

RENTAL HOUSING DEVELOPMENT ASSISTANCE

Application for G. O. Bond Financing – Rev. 2/1/08

Project Name: Children's HOME Initiative Expansion to Crossroads Apartments
 Project Address: 8801 McCann, Austin, TX Zip Code: 78757

Total # units to be assisted: 14 Total # units in project/property: 92

Project type: Predevelopment Acquisition Rehabilitation New construction Refinance

Amount of funds requested: \$900,000 Terms: deferred/forgivable

Role of applicant in Project (check all that apply): Owner Developer Sponsor

1. Applicant Information (If applicant is not acting as the developer, please provide all of the information below for the developer as well as for the applicant. If the developer involves multiple entities, is a partnership or joint venture, please provide duplicative information for each, and identify the entity that will serve as the "lead" organization).

Foundation Communities, Inc.
Name

3036 South 1st Street, Suite 200
Street Address

Austin TX, 78704 512-447-2026 x.25
City State, Zip Telephone #

Jennifer Daughtrey Hicks 512-447-2026 x.25 512-447-0288
Contact Person Contact's Telephone # Fax #

74-2563260
Federal Tax ID Number or SS#

The applicant/developer certifies that the data and exhibits contained comprising this application are true and correct. Unsigned/undated submissions will not be considered.

Foundation Communities, Inc.
Legal Name of Developer

Walter Horne
Signature of Authorized Officer

Executive Director
Title

10-1-08
Date

2. **For non-profit applicants/developers only, include copies of the following:**
 - a. Articles of Incorporation - **ATTACHMENT 1**
 - b. Certificate of Incorporation filed with the State of Texas - **ATTACHMENT 2**
 - c. Federal IRS certification granting non-profit status - **ATTACHMENT 3**
 - d. Names, addresses and phone numbers of current board members - **ATTACHMENT 4**
 - e. Certified financial audit for most recent year which include the auditor's opinion and management letters. - **ATTACHMENT 5**
 - f. Board resolution approving the proposed project and authorizing the request for funding - **ATTACHMENT 6**

3. **Project Description-**

Foundation Communities is seeking \$900,000 in funding from the City of Austin General Obligation Bond program to expand the Children's HOME Initiative Program (CHI) to the Crossroads Apartments. The CHI expansion would allow this 92 unit property to rapidly bring on-line 14 CHI units for homeless or near homeless families. The CHI program combines reduced rent with intensive supportive services to help families achieve self-sufficiency. Foundation Communities currently offers the CHI program at three affordable housing communities with a total of 38 units. However, the need for more transitional housing for families in crisis is tremendous. During the 2006-2007 school year, 1,800 Austin ISD students were homeless. On average, homeless children attend three or more schools per year and show a marked increase in academic and behavioral challenges. Foundation Communities receives about 80 calls weekly from families in need of shelter, with half qualifying for the Children's HOME Initiative.

FC launched the Children's HOME (Housing-Opportunity-Money-Education) Initiative in 2003 to address the overwhelming need in the community for quality affordable housing for families with incomes of 30% of the Median Family Income. Our initial grants were from NeighborWorks America, a national funder, enabling us to pay down mortgages at three of our existing apartment complexes and permanently setting aside 38 units to create the program. The program has been so successful that FC has set a goal to expand the program by 100 families in the next two years.

Expansion of the CHI program is a responsible use of City of Austin GO Bond funding for the following reasons:

- 1) Creates 14 NEW, PERMANENT units of supportive housing for families with incomes below 30% MFI at rents far below those currently being charged at Crossroads Apartments.
- 2) Once funding is awarded, the program can be rapidly implemented.
- 3) This is a one-time only request. There is no other FC-owned property with financing that would allow for a mortgage pre-payment.
- 4) There is no financial benefit to Foundation Communities. The monthly mortgage savings directly correlates to the amount of rental income lost to the 14 CHI units being set-aside at deeply discounted rents.

The CHI program is transitional housing. Families can stay in the program to gain stability and increase their income with the average stay being 18 months. The transitional nature of the program allows families to complete the program and transition to FC's other affordable units allowing more families to access the CHI program. Nearly 75% of all program graduates continue to live at a Foundation Communities property after graduating. Since the inception of the CHI in 2003, 120 families, including 265 children have accessed the program. 75% of graduates have increased their income from an average of \$14,922 to an average of \$30,817 upon exit. Of the current program participants, 47% of adults have completed financial literacy classes and 25% have reduced their debt. Ninety-five percent of children now in the program have health insurance and 71% take part in an education/enrichment programs.

The CHI program expansion would also fill a housing continuum gap for families already living at Crossroads. FC recently launched the Parenting in Recovery project (PIR) – a five-year federally-funded program that provides 90 days of residential substance abuse treatment for children and mothers involved in the child welfare system due to

parental substance abuse. The program is a collaboration of FC, Travis County Health and Human Services Dept., Texas Dept. of Family and Protective Services, Travis County Drug Treatment Court, Austin/Travis County MIIMR, Austin Recovery and WorkSource. Foundation Communities provides housing for the 10 PIR families at Crossroads as they complete the intensive substance abuse treatment program. Following 90 days of inpatient substance abuse treatment, families are provided with intensive case management services and support from all PIR partners in order to re-establish a stable and responsible lifestyle. FC wants to prevent these families who have worked so hard from returning to the environments that contributed to their instability, chaos, and substance abuse. The new CHI units at Crossroads would provide the perfect continuum for PIR families who have successfully completed treatment, but need a deeply discounted rent and a supportive program to ensure long-term success and stability.

Besides the 10 PIR units, Crossroads Apartments does not have any rent or income restrictions in place. All units at Crossroads Apartments are currently set aside for families at 80% MFI and below, although FC voluntarily rents about 30% of the units in the property to families with incomes 50% MFI and below. Currently there are 29 units at the property that are leased at a rent affordable to families with incomes below 50% MFI (including a few families with incomes below 30% MFI). However, these families pay a much higher rent than the proposed CHI units – for a two-bedroom apartment - \$725 compared to \$410 in the proposed CHI program. Foundation Communities would use the mortgage savings from the debt relief paid for by the City of Austin General Obligation bonds and leveraged with \$300,000 in NeighborWorks America capital grant funding to permanently reduce the rent on 14 units at the property and serve new families as part of the CHI program.

Funding Plan – Upon refinancing the mortgage with Compass Bank, our monthly mortgage payment becomes approximately \$4,000. By retiring the \$1,200,000 in debt with funding from NeighborWorks America and the City of Austin, FC will save approximately \$4,000 per month. This savings will offset most of the lost rent for the 14 units set-aside for the CHI program expansion. Based on our experience with CHI at other properties, we do not anticipate any material change in operating expenses on these units compared to other units. Other than balancing the reduced rent on the new CHI units, the debt pay-off does not create any additional cash flow or financial benefit for Foundation Communities. Crossroads is the only FC-owned property that has flexible financing in place to allow the implementation of a CHI program; therefore there will not be any other requests from FC to further expand the CHI program to other existing FC-owned properties.

RENT REDUCTION:

	# of units	2008 Market Rent	Monthly Rent Potential	# of proposed 30% GO Bond Units	2008 30% Rent	Loss to proposed 30% GO Bond Units
Small 1br	2	\$550	\$1,100		\$0	\$0
1 br	48	\$585	\$28,080	3	\$350	\$705
2 br	34	\$725	\$24,650	10	\$410	\$3,150
3 br	8	\$765	\$6,120	1	\$450	\$315
	92		\$59,950	14		\$4,170

Location – Crossroads Apartments have been owned and operated by FC as affordable housing since 1990. The project is located at 8801 McCann, Austin, TX, 78757, in Northwest Austin – a part of town known for higher incomes and more costly housing. The addition of 30% units at Crossroads will allow extremely low-income families to live in an area with few affordable options. According to Census data, the median family income for the census tract where Crossroads is located is \$61,307 with 60% of the families in the census tract earning more than \$50,000/year. Please see **ATTACHMENT 7: Plat and Location Map.**

Type of structure – Crossroads Apartments is an appropriate site for the expansion of the CHI program because the property is a family-oriented community with half the units two- or three- bedrooms. The apartment units are spacious and include a kitchen pantry, walk-in closets, patios/balconies and paid gas (cooking and heating). Community amenities include a swimming pool, picnic area with barbeque grill, covered parking and clothes care center. In 2003, a major renovation was completed that included new siding and balcony railings, and replacing windows with energy-efficient ones. Units have new carpet, vinyl, lighting, switches and plugs, and resurfaced countertops. Crossroads is conveniently located at Mopac and Highway 183 near various retail stores. Pillow

Elementary, a Blue Ribbon School, is located just two blocks away. Currently, twelve percent of families at Crossroads are headed by single parents and 60% of residents are children.

	Square Footage	Total # of Units	# of CHI Units
1 Br	578	2	0
1 Br	723	48	3
2 Br	1060	34	10
3 Br	1060	8	1
		92	14

Year Built – The structure was built in 1973 and was acquired by a nonprofit single asset affiliate of FC, Crossroads Mutual Housing Corporation in 1990. Please see **ATTACHMENT 8** for documentation from Travis Central Appraisal District.

Proposed Residents and Rents – A total of 14 units will be available for extremely low income and homeless families with children. These units will serve families 30% or below MFI (\$21,350 for a family of four). CHI clients are typically low-income single mothers with at least two children who have been homeless or on the verge of homelessness. The need for outreach is limited due to the high number of referrals received by social service agencies including but not limited to Any Baby Can, SafePlace, Lifeworks, American YouthWorks, Project HELP, Salvation Army, Blackland CDC, Goodwill, Lifeline/Marywood, neighborhood centers, churches, and schools.

Section 8 families – Section 8 vouchers are accepted at Crossroads Apartments, but are not accepted in the CHI program. The program is targeting families who do not have a long-term housing plan and helping them to achieve housing stability as one of those goals. If an applicant has a Section 8 voucher, then they would be referred to one of our non-CHI units.

Units accessible and adaptable – The GO Bond program guidelines require that 10% of a project’s GO Bond Assisted units be accessible and adaptable for persons with mobility, sight and hearing disabilities. If looking at the total units funded for the CHI program at Crossroads, we propose to have 1 unit accessible (10% of 14 GO bond-assisted units) and will make reasonable accommodation for any resident with mobility, sight and/or hearing disabilities.

Project Occupation – Crossroads Apartments is currently in operation as an affordable housing community, therefore the units are all occupied at the time of proposal submission. If GO bond funding is approved, we would stage the move in of the CHI families as units of the specific bedroom size become available.

Supportive Services – The supportive services for the CHI program at Crossroads will NOT be paid for by the GO Bond funding. Instead, the service program is being paid for by the cost savings realized from the refinance of the mortgage from a 30-year loan at 6% with Neighborhood Housing Services of America to an interest only loan at a lower rate (1-month LIBOR rate plus one) with Compass Bank. The refinance results in a savings of approximately \$4,500 per month or \$54,000 per year that can be put toward supportive services at Crossroads Apartments. The supportive service program at Crossroads will include services to assist individuals and families in moving from homelessness to self-sufficiency. A case manager will work with each participant to increase income – both earned income from employment and unearned income from Supplemental Security Insurance, Social Security Disability Assistance, Veteran’s benefits, food stamps or other mainstream benefits. Workshops and classes will be offered to help participants improve job skills to gain long-term employment.

Program guidelines will require families to participate in case management and other support services while also offering the opportunity to engage in other, optional programs and services. Improved financial stability and knowledge are the basis for achieving most program goals. The program focuses on these aspects of self-sufficiency by requiring each participant to complete the Foundation Communities financial literacy course, a ten hour, five week course that covers budgeting, debt repayment, in-depth credit counseling and long-term saving strategies. In addition, a Personal Finance Series is designed to provide structure to case management meetings and supplement the information learned in the financial literacy course in a one-on-one setting. The Personal Finance Series includes

topics such as in-depth credit repair, budgeting, banking institutions, insurance and predatory lending. Each component is designed to be completed in a one-hour case management meeting and includes follow-up for the next meeting. In addition, adult educational workshops including parenting support and life skills, as well as periodic program meetings featuring guest speakers are also offered on-site periodically throughout the year. Participants are required to take part in these workshops.

Neighborhood Plan – Crossroads Apartments is located on the northern boundary of the North Shoal Creek Neighborhood Planning Area. The North Shoal Creek Neighborhood is designated as a future planning area, but the planning process has not yet begun.

4. Site Control and Demonstration of Value

Please find attached **ATTACHMENT 9: Warranty Deed** and **ATTACHMENT 8: Current Tax Documentation**. Crossroads Apartments was purchased by Crossroads Mutual Housing Corporation in March 1990. Crossroads Mutual Housing Corporation is a single asset affiliate of Foundation Communities, Inc. The value of the property per the current tax documentation is \$3,289,499 which is more than two times the amount of debt on the property (\$1,200,000.) However, if sold today, Crossroads would fetch a much higher price than the appraisal district value. According to Austin Investor Interests, the average sales price of existing properties is \$80,000 per unit. Class C properties of the same vintage as Crossroads are selling in the \$60,000 per unit range. Crossroads would easily appraise at \$55,000 a unit or \$5,060,000.

Foundation Communities is leveraging the City GO bond funding with the equity in the property being that FC has owned the property for 18 years and paid down the mortgage to the current level. The debt on the property (\$1,200,000) would be paid off by the City GO Bond and NeighborWorks funding and leveraged with \$3,860,000 in FC equity in the property. The GO Bond leverage ratio is 18%. If GO Bonds funds are awarded, AHFC would have the first lien position on the property.

5. Zoning

The use of the property will not change with the funding of this application. The original zoning was put in place to allow for multifamily development when the apartments were constructed. This funding application will change the target income for 14 units at Crossroads, but will not change the residential use of the property. Please see **ATTACHMENT 10: Zoning Verification Letter**.

6. S.M.A.R.T. Housing

Not Applicable – This project is not new construction or rehabilitation with change use, therefore the project is not eligible for SMART Housing.

7. Development Team

	Name(s) & Any Comments on Role	MBE? (Mark X if Yes)	WBE? (Mark X if Yes)	Non- profit? (Mark X if Yes)
Owner	Crossroads Mutual Housing Corporation			X
Developer	Foundation Communities, Inc.			X
Architect	Not Applicable – No Renovation			
Engineer	Not Applicable – No Renovation			
Construction Lender	Not Applicable – No Renovation			
Other Lenders	Neighborhood Housing Services of America/Compass Bank			

Attorney	Rick Hightower			
Accountant	Ann Clift – Foundation Communities' staff			X
General Contractor	Not Applicable – No Renovation			
Property Management Provider	Foundation Communities, Inc.			X
Supportive Service Provider:	Foundation Communities, Inc.			X

8. Development Schedule

	DATE(S)
Refinancing mortgage with NHSA to interest-only loan with Compass Bank – reducing the monthly mortgage payment	October 2008
Securing and packaging project financing	October 2008
Anticipated Draw for debt payoff	December 2008
Start of Rent-up of CHI Units	December 2008
Completion of Rent-up of CHI Units*	April 2009

* NOTE: The average monthly turnover at Crossroads is 3 to 4 units. Therefore, we expect it to take 4 months for current residents to move out of units as normal turnover and to move CHI families into those available units.

9. Accessible and Adaptable Units

Indicate the number of units proposed to be accessible and adaptable for persons with mobility, sight and hearing disabilities as required by RHDA Program Guidelines.

_____ Units adaptable for persons with mobility disabilities

 1 Units accessible for persons with mobility disabilities

 1 Units adaptable for persons with sight and hearing disabilities

_____ Units accessible for persons with sight and hearing disabilities

10. Experience and Qualifications – Rental Development and Property Management

a. Is this the developer's first housing project? Yes No

b. Completed projects (complete table below):

COMPLETED PROJECTS				
Address	# of Units	New or Rehab	Type of Property	Year Completed
Buckingham Place 743-B Yarsa, Austin, TX 78748	164	Rehab	Duplexes	1991
Cherry Creek 5510-B Fernview, Austin, TX 78745	122	Rehab	Duplexes	1989
Crossroads 8801 McCann, Austin, TX 78757	92	Rehab	Apartments	1990
Daffodil	40	Rehab	Apartments	1996

6009 Daffodil, Austin, TX 78744				
Garden Terrace 1015 W. William Cannon, Austin, TX 78745	103	Rehab	Single Room Occupancy	2003
Peters Colony 1810 E. Peters Colony Rd., Carrollton, TX 75007	160	Rehab	Apartments	1995
Shadow Brook 2020 S. Cooper, Arlington, TX 76013	403	Rehab	Apartments	1995
Sierra Ridge 201 W. St. Elmo, Austin, TX 78745	149	Rehab	Apartments	1991
Skyline Terrace 1212 W. Ben White Blvd., Austin, TX 78704	100	Rehab	Single Room Occupancy	2008
Sleepy Hollow 3903 Ichabod Circle, Arlington, TX 76013	128	Rehab	Apartments	1995
Southwest Trails 8405 Old Bee Caves Rd., Austin, TX 78735	160	New	Apartments	2001
Spring Terrace 7101 N. I-35, Austin, TX 78752	142	Rehab	Single Room Occupancy	2006
Trails at the Park 815 W. Slaughter Lane, Austin, TX 78748	200	New	Apartments	2000
Trails at Vintage Creek 7224 Northeast Drive, Austin, TX 78723	200	Rehab	Apartments	2000
TOTAL	2,163			

c.

Housing Development Experience - FC has 19 years of experience contracting for and overseeing the rehabilitation and construction of affordable housing. As the owner and manager of 11 affordable housing properties (1,472 units) in Austin and 3 affordable housing properties (691 units) in North Texas, FC has built a strong development team and has worked together on many projects. Twelve of our communities were purchased as existing properties. Each has greatly improved with renovations, green spaces and playscapes, learning centers, landscaping, signage, lighting and green building features (solar panels and rain water harvesting). Two of our properties were new construction projects, Southwest Trails and Trails at the Park, utilizing the Low Income Housing Tax Credit Program (LIHTC).

Finance Experience - Our finance experience also includes work with the following programs:

- ✓ 501(c)(3) Bond Program
- ✓ Federal Home Loan Bank (Affordable Housing Program)
- ✓ Resolution Trust Corporation – Affordable Housing Disposition Program
- ✓ Multi-family Private Activity Bonds
- ✓ TDHCA – Housing Trust Fund
- ✓ TDHCA – SECO Energy Grant Program
- ✓ TDHCA – HOME Program
- ✓ City of Austin – Housing Implementation Program (HIP)
- ✓ City of Austin – HOME Program
- ✓ City of Austin – CDBG Program
- ✓ City of Arlington – CDBG Program
- ✓ Neighborhood Reinvestment Corporation Grant Program
- ✓ HUD Section 8 Moderate Rehabilitation SRO Program
- ✓ HUD Supportive Housing Program
- ✓ Veterans Administration Homeless Providers Grant Program

Housing Development Team - Our Housing Development Team consists of the following FC staff (Please see ATTACHMENT 11 for resumes):

Walter Moreau, Executive Director, oversees asset management and provides overall organizational leadership. For new developments, oversees and assists with project development and financing. Walter has 17 years of housing development experience.

Sandra Lumley, Property Director, oversees all aspects of property management for 1,209 Austin units, ensuring FC's high quality standards. Sandra has extensive knowledge of the compliance requirements for a variety of funding programs at the local, state and Federal level. Sandra has 20 years of housing development experience.

Vicki McDonald, Asset Manager, oversees the income and assets of the FC portfolio. She has over 30 years of experience in owning and managing multifamily, office and retail developments. For the past 25 years, she has owned and operated Vista Properties, a real estate firm specializing in the management, leasing and brokerage of income producing assets. The client base consisted of private, government and institutional owners.

Jennifer Daughtrey Hicks, Project Development Manager, pursues new development opportunities and identifies and applies for subsidy and conventional financing for multi-family housing. Jennifer has 7 years of housing development experience.

Julian Huerta, Director of Community Services, develops and directs all educational and asset-building programs that assist families residing in FC housing communities. Huerta also oversees the CHI programming. Huerta has 10 years of resident service provision experience.

Project Similar in Size and Scope - The CHI is the only program of its kind in Austin. In 2003 FC launched the CHI to address the overwhelming need in the community for quality affordable housing for families with incomes of 30% of the Median Family Income (\$21,350 for a family of 4). Grants from NeighborWorks America, a national funder, enabled us to pay down mortgages at three of our apartment complexes and permanently set aside apartments to create this program. Of a dozen national housing organizations that were awarded funding to create housing targeting this income level, FC was the first to get the program up and running and has the longest and most successful track record. We have developed a successful model for helping families with very-low incomes achieve self-sufficiency by providing stable housing and intensive case management. Currently, we provide the program at three locations for 38 families. Our goal is to expand this program to serve 100 families by 2010. The GO Bond Funding requested would expand the program by 14 units at Crossroads Apartments – a 37% increase in CHI units to the current program.

Davis Bacon/Federal Labor Standards – Since there will be no rehab involved with this funding award, there will be no application of Davis Bacon or Federal Labor Standards. FC has had experience with Davis Bacon and Federal Labor Standards on many of our developments including: Southwest Trails, Garden Terrace, Spring Terrace and Skyline Terrace. Jennifer Hicks, Development Project Manager, has overseen the Davis Bacon compliance on all the above projects.

Temporary or Permanent Relocation - The Uniform Relocation Act will not be applicable to the expansion of the CHI program at Crossroads Apartments. Staff will wait until an occupied unit becomes vacant before moving in a CHI qualified household into that unit. FC is aware of the requirements of the Uniform Relocation Act. The URA has not been applicable to any of FC's previous developments.

Testing and Treatment of Lead-based paint and/or asbestos - FC is aware of the guidelines for testing and treatment of lead-based paint and asbestos. There will be no construction or rehab connected with this funding award, therefore this section is not applicable.

d. FC performs all leasing, maintenance, accounting, compliance and other property management functions for its 11 Austin properties. FC earns property management and asset management fees that help support the overall nonprofit mission. The success of FC's property management is demonstrated through its high occupancy (usually averaging more than 95 percent), low turnover (under 32 percent), ability to keep all properties performing within

their operating budgets, completion of capital repairs of over \$535/unit, and a relatively high percentage of move outs going to homeownership (20 percent). FC has managed Crossroads Apartments since acquisition in 1990.

Specifically, FC has been managing 38 CHI units at our three other properties (Daffodil, Vintage Creek, and Sierra Ridge) since 2003. Over the past five years, 120 families, including 265 children, have participated in the program with a 65% success rate--considered a strong success in case management for families with multiple, complex challenges.

A majority of FC's 14 properties feature a federal source of funding. Specifically, FC's staff has experience with the compliance and reporting requirements of the Low Income Housing Tax Credit program, HOME program, and the Section 8 Moderate Rehabilitation Program. Currently, there are no federal funding requirements applicable to Crossroads Apartments.

II. Detailed Project Budget -

DETAILED PROJECT BUDGET				
	Cost	Prior RHDA Funds	RHDA Funds Requested	Description
PREDEVELOPMENT				
Appraisal				
Environmental Review				
Engineering				
Survey				
Architectural				
TOTAL PREDEVELOPMENT				
ACQUISITION				
Site and/or Land	\$5,060,000/ \$1,200,000	\$0	\$900,000	The market value of the property is \$5,060,000. The existing mortgage on the property is \$1,200,000. FC is proposing to use \$900,000 in GO Bond funding and \$300,000 in NeighborWorks America funding to pay off the existing mortgage and use the savings to permanently set aside 14 units for families with incomes below 30% MFI who are at risk of homelessness as part of FC's Children's HOME Initiative program.
Structures				
Other (specify)				

TOTAL ACQUISITION	\$5,060,000/ \$1,200,000	\$0	\$900,000	The market value (if the property was sold tomorrow) is \$5,060,000. The mortgage pay-off is only \$1,200,000.
CONSTRUCTION				
Infrastructure				
Site work				
Demolition				
Concrete				
Masonry				
Rough carpentry				
Finish carpentry				
Waterproofing & Insulation				
Roofing & Sheet Metal				
Plumbing/Hot Water				
HVAC				
Electrical				
Doors/Windows/Glass				
Lath & Plaster/ Drywall & Acoustical				
Tile work				
Soft & Hard Floor				
Paint/Decorating/Blinds/Shades				
Specialties/Special Equipment				
Cabinetry/Appliances				
Carpet				
Other (Please specify)				
Construction Contingency				
TOTAL CONSTRUCTION				
SOFT & CARRYING COSTS				
Legal				
Audit/Accounting				
Title/Recording				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Other: (Specify)				
TOTAL PROJECT BUDGET	\$5,060,000/ \$1,200,000	\$0	\$900,000	

12. Funds Proposal - Provide the following information to facilitate financial review of the proposed project:

a. Sources and Uses of Funds

TABLE A: SOURCES OF FUNDS SUMMARY					Intended Use of F (Predevelopment, Acquisition, Construction, Soft Costs)
	Term	Interest Rate	Amount	Evidence (Deed, Sales Contract)	
Owner Equity					
FC's equity in real estate			\$3,860,000	See Question 4	Acquisition
Private Financing (List Lenders)					
Other Sources (List Below)					
NeighborWorks America		0%	\$300,000		Acquisition Re-Finance
Proposed RHDA Funds		0%	\$900,000		Acquisition Re-Finance

TABLE B: USES OF FUNDS SUMMARY		
	Total Cost	Cost/Unit
Predevelopment		
Acquisition	\$5,060,000	\$55,000
Hard Costs		
Soft & Carrying Costs		
Other Costs		
Total Project Costs	\$5,060,000	\$55,000

b. Leveraging –

TABLE C: LEVERAGE SUMMARY	
TOTAL RHDA FUNDS	\$900,000
TOTAL OTHER FUNDS	\$4,160,000

c. Operating Proforma – Please see ATTACHMENT 12 for 25-Year Operating Pro-forma.

13. Neighborhood Support

The neighborhood association of record for Crossroads Apartments is North Shoal Creek Neighborhood Association. The City of Austin Community Registry provided an incorrect phone number and no email address for the organization. FC staff located the organization's website and sent an email to the president of the association, Malcolm St. Romain Jr., informing him of our plans for the program. Please see **ATTACHMENT 13** for a copy of the email sent as demonstrated effort to contact the association. FC has never received a complaint from the neighborhood association since taking over ownership of the property in 1990.

14. Description of Supportive Services

A full-time case manager will be hired to run the CHI program at Crossroads Apartments. The CHI service program will consist of comprehensive support services to assist families in moving from homelessness to self-sufficiency. Program guidelines require families to participate in case management and other support services while also offering the opportunity to engage in other, optional programs and services. Applicant families are interviewed to assess readiness to participate in required activities, desire to achieve long-term goals and stability and ability to follow through with an action plan. Families are made aware of all program requirements and procedures before being accepted into the program. Case managers work closely with each family to create a FAMILY ACTION PLAN that encompasses both program goals, including long-term housing stability, increased education and income, increased financial literacy and improved health and well being, as well as any personal goals identified by the participants that will help them to achieve self-sufficiency. Case managers meet regularly with participants to assess progress on goals and provide resources and referrals.

Improved financial stability and knowledge are the basis for achieving most program goals. The CHI focuses on these aspects of self-sufficiency by requiring each participant to complete the FC financial literacy course, a ten hour, five-week course that covers budgeting, debt repayment, in-depth credit counseling and long-term savings strategies. In addition, a Personal Finance Series is designed to provide structure to case management meetings and supplement the information learned in the financial literacy course in a one-on-one setting. The Personal Finance Series includes topics such as in-depth credit repair, budgeting, banking institutions, insurance and predatory lending. Each component is designed to be completed in a one-hour case management meeting and includes follow-up for the next meeting.

The CHI program involves the intensive collaboration with three other nonprofit providers. We collaborate with Front Steps who supplies the CHI program with an AmeriCorps Member as part of their Keep Austin Housed program. The AmeriCorps Member works for the CHI program assisting with service provision, client intake and program organization. Casey Family Programs provides kinship care services which gives families the resources they need to provide healthy homes for their children. Many of the families in the CHI program have children in their household which are not necessarily their own (i.e. grandparent with grandchildren or aunts/uncles who care for their nieces/nephews), but would otherwise be in foster care. The Casey Program gives these families a support and network they need to continue providing safe and loving homes for these children. FC also partners with the Austin Learning Academy to provide family literacy programming at our learning centers. With the expansion of the CHI program to Crossroads, all of these programs and services will be available to residents of the property. Please see **ATTACHMENT 14: Memorandums of Agreement with Service Providers**.

15. Experience and Qualifications (Supportive Services)

Foundation Communities is a leader in the combination of affordable housing and on-site service delivery that helps families succeed. FC focuses on four areas of work:

- Opening Doors to Homes – We own and manage 8 affordable multi-family rental communities in Austin (1,124 units) and three locations in the Dallas-Fort Worth area (691 units), providing quality homes for more than 2,000 families.
- Helping the Homelessness – For homeless families, we offer reduced rent and support to achieve independence (38 units at three locations). Our 350 efficiency apartments (3 locations) empower homeless individuals to become self-sufficient.
- Learning in a Community – At on-site Community Learning Centers, we give 800 children of working parents a safe place to go when school's out right where they live, helping 85% maintain or improve grades. Adult programs include classes that focus on increasing adults' earning potential by improving literacy.

- Saving for the Future – Through our economic education courses, families reduce debt. Through special savings accounts, families may earn a 2-to-1 match to purchase a home, attend college, or start a business. We provide free income tax preparation for 15,000 low-income working families with the help of 400 IRS-certified volunteers.

The CHI program is currently administered by the following four-person team:

Julian Huerta, Community Services Director, oversees all programming including the CHI program. Mr. Huerta joined FC in 1998 and has more than 16 years of experience in nonprofit administration, program development and fundraising. He was recently awarded a Community Sabbatical grant by the UT Humanities Institute to study proven, national models that provide supportive housing to families. Under Mr. Huerta's leadership, FC has also become a leader in the development of financial literacy instruction.

Mario Cortez, CHI Program Coordinator, has 15 years of experience working with homeless and low-income populations. He has a Master of Science in Social Work from the University of Texas at Austin, and has spent the last 3 years developing the Keep Austin Housed AmeriCorps project into Austin's largest collaboration of homeless service providers. He brings with him a great understanding of service delivery systems, client-centered case management models, outcome-based program development and management strategies, and a proven record in establishing effective partnerships among service organizations.

Charity Gladish joined FC in 2004 as a case manager for the CHI program and serves families at the Sierra Ridge Apartments. She currently serves as the central intake person for all families applying to the CHI program and is studying toward a Master's degree in Social Work.

Bernardo Fernandez is the newest member of the team, joining FC in September of 2006. He serves families at Vintage Creek and the Daffodil Apartments. He brings more than 15 years experience in social services and is fluent in both Spanish and French in addition to English.

This team has demonstrated that the CHI program can enable families with very-low incomes to improve their lives. Please see **ATTACHMENT 15** for Bios and Resumes.

16. **Financial Information** (Supportive Services)

The supportive services for the CHI program at Crossroads will NOT be paid for by the GO Bond funding. Instead, the service program is being paid for by the cost savings realized from the refinance of the mortgage from a 30-year loan at 6% with Neighborhood Housing Services of America to an interest only loan at a lower rate (1-month LIBOR plus one) with Compass Bank. The refinance results in a savings of approximately \$4,500 per month or \$54,000 per year that can be put toward supportive services at Crossroads Apartments.

Please see **ATTACHMENT 16** for a Supportive Services Budget.

17. **Accounting Requirements Applicable to all Applications**

By submitting this application, the applicant/developer agrees to comply with all reporting, record keeping and on-going monitoring requirements applicable to GO Bond financing of the proposed project.

18. **Anti-Lobbying Agreement** - By submitting this application, the applicant/developer, its employees, representatives, or agents agree not to discuss the contents of the applicant/developer's application with any member of the Housing Bond Review Committee (HBRC) or staff of NHCD/AHFC (other than the designated Single Point of Contact) prior to HBRC's meeting to review all applications submitted.



TABLE D: OPERATING PROFORMA

Number of Units of a given Unit Size	Unit Size	Number	2008 80% Rent	2008 30% Rent	Monthly Rent Potential	Loss to 30% Rents
all 1-1	578	2	550	0	1100	0
one bd/one bath	723	48	585	350	28080	705
two bd/two bath	1060	34	725	410	24650	3,150
three bd/three bath	1060	8	765	450	6120	315
TOTAL MONTHLY INCOME					59,950	
FULL OCCUPANCY ANNUAL INCOME					719,400	
Loss to 30% Rents (14 CHI Units)					-50,040	
Less Units Voluntarily Leased at 50% Rents (30% of property or 28 units)					-24,420	
Less Vacancy Loss (6.5%)					-46,761	
Losses (write-off uncollectible, concessions)					-40,140	
Other Income (late charges, laundry, pet fees, vending, damages)					34,131	
GROSS ANNUAL INCOME					592,170	

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Inflation Factor for Income	3%							
Inflation Factor for Expenses	3.5%							
Gross Annual Income	592,170	609,935	628,233	647,080	666,493	686,487	707,082	728,294
EXPENSES								
Utilities	109,380	113,208	117,171	121,272	125,516	129,909	134,456	139,162
Insurance	15,000	15,525	16,068	16,631	17,213	17,815	18,439	19,084
Maintenance/Repair	53,160	55,021	56,946	58,939	61,002	63,137	65,347	67,634
Property Taxes	0	0	0	0	0	0	0	0
Administrative	15,005	15,530	16,074	16,636	17,219	17,821	18,445	19,091
Marketing	8,510	8,808	9,116	9,435	9,765	10,107	10,461	10,827
Management Fees	66,808	69,146	71,566	74,071	76,664	79,347	82,124	84,998
Payroll	129,181	133,702	138,382	143,225	148,238	153,427	158,796	164,354
Service Contracts	36,700	37,985	39,314	40,690	42,114	43,588	45,114	46,693
Support Services	65,000	67,275	69,630	72,067	74,589	77,200	79,902	82,698
Replacement Reserves	36,340	37,612	38,928	40,291	41,701	43,161	44,671	46,235
TOTAL EXPENSES	535,084	553,812	573,195	593,257	614,021	635,512	657,755	680,776
NET OPERATING INCOME (NOI)	57,086	56,123	55,038	53,823	52,471	50,975	49,327	47,518
TOTAL ANNUAL DEBT SERVICE (DS)	1	1	1	1	1	1	1	1
CASH FLOW AFTER DEBT SERVICE (CF OI - DS)	57,085	56,122	55,037	53,822	52,470	50,974	49,326	47,517
DEBT COVERAGE RATIO (DCR = NOI/DS)	57,086	56,123	55,038	53,823	52,471	50,975	49,327	47,518

Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
750,143	772,648	795,827	819,702	844,293	869,622	895,710	922,582	950,259	978,767	1,008,130
144,033	149,074	154,291	159,691	165,281	171,066	177,053	183,250	189,663	196,302	203,172
19,752	20,443	21,159	21,900	22,666	23,459	24,280	25,130	26,010	26,920	27,862
70,002	72,452	74,987	77,612	80,328	83,140	86,050	89,062	92,179	95,405	98,744
0	0	0	0	0	0	0	0	0	0	0
19,759	20,450	21,166	21,907	22,674	23,467	24,289	25,139	26,018	26,929	27,872
11,206	11,598	12,004	12,424	12,859	13,309	13,775	14,257	14,756	15,273	15,807
87,973	91,052	94,239	97,538	100,951	104,485	108,142	111,927	115,844	119,899	124,095
170,107	176,060	182,223	188,600	195,201	202,033	209,105	216,423	223,998	231,838	239,952
48,327	50,018	51,769	53,581	55,456	57,397	59,406	61,485	63,637	65,865	68,170
85,593	88,588	91,689	94,898	98,219	101,657	105,215	108,898	112,709	116,654	120,737
47,853	49,528	51,261	53,055	54,912	56,834	58,823	60,882	63,013	65,219	67,501
704,603	729,265	754,789	781,206	808,549	836,848	866,138	896,452	927,828	960,302	993,913
45,540	43,383	41,038	38,495	35,744	32,774	29,573	26,129	22,431	18,465	14,217
1	1	1	1	1	1	1	1	1	1	1
45,539	43,382	41,037	38,494	35,743	32,773	29,572	26,128	22,430	18,464	14,216
45,540	43,383	41,038	38,495	35,744	32,774	29,573	26,129	22,431	18,465	14,217

Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
1,038,374	1,069,525	1,101,611	1,134,659	1,168,699	1,203,760
210,283	217,643	225,261	233,145	241,305	249,750
28,838	29,847	30,891	31,973	33,092	34,250
102,200	105,777	109,479	113,311	117,277	121,382
0	0	0	0	0	0
28,847	29,857	30,902	31,983	33,103	34,261
16,360	16,933	17,526	18,139	18,774	19,431
128,438	132,934	137,586	142,402	147,386	152,545
248,351	257,043	266,039	275,351	284,988	294,963
70,556	73,025	75,581	78,226	80,964	83,798
124,963	129,336	133,863	138,548	143,397	148,416
69,864	72,309	74,840	77,459	80,170	82,976
1,028,700	1,064,704	1,101,969	1,140,538	1,180,457	1,221,773
9,674	4,821	-358	-5,879	-11,758	-18,013
1	1	1	1	1	1
9,673	4,820	-359	-5,880	-11,759	-18,014
9,674	4,821	-358	-5,879	-11,758	-18,013

Children's HOME Initiative - Supportive Service Budget
Crossroads Apartments

****Supportive Services are included as a line item in the Operating Proforma**

Amounts Notes	
Direct Expenses	
Case Manager	33,000 1 full-time
CHI Program Coordinator	8,000 20% of full time position to oversee program
Taxes and Benefits	8,200 20% of salaries
AmeriCorps Program Fee	1,500
Supplies/Printing	900 for client meetings/classes
Training/Travel	1,000 continuing professional education/conferences
Direct Aid to Clients	1,400 bus passes, work search expenses, etc.
Total Expenses	54,000