

Duffek Construction / Rise Development Request for Affordable Housing Development Funds

The Meadow View project in Waukesha, WI, is a 36-unit, three-story development that aims to serve as a model for equitable and stigma-free housing. It will include a mix of 11 workforce housing units (households with income over 60% but under 80% county median income) and 25 market-rate units, offering 1- and 2-bedroom apartments in a contemporary building. Strategically located near I-94 and public transit yet situated on a quiet road next to a wetland reserve, the project makes use of an underutilized site. Meadow View is designed to support both housing needs and local workforce demands while promoting dignity and pride in affordable housing.

Duffek Construction / Rise Development (a subsidiary of Duffek Construction) is seeking financial assistance through the Affordable Housing Development Fund to support the construction of the Meadow View project. Duffek Construction / Rise Development is requesting a construction loan in the amount of \$700,000.

Loan Structure and Term Needs & Request:

- Overall development cost: \$7.7M
- Total Loan Amount: \$700,000
- Affordability Target: Households with income over 60% but under 80% county median income
- Interest Rate: \$1% (project is not feasible with any rate above 1%)
- Interest Accrual: Begins when occupancy for construction is issued
- Loan Disbursement: The funds will be disbursed in two (2) \$350,000 increments. The first disbursement will occur at the beginning of physical construction (ground breaking) and the second disbursement will occur 90 days later.
- Repayment Terms: 20 years or refinancing/change of ownership
- Other Funding Sources: \$1M from Growth Funds & \$1.1M HOME Funds

Reason for this Request:

The Meadow View site has remained undeveloped for decades due to several challenges that this project is actively addressing.

1. **Zoning:** Originally not zoned for residential use, the site is unsuitable for retail due to poor access and visibility. The development team is working with the City of Waukesha to implement a PUD overlay to allow residential use.

2. **Utilities:** The site lacks a completed utility water loop, with current lines ending at adjacent developments. The team has collaborated with engineers to design a cost-effective solution to complete the utility loop.
3. **Soil Conditions:** Geotechnical studies revealed unstable soils, requiring foundation stabilization through methods like rammed aggregate or helical piers due to the depth of correction needed.
4. **Financial Feasibility:** The greatest challenge is funding. While the site could support high-end market-rate units, achieving the project's goal of providing affordable, high-quality housing requires financial support to cover construction, interest rates, and site-related costs.

Support is needed to help make this inclusive housing vision a reality for Waukesha County.

Project Breakdown

Construction:	\$6,200,000
Construction Contingency:	\$500,000
Developer fee:	\$80,000
Soft Costs: design, financing, loan interest, etc.:	\$450,000
Long Term Net Operating:	\$380,000
Property Taxes Reserves Other:	\$90,000
TOTAL USES OF FUNDS	\$7,700,000

Summary

Meadow View is designed to be a model for equitable housing, aiming to eliminate the stigma often associated with workforce and affordable housing. By leveraging local and community funding, the project seeks to support both local businesses through workforce housing and provide high-quality homes for individuals and families with limited means. Meadow View will foster a strong sense of pride and dignity among all residents, regardless of income. This transformative initiative depends on support from programs like the Affordable Housing Development Fund to bring its vision to life.

Thank you for your support.