

# City of Racine CDBG Application

<b>Name of Organization:</b>	Land-Quest Construction LLC		
<b>Mailing Address:</b>	815 57 <sup>th</sup> Street		
<b>City, State, Zip:</b>	Kenosha, WI 53140		
<b>Telephone Number:</b>	262-658-1400	<b>Fax Number:</b>	800-552-5790
<b>Contact Person:</b>	Ryan Douglas	<b>Contact Person's Title:</b>	President
<b>Contact Person's Email:</b>	<a href="mailto:ryan@myland-quest.com">ryan@myland-quest.com</a>		
<b>Director's Name:</b>	Ryan Douglas		

<b>Organization's Legal Status:</b>	<input type="checkbox"/> Municipal Department
	<input type="checkbox"/> Private, Not-for-profit organization
	<input checked="" type="checkbox"/> Private, For-profit organization

<b>Organization's Duns Number:</b>	007876942
<b>Organization's Central Contract Registry Number:</b>	1215527

<b>How much CDBG funding are you requesting in this application?</b>	\$56,000.00
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<b>Brief project description:</b>
Renovation of a three unit building located at 614 9 <sup>th</sup> Street, Racine, WI. All three units will be renovated to make ready for rental to HALO participants. Renovation will include all new kitchens, bathrooms, windows, doors, roof, and concrete to accommodate parking.

# PROJECT INFORMATION

Project address(es):	Census tract:	Council district:
614 9 <sup>th</sup> Street, Racine, WI 53403	2	1

<b>Project category:</b> (check one only)	<input type="checkbox"/> Public service	<input checked="" type="checkbox"/> Housing rehabilitation
	<input type="checkbox"/> Economic development	<input type="checkbox"/> Acquisition/Disposition
	<input type="checkbox"/> Public facilities and improvements	<input type="checkbox"/> Clearance/Demolition

<b>Project start date:</b> January 1, 2014	<b>Anticipated end date:</b> June 1, 2014
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Which CDBG criterion below does your proposed project meet?	
<input checked="" type="checkbox"/>	Area benefit: At least 51% of residents within the targeted activity area are low to moderate income (LMI).
<input type="checkbox"/>	Limited clientele (select subpart below):
<input type="checkbox"/>	(a) Special needs group (select benefit group from the list below):
<input type="checkbox"/>	(i) Abused children
<input type="checkbox"/>	(ii) Elderly persons 62 years or older
<input type="checkbox"/>	(iii) Battered spouses
<input type="checkbox"/>	(iv) Severely disabled adults (not children) – Census definition; documentation required
<input type="checkbox"/>	(v) Illiterate adults
<input type="checkbox"/>	(vi) Persons living with HIV/AIDS
<input type="checkbox"/>	(vii) Migrant farm workers
<input type="checkbox"/>	(viii) Homeless persons
<input type="checkbox"/>	(b) At least 51% of clientele to be served will be documented as LMI.
<input checked="" type="checkbox"/>	Housing (select subpart below):
<input type="checkbox"/>	(a) Single family (must be 100% LMI)
<input checked="" type="checkbox"/>	(b) Multi-unit (must be 51% LMI)
<input type="checkbox"/>	Job creation: At least 51% of jobs for LMI persons
<input type="checkbox"/>	Prevent or eliminate conditions of slum and blight

Select the goal appropriate, as identified in the City of Racine Consolidated Plan.	
<input checked="" type="checkbox"/>	Housing Rehabilitation, Repair & Construction
<input type="checkbox"/>	Homeownership Incentives
<input type="checkbox"/>	Homeless Prevention
<input type="checkbox"/>	Youth Activities
<input type="checkbox"/>	Job Skills / Employment Training
<input type="checkbox"/>	Job Creation
<input type="checkbox"/>	Neighborhood Based Human Services Improvements
<input type="checkbox"/>	Neighborhood Based Public Facilities Improvements

**Explain how the proposed project addresses the goal selected above.**

The project will address the need within the City of Racine for the rehabilitation of blighted and vacant properties. This project will benefit low and moderate income residents and will help to improve the landscape of the neighborhood. The renovation will also help to preserve affordable housing options for neighborhood residents. Through a MOU with HALO, Land-Quest will give HALO first right of refusal to make this property available for housing for their participants.

**List each service provided by the project. For each service, indicate whether it is a new service or an expansion of an existing service.**

New exterior concrete	<input checked="" type="checkbox"/> New Service	<input type="checkbox"/> Expansion of Existing Service
Boiler system	<input checked="" type="checkbox"/> New Service	<input type="checkbox"/> Expansion of Existing Service
Roof	<input checked="" type="checkbox"/> New Service	<input type="checkbox"/> Expansion of Existing Service
Kitchens & Bathrooms	<input checked="" type="checkbox"/> New Service	<input type="checkbox"/> Expansion of Existing Service
Flooring, windows, and doors	<input checked="" type="checkbox"/> New Service	<input type="checkbox"/> Expansion of Existing Service

**For each provided service that is an expansion of an existing service, describe:**

- (a) how the service provision will expand, and**
- (b) provide quantifiable measurements to indicate the proposed level of expansion.**

N/A

# Target Population

**What is the target population for this project?**

The target population is affordable housing for low to moderate income individuals. Through a MOU with HALO, Land-Quest will offer this property to HALO for use in their housing program. HALO will have first right of refusal to use all three units. If there are not any participants that are in need of housing through HALO, Land-Quest will make these units available to low to moderate income individuals.

**How does your agency track and record client demographics?**

Land-Quest works closely with HALO and their client track software to track and record client demographics. Land-Quest will require HALO to complete a "move-in/move-out" form for each of its residents prior to Land-Quest accepting them as a tenant that will contain verification of the resident's race, ethnicity, and income. Land-Quest will also require HALO to submit an annual report on all residence occupying this property to ensure that they meet proper guidelines.

**NOTE: The following questions on individual clients and households to be served apply only to Public Service, Economic Development, and Minor Residential Rehabilitation projects:**

Indicate whether the project will be serving individual clients (IC) or households (HH):	<input type="checkbox"/>	IC	<input checked="" type="checkbox"/>	HH
What is the total number of unduplicated clients/households to be served?	3			
Of the total number of unduplicated clients/households to be served, what is the total number of unduplicated LMI clients/households to be served, if applicable?	3			
If applicable, what is the percentage of unduplicated LMI clients/households to be served?	100%			
What is the cost per client/household?	\$61,673.33			
Over the past three years, what proportion of the people served by the project were City of Racine residents? (Have documentation available, if requested.) If this is a new project, what proportion are you anticipating?	N/A			



# AGENCY CAPACITY

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Who will be the person responsible for the overall oversight of the proposed project?

<b>Name of person:</b>	Ryan Douglas		
<b>Title of person:</b>	President		
<b>Relevant education:</b>	General contractor, Lead Abatement Contractor, Brokers License		
<b>Telephone number:</b>	262-658-1400	<b>Date first employed:</b>	2006

Who will be the alternate person responsible for the overall oversight of the proposed project?

<b>Name of person:</b>	Paul Wett		
<b>Title of person:</b>	General Contractor		
<b>Relevant education:</b>	General Contractor License, Lead Abatement Supervisor License		
<b>Telephone number:</b>	262-658-1400	<b>Date first employed:</b>	2008

Who will be the person responsible for the day-to-day operations and management of the proposed project? Provide no more than two individuals.

<b>Name of person:</b>	Paul Wett		
<b>Title of person:</b>	General Contractor		
<b>Relevant education:</b>	General Contractor License, Lead Abatement Supervisor License		
<b>Telephone number:</b>	262-658-1400	<b>Date first employed:</b>	2008

<b>Name of person:</b>			
<b>Title of person:</b>			
<b>Relevant education:</b>			
<b>Telephone number:</b>		<b>Date first employed:</b>	

Who will be the person responsible for the financial oversight of the CDBG expenditures and fiscal compliance? Provide no more than two individuals.

<b>Name of person:</b>	Ryan Douglas		
<b>Title of person:</b>	President		
<b>Relevant education:</b>	Business Associates Degree		
<b>Telephone number:</b>	262-658-1400	<b>Date first employed:</b>	2006

<b>Name of person:</b>	Lauwren Jacobson		
<b>Title of person:</b>	Accounting Manager		
<b>Relevant education:</b>	Accounting degree		
<b>Telephone number:</b>	262-658-1400	<b>Date first employed:</b>	2010

**INSTRUCTIONS: Do not exceed two pages to answer all of the following questions.**

**List the evaluation tools your agency plans to employ to track and monitor the progress of the project.**

Microsoft Project 2010 and internal property management systems.

**How does your agency plan to ensure compliance with applicable policy and procedural requirements (including those listed in HUD's "Playing by the Rules" Handbook)?**

Oversight of compliance will be handled by Lauwren Jacobson and Ryan Douglas.

**Briefly describe your agency's payment and disbursement procedures, with relevance to the proposed project.**

Disbursement to contractors is accomplished as follows: 33% down, 33% after rough inspection, and balance upon completion.

**Describe how your agency's Board of Directors exercises programmatic and fiscal oversight.**

N/A

**Briefly describe your agency's financial reporting system/accounting procedures, with relevance to the proposed project.**

Contractors will be approved by Paul Wett. After approval, final contracts will be approved by Ryan Douglas and submitted to Lauwren Jacobson. Draw request will be review by Paul Wett and submitted to Lauwren Jacobson for payment. All payments will be signed by Ryan Douglas.

**Briefly describe your agency's record keeping system, with relevance to the proposed project.**

Land-Quest uses QuickBooks (Contractors Edition) for record keeping, invoicing, and payments.

**Briefly describe your agency's auditing requirements, including those for the proposed project.**

Land-Quest conducts monthly internal audits and quarterly external audits. The external audits are performed by Land-Quest accounting firm; Scott Olson CPA.

**Briefly describe your agency's internal controls to minimize opportunities for fraud, waste, and mismanagement.**

All material is purchase through our internal PO system which requires two signatures. Project budgets and scope of work are created prior to submission for bids. After approval of all bids, a job calendar is created by the GC, Paul Wett, and the owner, Ryan Douglas. Paul conducts weekly meetings with contractors to ensure that the project is moving forward on schedule.

**How does your agency plan to segregate CDBG funds from other agency funds for purposes of identification, tracking, and reporting?**

Land-Quest plans on setting up a separate account for CDBG funds for this specific project. 100% of all funds will be used to "offset" this renovation project. Initial acquisition of this property is estimated at \$72,000.00. Total renovation is estimated around \$82,000.00 and it is anticipated that there will be a need of an additional \$20,000.00 in expenses during the 15 year affordability period. Land-Quest is requesting \$56,000 to help offset part of the renovation cost to help make this unit available for affordable housing for low to moderate income individuals.

# Agency Experience

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**In one page or less, briefly highlight your agency's experience and major accomplishments in providing services to LMI residents and/or communities.**

Since 2006, Land-Quest has been providing housing services to LMI residents throughout Kenosha/Racine, Wisconsin. Land-Quest is a certified, minority-owned, full-service general contracting firm focused on residential remodeling and development throughout Kenosha/Racine, Wisconsin.

## **Property Management:**

Land-Quest currently owns/manages over 150 units throughout Kenosha/Racine, Wisconsin. Over 80% of these units are currently being rented by LMI residents. Land-Quest handles all repairs, move-outs, evictions, leasing, tenant complaints, accounting, etc.

## **Construction:**

In 2013, Land-Quest renovated over 30 units, many of which are currently being occupied by LMI residents. Most of these units were gutted down to the studs. Typically Land-Quest renovations include new plumbing, electrical, HVAC, roofing, siding, kitchens, baths, flooring, doors, windows, drywall, and paint. The objective of Land-Quest renovation projects is to provide the occupant with an above average living condition, while at the same time, providing affordable housing for LMI residents.

## **2036 Grand Avenue, Racine:**

In 2012, in collaboration with the City of Racine, Land-Quest performed a complete renovation at 2036 Grand Avenue, Racine. This renovation included lead abatement, refinished hardwood floors, new furnace and air conditioning systems, upgraded electrical, new plumbing, new siding, new porch, new kitchens and bathrooms, new windows and doors, new roof, concrete, and masonry work. This renovation was completed specifically to provide affordable housing for HALO participants.

## **1232 Schiller, Racine.**

In 2012/2013, in collaboration with the City of Racine, Land-Quest was used as the general contractor for building a new home at 1232 Schiller. This new home construction project includes everything from the excavation, concrete, framing, insulation, roofing, smart siding, plumbing, electrical, drywall, kitchens, baths, HVAC, flooring, paint, landscaping, etc.



# Project Narrative

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**In one page or less, explain your proposed project and why it should be awarded funding.**

The project at 614 9<sup>th</sup> Street will address the need in the City of Racine for the rehabilitation of blighted and vacant properties. This project will benefit low and moderate income residents and improve the landscape of the neighborhood. This renovation will help to preserve affordable housing options for neighborhood residents and provide a minimum of 15 years of affordable housing.

The basis for determining the need was acquired from the 2013 Community Development Committee priority goals and objectives. In part, the committee has identified housing rehabilitation, repair, and construction in key areas of the City of Racine. This project meets these objectives. Land-Quest has also created a strategic collaboration with HALO to help assist in housing some of their participants. This project will help to add additional affordable units for HALO's housing program.

By approval of this grant, an additional vacant and blighted home will be removed from this neighborhood. Since the goal of Land-Quest is to hold this unit long term as a rental for HALO, the amount of vacant/blighted units will be reduced, while at the same time increasing the beautification of the neighborhood.

Our objective is to repair and replace any and all housing defects and to bring the property up to current building codes. Our goal is to provide affordable rental housing for three families that are at low to moderate income levels.

It is anticipated that the following funds will be required for this renovation project:

Private investor funds for acquisition	\$72,000.00
Total funds needed for renovation	\$82,000.00
Construction Contingency/Cost overruns	\$8,200.00
Fees & Permits	\$1,000.00
Insurance, Title, Property Taxes	\$1,820.00
Estimated funds need during period of affordability	<u>\$20,000.00</u>
Total project costs:	\$185,020.00
Grant request	<u>(\$56,000.00)</u>
Net project costs	\$129,020.00

# Project Timeline

Provide a listing below of the specific tasks or activities needed to implement the proposed project and a timeline for their completion. Number each task or activity, describe it, and give the projected date of completion. Add additional rows as needed.

#	Task/Activity	Description	Completion Date
1	Purchase 614 9 <sup>th</sup> Street	Land-Quest closes on the purchase of this unit	30 days
		30 days after grant acceptance	
2	Receive all bids from contractors	GC will solicit written bids from all trades	1/15/14
3	Review and pick contractors	Owner and GC will review all bids from all	
		Trades and create contracts with contractors	1/22/14
4	Demolition	Units will be demoed to get ready for trades	2/1/14
5	Rough carpentry	GC TO SUPERVISE	2/15/14
6	Rough plumbing	GC TO SUPERVISE	2/15/14
7	Rough electrical	GC TO SUPERVISE	2/15/14
8	BOILER SYSTEM	GC TO SUPERVISE	2/15/14
9	Painting	GC TO SUPERVISE	3/1/14
10	Flooring	GC TO SUPERVISE	3/1/14
11	Finish carpentry	GC TO SUPERVISE	3/15/14
12	Finish plumbing	GC TO SUPERVISE	3/15/14
13	Finish Electrical	GC TO SUPERVISE	3/15/14
14	Concrete	GC TO SUPERVISE	4/1/14
15	HQS inspection	GC TO SUPERVISE	4/15/14
16	Lead clearance	GC TO SUPERVISE	4/15/14
17	Lease up period	Unit 1	5/1/14
18	Lease up period	Unit 2 & Unit 3	6/1/14

# Project Budget

Provide an itemized budget detailing all of the proposed CDBG project expenses (not your organizational budget). Include all project expenses.

ITEM	FY 2014 CDBG FUNDS	OTHER FUNDS	SOURCE OF OTHER FUNDS	STATUS OF OTHER FUNDS: PROPOSED, APPLIED FOR, OR RECEIVED	TOTAL
<b>PERSONNEL</b>					
Position:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% of Staff Time:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hourly Rate:					
Position:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% of Staff Time:					
Hourly Rate:					
Position:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% of Staff Time:					
Hourly Rate:					
Position:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% of Staff Time:					
Hourly Rate:					
Position:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% of Staff Time:					
Hourly Rate:					
Position:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% of Staff Time:					
Hourly Rate:					
Benefits:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Payroll Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

<b>OPERATING EXPENSES</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rent or Occupancy	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Office Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Postage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Training	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Audit Compliance Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>PROFESSIONAL SERVICES</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
List:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
List:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>CONSTRUCTION COSTS</b>									
Acquisition		\$72,000.00	Investors/Land-Quest	Received					\$70,000.00
Site Work	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Construction Costs	\$56,000.00	\$26,000.00	Investors/Land-Quest	Received					\$82,000.00
Construction Contingency		\$8,200.00	Investors/Land-Quest	Received					\$8,200.00
Fees and Permits		\$1,000.00	Investors/Land-Quest	Received					\$1,000.00
Developer's Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Construction Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Construction Loan Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance, Title		\$720.00	Investors/Land-Quest	Received					\$720.00
Property Taxes		\$1,100.00	Investors/Land-Quest	Received					\$1,100.00
Other:									
Other:									
Period of affordability OTHER		\$20,000.00							
List:									
List:									
<b>TOTALS:</b>	\$56,000.00	\$129,020.00							\$185,020.00

# Budget Narrative

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The total cost of the renovation project is \$185,020. This proposal request \$56,000 in CDBG funding. Our agency has already received funding in the amount \$129,020 from other sources to fully support the acquisition and renovation of the property located at 614 9<sup>th</sup> Street, Racine, WI.

## CONSTRUCTION COSTS

### Acquisition

Land-Quest will purchase from J&N Assets LLC through an Offer to Purchase, the property located at 614 9<sup>th</sup> Street, Racine, WI for \$72,000.

### Construction Costs

Renovations at 614 9<sup>th</sup> Street will include the following:

1) New windows	-	14 @ \$425 per window L/M	\$5,950.00
2) New doors	-	8 @ \$125-\$225	\$1,200.00
3) Boiler System	-	1 @ \$6800	\$6,800.00
4) Electrical upgrades	-	3 units at \$2400 per unit	\$7,200.00
5) New Kitchens (3)	-	3 kitchens @ \$5844 per unit L/M	\$17,532.00
6) New Bathrooms (3)	-	3 bathrooms @ \$1740 per unit L/M	\$5,220.00
7) New Roof	-	Home only	\$8,673.00
8) New flooring	-	3 units at \$3400 per unit L/M	\$10,200.00
9) Painting	-	3 units at \$1475 per unit L/M	\$4,425.00
10) Exterior concrete	-	Approach, driveway, three parking spaces	<u>\$14,800.00</u>
		Total	\$82,000.00

### Construction Contingency

Land-Quest has a cost overrun construction contingency reserve in the amount of \$8,200.

### Fees and Permits

Land-Quest anticipates paying permit fees for electrical, HVAC, and plumbing totaling \$1,000.

### Insurance, Title

Anticipated insurance fees during the period of acquisition and renovation total \$720.

### Property Taxes

Pro-rated real estate taxes during the period of acquisition and renovation total \$1,100.

### Period of Affordability

Land-Quest anticipates additional expenses totally \$20,000 in order to hold this property during the 15 year affordability period.



# Sample Budget Narrative

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The total cost of Project Help is \$34,430. This proposal requests \$17,180 in CDBG funding. Our agency plans to generate \$17,250 from other sources to fully support Project Help. Our Agency plans to provide \$4,450 from its reserve fund and has applied to the Community Foundation for the balance of \$12,800 to fully fund Project Help.

## PERSONNEL

### Executive Director

Provides general oversight and fiscal management for the project. \$3,000/month @ 5% for 12 months = \$1,800.

### Project Coordinator

Provides program development and administrative management of the project.

\$2,000/month @ 100% for 11 months = \$22,000.

### Instructors

Provide parent education classes.

3 instructors @ \$10/hr, 4 hours per week for 18 weeks = \$2,160.

### Benefits

Includes health and dental coverage, social security, disability insurance and life insurance. Estimated at an average of 20% of salaries.

\$25,960 x .20 = \$5,190.

## OPERATING EXPENSES

### Rent

Rental of classroom space for parent education sessions.

3 rooms/week @ \$20 x 18 weeks = \$1,080.

### Supplies

Paper, notebooks and duplicating expenses to produce 100 parent notebooks and 8 facilitator notebooks.

Estimated cost is 100 @ 50/pgs @ \$.03 + 8 @ 100/pgs @ \$.03 = \$175.

# Required Attachments

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- Balance Sheets of the Organization for the past two years**
- Income Statements of the Organization for the past two years**
- Organizational Audit (including management letter\*), if applicable**
- Projected Cash Flow Statement, for housing and development projects**
- Officers and Board Members, for not-for-profit organization**

*\* Management letter will only be viewed by City Staff*

# Statement of Approval

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## NOT-FOR-PROFIT ORGANIZATIONS

This proposal was considered and approved by the Board of Directors at a meeting at which a quorum was present on \_\_\_\_\_.


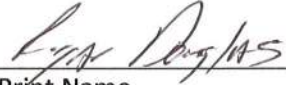


All information contained in the proposal is true and correct to the best of our knowledge:

_____ Board President's Signature	_____ Print Name	_____ Date
_____ Board Secretary's Signature	_____ Print Name	_____ Date

## MUNICIPAL DEPARTMENTS AND FOR-PROFIT ORGANIZATIONS

This proposal has been reviewed and approved for submission.

All information contained in the proposal is true and correct to the best of my knowledge:

 _____ Signature	 _____ Print Name	 _____ Date
 _____ Title		