a new ray of hope to low-income military veterans in Milwaukee, including the disabled and formerly homeless.

This fresh beacon is Veterans Manor, a new low-income housing tax credit (LIHTC) development now under construction set for completion in April 2011. In addition to 52 one-bedroom apartments, the four-story development will include a computer lab, exercise room, café, and common spaces, and offer residents a variety of services. It's said it will be the first permanent supportive housing project for veterans in the city.

The \$11.3 million Veterans Manor is being developed by the Center for Veterans Issues (CVI), a local nonprofit, and Cardinal Capital Management, Inc., a for-profit Milwaukee firm that will also manage the property.

CVI, begun by the National Association of Black Veterans, provides housing and services for veterans in Wisconsin, particularly homeless veterans. It operates

four transitional housing facilities (two in Milwaukee) and a permanent supportive housing apartment building in Racine, and provides services for the residents.

Case Management One Service

"This housing is permanent housing," says Cocroft, of Veterans Manor. "That means we will have case management on site to assist veterans who may run into various issues or barriers, to [help them] work through those issues and barriers, so that they may be able to maintain the housing. Quite often, you can find affordable housing for individuals, but they're not able to maintain that housing because of things that come up in their lives. With case management there on site, we will be able to assist the veterans to stay there in the housing."



Robert Cocroft

Among the other services will be employment and veterans benefits assistance and transportation. CVI will

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RBC Capital Markets' Tax Credit Equity Group is proud to be the financial partner investing \$6,805,447 in LIHTC equity in Veterans Manor in Milwaukee, Wisconsin.

Veterans Manor provides 52 affordable homes targeted to military veterans, with extensive unit amenities and property features, and a large area of commercial space for supportive service providers.

The Center for Veterans Issues (CVI) will provide Veterans Manor residents with case management, social work, education and training, and employment assistance. CVI also assists in service coordination for counseling and therapy, along with referrals for health care, dental care, daily living assistance, SSI/SSDI and veterans benefits.

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fund the services it directly provides from grants it receives.

Veterans Manor will also offer the next stop for graduates of CVI's transitional housing facilities, which generally limit residency to 24 months. "About 80 percent of the residents who work through the transitional program become employed," says Cocroft, "but many times the wage is in the nine to ten dollar an hour range, which makes it difficult to find a lot of affordable housing. Similarly, other individuals either receive VA disability or Social Security. Once again, affordable housing becomes a challenge with those monthly payments."

The roughly 650-square-foot apartments, limited to tenants making 60% or less of the area median income, will have initial monthly rents of \$600 to \$650, and contain a full kitchen, living room, full or partially handicapped accessible bathroom, and bedroom.

Though open to any qualified low-income household, the project will be geared – by its design and services – to veterans. "We have a waiting list of over 100 veterans who will be eligible for this housing," says Cocroft.

Prime Location

Veterans Manor will be in a prime location, at 35th Street and Wisconsin Avenue – the city's main thoroughfare. The site is near CVI's operations and the VA Medical Center.

Acquired from private owners, the site was once used for a car dealership but had been vacant 15 years. CVI secured strong support for the project from neighbors, Marquette University High School across the street, the city and county, and others. Milwaukee city and county have both provided significant funding for the project.

"Too often we find that special needs residents, whether they're veterans or not...have not been given the attention they deserve and require," says Richard Marcoux, Commissioner of the City of Milwaukee Department of City Development. He said the city is a big supporter of Veterans Manor and of CVI. Veterans Manor, Marcoux notes, will be a place that veteran residents "can truly call home, and that respects their dignity, first and foremost as human beings, and also as veterans who served our country and deserve to be able to



Richard Marcoux

Photo by David LaHaye, Milwaukee Department of City Development

live out their life with that dignity and with a measure of thanks from the people that they served."

Milwaukee Mayor Tom Barrett and County Executive Scott Barrett have a goal to build a thousand units of special needs housing over the next five to six years.

Funding Sources

Funding sources for Veterans Manor include federal low-income housing tax credits, federal Tax Credit Assistance Program (TCAP) funds, federal Community Development Block Grant dollars from the city and county, and housing trust funds from the city. JP Morgan and IFF, a loan consortium, are providing construction financing, while IFF will also provide a permanent mortgage. Thirty-five units will have project-based rent subsidies.

The Wisconsin Housing and Economic Development Authority allocated 9 percent housing credits for the project, and provided the TCAP funds as a loan.

Cocroft and Erich Schwenker, president of Cardinal Capital Management, Inc., said the LIHTC was essential to make Veterans Manor feasible. "Without the low-

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income housing tax credits, there would have been significant issues with debt service," says Cocroft.

Milwaukee-based Cardinal develops and manages special needs housing, working with nonprofits. Its prior experience in developing special needs LIHTC projects, and the fact that CVI had never developed a tax credit project before, prompted CVI to select the company to co-develop Veterans Manor. "We had built some housing for persons recovering from mental illness," says Schwenker. "And the people we did that were happy with it and recommended to the veterans that they discuss [their project] with us."



Erich Schwenker

Tax Credit Equity

RBC Capital Markets' Tax Credit Equity Group syndicated the housing tax credits for the project, closing in May 2010 and supplying nearly \$7 million in equity. In an unusual move for the times, RBC used its own capital to fund the deal, and then found a proprietary corporate investor for the investment.

"This is a very unique type of deal, and at the time that we were looking at it [in late 2009], the equity markets were still in disarray," said RBC Tax Credit Equity

Veterans Manor Source and Uses Summary

SOURCES

Conventional first mortgage (7.125%, 18-year, term, 30-year amortization).....	\$1,500,000
TCAP Loan from WHEDA (30-year, 0%).....	\$1,760,474
Federal Low-Income Housing Tax Credit Equity – RBC Capital Markets Tax Credit Equity Group.....	\$6,805,547
Milwaukee City – CDBG.....	\$550,000
Milwaukee City – Housing Trust Fund.....	\$168,000
Milwaukee County – CDBG.....	\$418,888
Deferred Developer Fee.....	\$115,243
Total Sources.....	\$11,318,152

USES

Acquisition Costs & Associated Fees.....	\$1,136,888
Residential Development Costs.....	\$7,685,311
Commercial Space.....	\$526,189
Developer Fees.....	\$986,236
Other Fees & Costs.....	\$365,033
Reserves.....	\$618,495
Total Development Cost.....	\$11,318,152

HAFC = Housing Authority of Fulton County

Financial Reform Law Contains Housing Provisions

The financial regulatory reform act signed into law by President Obama on July 21 (P.L. 111-203) contains the following housing-related provisions:

- An additional \$1 billion for the Neighborhood Stabilization Program operated by the U.S. Department of Housing and Urban Development, to provide grants to states and localities to help fund the acquisition and rehabilitation, for re-sale or rental, of foreclosed, vacant, and abandoned homes and other eligible properties in distressed neighborhoods.
- Requires the U.S. Department of Treasury to conduct a study on reforming the housing finance system.
- Extends the Protecting Tenants at Foreclosure Act (PTFA).
- Directs the establishment of a new Office of Housing Counseling within HUD, to enhance homeownership and rental housing counseling.
- Imposes stiffer requirements for mortgage-backed securities

Group's Dan Kierce, who originated the LIHTC equity investment.

Kierce said RBC was attracted to Veterans Manor because of the residents it will serve, the experience and reputation of CVI in serving veterans, the solid track record of Cardinal Capital Management in developing and managing LIHTC special needs housing projects, and the broad local support for the development. There was also a personal connection. In late 2009, while in Milwaukee, Kierce met with Cocroft and Schwenker. "I'm a former Marine, and so the opportunity to sit down and talk about a deal that would be geared toward veterans was something that was different and, quite honestly, pretty cool... We at RBC felt compelled to make this transaction happen."



Dan Kierce

Bob Spangler, Managing Director, RBC Tax Credit Equity Group, said, "RBC Capital Markets is pleased to have played a key role in financing the equity investment for Veterans Manor. This project reflects the best of what public-private partnerships can do – innovative combination of housing and social services for our nation's veterans." **TCA**