

2012 NCSHA Annual Awards for Program Excellence
Wisconsin Housing and Economic Development Authority (WHEDA)
Special Achievement | Dwell Bay View

Project description

Dwell Bay View is a landmark mixed-use development that was made possible by a financing structure that is believed to be the first of its kind in the nation. Dwell Bay View, located in the Bay View area of the City of Milwaukee, features 56 market-rate and 14 affordable-rate family apartment units along with over 9,000 square feet of first-floor commercial retail space and 85 off-street parking spaces, which accommodate both tenants and retail staff and customers.

Developed by 2452 KK, LLC, Dwell Bay View utilized an innovative blend of funding resources through the Wisconsin Housing and Economic Development Authority (WHEDA) to become a reality. The property was the first in the nation to be constructed using Midwestern Disaster Area Bond financing and the equity raised from the sale of federal New Markets Tax Credits (NMTC), both of which were awarded by WHEDA. Since NMTCs are rarely used for developments featuring a housing component due to the program's strict criteria, the fact that the property could generate sufficient commercial rental income to meet the NMTC requirements made this a milestone project in Wisconsin's development community.

Through the diligence of both ownership and financing partners, the property's unique location and business model allowed it to qualify for multiple funding sources. The financing behind the deal took months of planning and coordination with several public/private partnerships. The entire process from application to closing consumed more than 12 months on the part of WHEDA's multifamily, economic development and finance staff. In addition, there were many hours of reviews by attorneys, 2452 KK, LLC, investors, bond insurers and several other entities. As result, WHEDA was able to underwrite both the NMTCs, which resulted in over \$2.7 million in equity benefits through PNC Bank, and a \$9.1 million construction/permanent loan. Dwell Bay View also qualified for a Brownfield loan from the Redevelopment Authority of the City of Milwaukee (RACM) totaling \$680,000.

Responding to community needs

Several years back, 2452 KK, LLC, purchased seven properties on this site with plans to modernize the area for the growing segment of the Bay View community. These properties consisted of old duplexes and rundown rental housing developments. In an effort to come up with most suitable use for these properties, the project developer, HKS Holdings, reached out to the community and concluded that the neighborhood was in high demand for newer and more high-end rental housing with market-rate and affordable components. Since there was also great interest for potential retail space, it was decided that Dwell Bay View would assume a mixed-use role. Enberg Anderson, a local architecture firm, spearheaded the property's design and created an up-scale development located in a prominent, growing part of the community.

Rents will start at \$640 per month for studio units and range up to \$1,830 for the highest priced two-bedroom apartment. Fourteen units will also be designated as affordable housing.

As for commercial tenants, the first business to move into Dwell Bay View was Snap Fitness, which more than doubled its square footage to 5,000 square feet from its old location. Community Bark, a dog wash/groomer, coffee bar and smoothie restaurant, is the property's second retail tenant. Community Bark also has another location in Glendale, WI, a suburb of Milwaukee.

In addition, Dwell Bay View has significant interest from a range of businesses for the last 1,100 square foot retail space available. The retail component is expected to be fully leased by fall of 2012.

Property innovation

Dwell Bay View received a Focus on Energy grant for providing ENERGY STAR appliances and water saving plumbing fixtures to each unit and an efficient lighting and HVAC system for the building. The property received an R-Value rating for its insulation level, which is measured by the insulation's ability to resist heat traveling through it, and also features two green roofs.

Another notable first achieved by Dwell Bay View was the property becoming the first in the US to utilize a Delta Beam. The Delta Beam is a composite beam designed for slim-floor construction, and is completely concreted after installation to create the composite action between concrete and steel. The composite action enhances the capacity of the beam significantly and enables long clear spans with shallow floor depth.

The Delta Beam system allowed the developer to overcome complicated design issues associated with its underground parking beam heights. The Delta Beam allowed the developer to achieve necessary clear heights, without compromising their budget or layout. In fact, the Delta Beam system saved the project an estimated \$35,000.

Economic impact

According to data from an IMPLAN analysis, Dwell Bay View created 73 direct permanent jobs, 31 indirect jobs, and 82 induced jobs as a result of its construction. The total labor amount is an approximately \$9.8 million, while the total value added to the community is over \$14 million in economic impact.

Neighborhood supporters hope that Dwell Bay View will bring increased foot traffic to the district to further encourage new businesses. Ownership also sees the development as an opportunity to connect with the Bay View community and help fill the gap of high-end, new construction apartments.