

## RENTAL HOUSING DEVELOPMENT ASSISTANCE

Application for G. O. Bond Financing – Rev. 10/17/08

Project Name: The Village on Little Texas

Project Address: 400 Block of Little Texas Lane, Austin, TX Zip Code 78745

Total # units to be assisted: 50 units Total # units in project/property: 240 units

Project type: ☒ Acquisition ☐ Rehabilitation ☒ New construction ☐ Refinance ☐ Rent Buy-Down

Amount of funds requested: \$2,940,000 Terms: AHFC ownership interest

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).

**New Entity to be Formed (Captuity Investments Three, LP is current entity) (lead organization)**

Name

**PO Box 685316**

Street Address

**Austin, TX** **78768-5316** **(512) 637-6377**

City State, Zip Telephone #

**Darin Davis** **(512) 637-6377** **(512) 857-0338**

Contact Person Contact's Telephone # Fax #

**TBD**

Federal Tax ID Number or SS#

**Madison Interests, Inc. (developer)**

Name

**1717 West Sixth Street, Suite 410**

Street Address

**Austin, TX** **78703** **(512) 328-0487 x102**

City State, Zip Telephone #

Bill Lee

(512) 328-0487 x102

(512) 328-0491

Contact Person

Contact's Telephone #

Fax #

74-2297516

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.

Captuity Investments Three, LP

Legal Name of Developer

  
Signature of Authorized Officer

MANAGER

Title

3-11-09

Date

**3. Project Description** - In one page or less, describe the project including the information listed below:

- a. Location by street address and include an area map with properties indicated.
- b. Describe the type of project indicated above and if the project is considered transitional housing or permanent supportive housing. Include the type of structure (multi-family or single-family), square footage, number and size of units.
- c. Proposed tenants including number and type of individuals to be served, and yearly income relative to all funding source requirements of 30%, 50%, 60% or 80% MFI. If the project will serve families with special needs, describe the population to be served and the supportive services program.
- d. Indicate whether the project is occupied at the time of proposal submission.
- e. Location of the project relative to the "Opportunity Map of Austin" attached to the Program Guidelines.
- f. Project meets the requirements of the City's Vertical Mixed-Use (VMU) Ordinance, or is a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).
- g. Project will preserve existing affordable rental units.
- h. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built.
- i. Units reserved for Section 8 families.
- j. Units accessible and adaptable for persons with mobility, sight or hearing disabilities.
- k. Compatibility with current Neighborhood Plan (if applicable).
- l. In addition to providing an Itemized Development Budget through your response to Question 11, summarize the key financials of the project, clearly indicating total project cost, the amount and intended use of AHFC funds requested, amount and provider of other funding and the stage of those commitments.

See attached project description. Also included are:

- ♦ Location map, zoning maps and schematic site plan.
- ♦ City of Austin Opportunity Map showing the property in a Moderate opportunity area.
- ♦ Future Land Use Map for South Congress Combined Neighborhood Planning Area showing that the proposed project is compatible with the Neighborhood Plan.

## Project Description – The Village on Little Texas

### Location and Type of Project

The Village on Little Texas will be a 240 unit, garden style, multifamily rental community located on the 400 Block of Little Texas Lane in Austin, Texas. A location map is included. The development will be comprised of 10 residential buildings, a community center and garages, carports and storage units. All the residential buildings will be three story walk up configurations. There are six floor plans, including 4 one-bedroom and 2 two-bedrooms. Specifically, the following unit mix is anticipated:

Units	Plan	Unit Type	SF
36	A1	One Bedroom/One Bath	595 SF
48	A2	One Bedroom/One Bath	625 SF
60	A3	One Bedroom/One Bath	715 SF
36	A4	One Bedroom/One Bath	857 SF
24	B1	Two Bedroom/Two Bath	939 SF
36	B2	Two Bedroom/Two Bath	1,057 SF
<b>240 Units</b>			

The total net rentable square footage of the project is 185,760 square feet. The project density is approximately 22 units per acre. The project has 60% impervious cover, which is permitted.

The Community Center located at the entry to the community will be approximately 4,500 square feet. It will include leasing and management offices, maintenance shop and storage, an equipped business center, an equipped exercise facility and a small theater/lecture space. Exterior amenities will include a resort style pool, decks and shaded seating areas and landscaped open space.

The project will include a significant affordable component; with 7.5% of the units (18 units) available for residents at 30% of AMFI and 13% of the units (32 units) will be available for residents at 50% of AMFI. The balance of the units will be affordable to residents making 80% or less of AMFI.

Number of Units	Unit Type	Unit SF	Percent of MFI
10	1 bed/1 bath	595 or 625 SF	30%
18	1 bed/1 bath	595 or 625 SF	50%
8	2 bed/2 bath	939 SF	30%
14	2 bed/2 bath	939 SF	50%
<b>50 Units</b>			

The property is located in a moderate priority area on the Opportunity Map of Austin. The property is not along a Vertical Mixed-Use corridor, in a Transit-Oriented Development (TOD) district or a PUD.

### Section 8, Units Accessible and Adaptable

The Villages on Little Texas will comply with the City of Austin standards and reserve 10 percent (24 units) for people with mobility disabilities and two percent (5 units) to be made adaptable for persons with hearing and/or visual disabilities. Of the 24 units reserved for people with mobility disabilities, up to 50% of these will be at 50% MFI and 30% MFI rents.

The project will comply with accessibility design standards established by the City's S.M.A.R.T. Housing Initiative, and any applicable requirements listed by the City of Austin, AHFC and Federal requirements including but not limited to ADA, Fair Housing, and Section 504 of the Rehabilitation Act of 1973.

The project will accept Section 8 vouchers and list the property with the City of Austin Housing Authority.

### Relocation

The project will not require relocation. It is a new construction project on vacant land.

**Supportive Services**

Little Dudes Learning Centers is located next to the project and works closely with the Texas Workforce Commission to offer affordable daycare to working low-income families. They provide daycare services for children 12 months to 12 years as well as offer an afterschool program and summer camp opportunities. They will work with the project to offer daycare services as needed.

The project is currently working on other partnerships to secure supportive services for the residents.

**Financing**

The total project cost is \$22,572,000 (including the land) and Captuity Investments is requesting \$2,940,000 from the Austin Housing Finance Corporation. These funds will be leveraged with \$18,359,000 in funds from provided under the HUD 221d4 Program and \$1,273,000 in private equity. The \$2,940,000 provided by AHFC would be used for land acquisition (\$2,000,000) and improvements (\$940,000).

**Compatibility with current Neighborhood Plan**

The project is located in the Sweetbriar Neighborhood and falls under the South Congress Combined Neighborhood Planning Area. The Future Land Use Map for the South Congress Combined Neighborhood Planning Area shows the site as "Mixed Residential." Which is compatible with the proposed project. The South Congress Combined Neighborhood Planning Area is currently developing a committee to review future development. Once this committee is formed the project will meet with the committee to discuss the project.

## 7. Development Team

Identify the entities anticipated to be involved in implementing the project including lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, property managers and consultants. Also, indicate if any entity is certified by the City of Austin as a minority or women-owned business enterprise (MBE/WBE), or if any of the entities are also a non-profit entity.

	Name(s) & Any Comments on Role	MBE (Mark X if Yes)	WBE (Mark X if Yes)	Non-profit (Mark X if Yes)
Owner	Austin Housing Finance Corp. – General Partner Captivity Investments Three, LP – Limited Partner			X
Developer	Madison Interests, Inc.			
Architect	Sage Architecture			
Engineer	Cunningham-Allen			
Construction Lender	To be determined			
Other Lenders				
Attorney	Jackson-Walker			
Accountant	Reznick Group			
General Contractor	To be determined			
Consultant (if Applicable)	Vacri Development/Becca Bruce Dobberfuhl		X	
Property Management Provider	Capstone Real Estate Services			
Other:				

8. **Development Schedule.** Complete the grid below. Re-order the steps according to the appropriate sequence for your project, and add in any other significant steps integral to your project's development. If the development schedule differs across several properties to be involved in the project, provide a development schedule for each property.

	DATE(S)
Acquisition and/or holding	Last parcel February 2009
Environmental and/or historic review (AHFC)	Early 2009
Securing HUD/final financing	September 2009
Construction Specifications and Cost estimates	July 2009
Construction Bids	August 2009
Construction Start	October 2009
Anticipated Draws (list all)	Monthly
End Construction	October 2010
Start of Rent-up	March 2010
Completion & Operation	February 2011

## 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.

    All ground floor units as needed     Units adaptable for persons with mobility disabilities

    24     Units accessible for persons with mobility disabilities

           Units adaptable for persons with sight and hearing disabilities

    5     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	Number of Units	New or Rehab	Type of Property (apartments, SF units, etc.)	Year Completed
Carmel –Phase 2 – Laredo, TX	176 units	N	Market Rate Rental	2008
Mesquite Terrace – Pharr, TX	106 units	N	Tax Credit Rental	2008
Sunset Haven – Brownsville, TX	100 units	N	Tax Credit Rental	2008
Las Canteras- Pharr, TX	100 units	N	Tax Credit Rental	2006
Sanctuary Lofts – San Marcos, TX	202 units	N/R	Student Housing	2006
Villa del Sol – Brownsville, TX	200 units	R	Tax Credit Rental	2006
Windsor Cypress – Houston, TX	208 units	N	HUD 221 d 4 Rental	2003
Carmel – Phase 1 – Laredo, TX	184 units	N	Market Rate Rentals	2005
The Boulevard – Austin, TX	120 Units	N	Affordable Condos	2004
Grove Place – Austin, TX	184 Units	N	Tax Credit Rental	2003
Clark's Crossing – Laredo, TX	160 Units	N	Tax Credit Rental	2002
The Hamilton – Laredo, TX	165 units	R	Tax Credit Rental	1999
Windsor Place – Laredo, TX	176 units	N	HUD 221 d 4 Rental	2000
Los Encinos – Laredo, TX	46 Units	N	For Sale Townhomes	2000
<b>Totals</b>	<b>2,127</b>			

c. Describe below the experience/qualifications in completing projects similar in size and scope that indicates the developer's ability and capacity to implement the proposed project. Of particular importance is the developer's experience with successfully completing a) projects that triggered Davis-Bacon and other Federal Labor Standards, b) federally-funded projects involving temporary or permanent relocation of tenants, or c) projects involving the testing and appropriate treatment of Lead-based paint and/or asbestos, if the proposed project will involve any of those three dimensions. If this is the applicant's first project of this type, please provide a detailed description of the experience of the other members of the development team with similar projects.

As evidenced in the table above, Bill Lee of Madison Interests, Inc. has extensive experience in developing multifamily housing projects. In partnership with Bill Skeen of Tekoa Partners, Ltd. they developed more than 2,100 for-sale and for-rent multi-family units in Texas since 1999.

Tekoa Partners, Ltd. was formed in 2001. It is a partnership between Vaquillas Development, Ltd and Madison Interests, Inc. Madison Interests served as the operating partner for Tekoa.

The high quality of Tekoa's work has been recognized numerous times, including:

- ♦ 2002 HUD Secretary/National Trust of Historic Preservation, Project of the Year
- ♦ 2004 Community Impact Award from Austin Business Journal for Grove Place
- ♦ 2004 American Planning Association Award for Project of the Year for Sanctuary Lofts
- ♦ 2004 Nominee of Affordable Housing Magazine for Best Special Needs Project for Grove Place
- ♦ 2006 Adapt Disability Hero Award

Tekoa Partners/Madison Interests has been involved with all phases of development from conception to construction completion and operation. Of the 14 projects noted above 2 received federal HUD funding and 7 received funding under TDHCA's Low Income Housing Tax Credit Program. All of these projects triggered Federal Labor Standards, including Davis-Bacon reporting and 2 projects dealt with the treatment of lead-based paint and/or asbestos.

Since The Villages on Little Texas will be financed under the HUD 221(d)4 Program, Federal Labor Standards will be required. The project will not require relocation or the treatment of lead-based paint and/or asbestos.

In addition to their extensive background in the successful development of multifamily communities, the principals of Tekoa Partners, Ltd., also have significant experience in the development of subdivisions and planned communities.

From 1977 to 1986, Bill Lee and Bill Skeen held senior management positions with several major national and regional community development companies, including Arvida, Trammell Crow Residential and Barnes/Connally Partnership. During that time they collectively developed over 1,500 single family lots in seven different communities.

From 1986-1994 Bill Lee served as Managing Principal of Madison Interests, a national and international consulting firm specializing in the planning and development of master planned communities and resorts. Madison had clients in over 25 states, throughout the Caribbean and Europe. During this period of time Mr. Lee worked on communities totaling over 200,000 acres with an estimated value in excess of \$3,000,000,000.

From 1986-1994 Bill Skeen served as chief operating officer for the REO subsidiary of a major Texas financial institution where he was responsible for an asset portfolio of over \$1,500,000,000. Included in this portfolio were significant single family land assets including both subdivisions and planned communities. Mr. Skeen successfully liquidated the portfolio by master planning, making loans to assist development and assembling groups of homebuilders to purchase developed lot inventory. Major planned communities in the portfolio included the Dominion in San Antonio, 1,800 acre Jourdan Crossings in Travis County, now the site of the Samsung manufacturing plant and the Forest Creek golf course community in Round Rock.



- d. Indicate who will provide property management services. Provide documentation to demonstrate the entity's level of experience and track record in operating federally-funded properties of similar size.

Property management The Villages on Little Texas will be provided by Capstone Real Estate Services, Inc.

Since 1969 Capstone Real Estate has been providing property management services in the South and Southwest. Capstone Real Estate Services is a full-service, third party management firm that currently manages more than 50,000 multifamily units. Currently Capstone manages more than 21,000 affordable units. This includes units funded under the LIHTC Program, the RTC/AHDP Affordable Housing Program, Tax-exempt Home Programs, Section 8, and Military rent restricted units. Capstone has a compliance department that handles all the required reporting under government programs.

The Villages on Little Texas meets the criteria of a "typical project" that Capstone has managed in the past.

Locally their offices are located at 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

- ♦ Company Profile for Capstone is attached.

# CAPSTONE

## REAL ESTATE SERVICES, INC.

*"Our mission is to enhance our client's investments and create quality living and working environments."*

### PROFILE

Capstone Real Estate Services, Inc. is a full-service, third-party management firm presently managing approximately **50,000 multi-family units and 1,000,000 square feet of commercial space**. Founded in 1969, Capstone maintains 11 offices and employs over 1,300 people in the field of property management, and our portfolio extends to approximately 125 cities. The size of our portfolio ranks us as the **13<sup>th</sup> overall largest** management firm and among the **top 5 largest third-party** management firms in the nation.

• Austin • Dallas • San Antonio • Corpus Christi • Houston • El Paso • Jacksonville • Phoenix • Nashville • Little Rock • San Diego

Neither Capstone nor its principals owns, buys or sells investment real estate and we have no conflicts with our clients' interests in this regard. This distinguishes us from many competing firms and enables us to provide the personalized service each property deserves, without the distraction that ownership can cause. Consequently, we focus on the client's goals beginning with take-over. **Third-party real estate management** is the business on which we have built our reputation, and we are committed to providing the highest standards of service and integrity to our clients. In addition, Capstone has no franchise relations or affiliated companies and this makes Capstone compatible with your interests.

### PROPERTY MANAGEMENT SERVICES

#### Pre-Acquisition Due Diligence Services

Interior Walk Through, Market Analysis, Operating Projections, Lease File Review, Exterior Observations

#### New Development Planning

Project Design Consulting, Marketing Consulting, Lease-up Specialists

#### Full Service Property Management

Traditional Multifamily Housing, Student Housing, Seniors Housing, Military Housing, Renovation Supervision, Manufactured Home Parks, Homeowners Associations, High/Mid Rises, Office, Retail

### NEW CONSTRUCTION

Capstone's apartment new construction management experience is extensive. The firm's new development background includes project design consulting, pre-construction planning, décor consulting, promotion and full lease-up for **125 properties totaling 26,201 units in 55 cities and 7 states since 1994**. Our objective is to reach full occupancy and maximize the bottom line in the shortest time possible in accordance with the owner's investment parameters. About **75% of our lease-ups have been completed in 9 months or less** and a full **51% have been completed in 6 months or less**.

### AFFORDABLE

Currently, Capstone manages **over 21,000 affordable units**. This includes the LIHTC Program, the RTC/AHDP Affordable Housing Program, Tax Exempt, Home Programs, Section 8, Military Rent-Restricted, etc. To better serve its clients, Capstone has a Compliance Department to effectively monitor properties it manages with governmental reporting requirements. We understand the importance of being **"in compliance"** and the process that accompanies it.

### COMMERCIAL

Capstone's Commercial Division manages **approximately 1,000,000 square feet** of space. Our experience includes every property type from office buildings, retail centers, industrial parks and warehouse facilities to downtown buildings, neighborhood centers and malls. Our comprehensive experience in commercial real estate and our commitment to building relationships with clients, tenants, and the brokerage community provides results for our clients' investments.

## PROFESSIONAL PERSONNEL DEVELOPMENT

The key to quality client service is motivated and well-trained personnel. Our **training department** conducts extensive monthly seminars to each of our regional offices covering:

- ◆ Leasing & Marketing
- ◆ Risk Management
- ◆ Resident Retention
- ◆ Fair Housing
- ◆ Accounting Software
- ◆ Performance Evaluation

Our corporate-wide incentive program, "Accelerating Income Monthly" (AIM), rewards on-site staff for increasing the property's economic occupancy. The program aligns on-site staff, District Manager and Owner objectives into one concise statement; increase property income and value.

## ACCREDITATIONS

Accredited Management Organization (AMO®) by the Institute of Real Estate Management (IREM®)  
Certified Property Managers (CPM®), Accredited Resident Managers (ARM®)  
Certified Apartment Managers (CAM®), Qualified Tax Credit Manager (QTCM®)  
Certified Occupancy Specialist (COS®), Housing Credit Certified Professional (HCCP®)  
Certified Apartment Maintenance Technician (CAMT®), Public Housing Manager (PHM)  
Registered Apartment Manager (RAM), National Apartment Leasing Professional (NALP)

## TESTIMONIALS

*"I have been very pleased with the performance of Capstone...The Success and efforts on the part of the management and staff are apparent. I fully intend to continue our relationship."*

Doug Bisset, Vice President  
J.P. Morgan Investment Management

*"I want to compliment Capstone for its cooperation in the sale of my listing. The on-site and corporate staff was always enthusiastic and helpful. The professional attitude demonstrated definitely helped the sale occur, even though the purchaser self-manages. I will definitely recommend Capstone to buyers seeking a manager that understands how the bottom line affects the final sales price."*

Ellen Muskin, Senior Associate  
Hendricks & Partners

*"Fully leased in nine months. Terrific effort, Capstone. No questions, your attention to detail made the difference."*

David Saling, Project Manager  
Campbell-Hogue Associates

*"As you know, our building houses our National Headquarters and a grocery market that reflects our company ideals and culture. It is important to our company that this be maintained. Capstone's professional management attention and care has been highly instrumental in ensuring this goal is achieved and that we project the quality image the public expects. On behalf of our organization, thank you for your contribution to our success."*

Mike Willoughby, Facility Manager  
Whole Foods Market

## EXECUTIVE OFFICERS

James W Berkey, *President*  
Matthew C. Lutz, *Executive Vice President*  
Hugh A. Cobb, *Senior Vice President*  
Michael Gettman, *Vice President*

Our experience works for you.

## CONTACT INFORMATION

Matthew C. Lutz, *Executive Vice President*  
[matt.lutz@capstonemanagement.com](mailto:matt.lutz@capstonemanagement.com)

210 Barton Springs Road, Suite 300, Austin, Texas 78704  
(512) 646-6700 (512) 646-6798 fax  
[www.capstonemanagement.com](http://www.capstonemanagement.com)



ACCREDITED  
MANAGEMENT  
ORGANIZATION



CERTIFIED  
PROPERTY  
MANAGER®

# Development Cost Estimate

Net Rentable SF	185,524	Units	240
Common Area - Clubhouse	5,500		
Common Area - Misc.	13,650 (est.)		
<b>Total Gross SF</b>	<b>204,674</b>		

Category	Amount	HUD	AHFC Loan	Inv. Member	Paid At Closing
<b>Land Costs</b>					
Land Lease	\$ 13,334	\$ 13,334			\$ 13,334
Land Acquisition	\$ 2,000,000		\$ 2,000,000		\$ 2,000,000
<b>Total Land Costs</b>	<b>\$ 2,013,334</b>	<b>\$ 13,334</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ 2,013,334</b>
<b>Soft Costs</b>					
<b>Professional Fees</b>					
Design Architect	\$ 437,500	\$ 437,500			\$ 437,500
Design Supervision	\$ 97,180	\$ 97,180			
Interior Designer	\$ 15,000		\$ 15,000		\$ 5,000
Reimbursables	\$ 25,000		\$ 25,000		
Fees Other	\$ -			\$ -	\$ -
<b>Total Professional Fees</b>	<b>\$ 574,680</b>	<b>\$ 534,680</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ 442,500</b>
<b>Predevelopment / Feasibility</b>					
Market Study	\$ 7,000	\$ 7,000			\$ 7,000
Initial Appraisal	\$ 4,500	\$ 4,500			\$ 4,500
Final Appraisal	\$ 4,500	\$ 4,500			\$ 4,500
Geotechnical (Soil Test)	24,600			\$ 24,600	24,600
Phase One - HUD	2,400	2,400			2,400
Phase One - AHFC	10,000		10,000		10,000
Survey	19,988	9,973		10,015	10,015
Other	3,500		3,500		3,500
<b>Total Predevelopment / Feasibility</b>	<b>\$ 76,488</b>	<b>\$ 28,373</b>	<b>\$ 13,500</b>	<b>\$ 34,615</b>	<b>\$ 66,515</b>
<b>Closing / Financing / Legal</b>					
Owner's Title - HUD	\$ 42,374	\$ 42,374			\$ 42,374
Owner's Title - Land	\$ 10,039	\$ 10,039			\$ 10,039
Owners Legal Costs	135,000	50,000	\$ 85,000		\$ 135,000
Owner Cost Cert.	10,000	10,000			
<b>Total Closing / Financing / Legal</b>	<b>\$ 197,413</b>	<b>\$ 112,413</b>	<b>\$ 85,000</b>	<b>\$ -</b>	<b>\$ 187,413</b>
<b>Loan Fees</b>					
Financing Fee	\$ 362,566	\$ 362,566			\$ 362,566
Permanent Placement Fee	\$ 181,283	\$ 181,283			\$ 181,283
Mortgage Insurance	\$ 163,155	\$ 163,155			\$ 163,155
HUD Examination Fee	\$ 54,385			\$ 54,385	\$ 54,385
HUD Inspection Fee	\$ 90,642	\$ 90,642			\$ 90,642
Organizational	10,000	10,000			\$ 10,000
<b>Total Loan Fees</b>	<b>\$ 862,030</b>	<b>\$ 807,645</b>	<b>\$ -</b>	<b>\$ 54,385</b>	<b>\$ 862,030</b>
<b>Interim Construction Interest</b>	<b>688,875</b>	<b>688,875</b>	<b>\$ -</b>		
<b>Total Soft Costs</b>	<b>\$ 2,399,486</b>	<b>\$ 2,171,986</b>	<b>\$ 138,500</b>	<b>\$ 89,000</b>	

Category	Amount	HUD	AHFC Loan	Inv. Member	Closing
<b>Marketing Costs</b>					
Start-Up / Advertising					
Lease Up Reserve	\$ 100,000		\$ 100,000		
Materials / Brochures / Signage	-				
<b>Total Marketing Costs</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Building Construction Costs</b>					
Demolition	\$ 65,250		\$ 7,099	\$ 58,151	
Testing	\$ 15,000		\$ 15,000		
Contract Amount	15,605,480	\$ 15,605,480			
Contractor Other Fees	209,500	\$ 209,500			
Bond Premium	128,000	\$ 128,000			
Contractor Fee	500,000			\$ 500,000	
Environmental Clean Up	25,000			\$ 25,000	
<b>Total Building Construction Costs</b>	<b>\$ 16,548,230</b>	<b>\$ 15,942,980</b>	<b>\$ 22,099</b>	<b>\$ 583,151</b>	<b>\$ -</b>
<b>Indirect Construction Costs</b>					
Property Tax	\$ 16,000			\$ 16,000	
Insurance - Partnership	\$ 45,000		\$ 45,000		\$ 45,000
FF&E	\$ 150,000		\$ 116,250	\$ 33,750	
Other Misc. Construction Fees	\$ 20,000			\$ 20,000	\$ 20,000
<b>Total Indirect Construction Costs</b>	<b>\$ 231,000</b>	<b>\$ -</b>	<b>\$ 161,250</b>	<b>\$ 69,750</b>	<b>\$ 65,000</b>
<b>Letters of Credit</b>					
Working Capital	\$ 362,566			\$ 362,566	\$ 362,566
Initial Operating Deficit	\$ 518,151		\$ 518,151		518,151
<b>Total Letters of Credit</b>	<b>\$ 880,717</b>	<b>\$ -</b>	<b>\$ 518,151</b>	<b>\$ 362,566</b>	<b>\$ 880,717</b>
<b>Developer Fees</b>					
Syndication Fee				\$ -	\$ -
Sponsor Partner Overhead				\$ -	\$ -
Developer Fee	\$ 600,000			\$ 600,000	\$ 45,000
<b>Total Developer Fees</b>	<b>\$ 600,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 600,000</b>	<b>\$ 45,000</b>
<b>Total Project Cost</b>					
<b>Total Project Cost</b>	<b>\$ 22,772,767</b>	<b>\$ 18,128,300</b>	<b>\$ 2,940,000</b>	<b>\$ 1,704,467</b>	<b>\$ 3,004,051</b>
<b>Total Uses</b>					
<b>Total Uses</b>	<b>\$ 22,772,767</b>	<b>\$ 18,128,300</b>	<b>\$ 2,940,000</b>	<b>\$ 1,704,467</b>	
<b>Sources</b>					
<b>Sources</b>	<b>22,772,767</b>	<b>18,128,300</b>	<b>2,940,000</b>	<b>1,704,467</b>	
<b>Balance to be Funded</b>					
<b>Balance to be Funded</b>	<b>\$ (0)</b>				

Sources and Uses 240 units 18 Units@ 30% 32 Units @50%

**AHFC as GP - No Property Taxes**

**Sources of Funds**

<b>Equity</b>			
Equity	5.6%	\$	1,273,000
Land Acquisition	8.9%		2,000,000
Construction Funding	4.2%		940,000
<b>Total Equity</b>	18.7%	\$	4,213,000
<b>Debt</b>	81.3%		18,359,000
<b>Total Sources of Funds</b>		\$	22,572,000

**Uses of Funds**

<b>Direct Costs</b>			
Land	8.9%	\$	2,000,000
Construction Costs	75.0%		16,928,232
<b>Total Direct Costs</b>	83.9%	\$	18,928,232

<b>Indirect Costs</b>			
Indirect Construction Costs	2.0%	\$	460,657
Soft Costs	7.2%		1,622,102
Marketing	0.2%		50,000
Construction Interest	3.1%		697,509
<b>Total Indirect Costs</b>	12.5%		2,830,268

<b>Consulting</b>	0.2%		40,500
<b>Developer Fees &amp; Overhead</b>	3.4%		773,000

<b>Total Uses of Funds</b>		\$	22,572,000
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**Investor Equity Requirement**

Builder Fee	\$	500,000
Developer Fee	\$	698,000
Syndication Fee	\$	75,000
Equity Investment		
<b>Total Equity</b>	<b>\$</b>	<b>1,273,000</b>

**RDHA per Unit**

58,800.00

**Investor Returns**

IRR	22%
10Yr. Cash on Cash	28%

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

- a. **Sources and Uses of Funds** – Complete Tables A & B below, identifying all sources and uses of funds to implement project and include evidence of funds anticipated (financial statements, letters of commitments, etc.).
- b. **Leveraging** – Complete Table C below. Include evidence of other funds leveraged by AHFC funds to implement the project such as owner equity and commitments from private and/or other public resources.
- c. **Operating Proforma** – In a format comparable to Table D below, prepare a minimum twenty (20) year financial Operating Proforma which realistically reflects the operation of the project relative to current and anticipated revenues, expenses and debt. The Proforma must indicate the anticipated debt coverage ratio (DCR) calculated as follows: net operating income (NOI)/debt service (DS) = DCR. Refer to Program Guidelines for additional information related to DCR and “Supportive Housing Projects.”

<b>TABLE A: SOURCES OF FUNDS SUMMARY</b>					<b>Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs)</b>
	Term	Interest Rate	Amount	Evidence (Deed Sales Contract)	
Owner Equity			\$1,273,000		Construction, soft costs, pre-development
Private Financing (List Lenders)					
Other Sources (List Below)					
HUD 221(d)4 Program			\$18,359,000		Construction, soft costs
Proposed RHDA Funds			\$2,940,000		Acquisition/Construction
<b>Totals</b>			<b>\$22,572,000</b>		

(\$22,572,000 includes land acquisition of \$2,000,000)

<b>TABLE B: USES OF FUNDS SUMMARY</b>		
	Total Cost	Cost/Unit
Predevelopment	in soft costs	\$
Acquisition	\$2,000,000	\$8,333
Hard Costs	\$16,928,232	\$70,534
Soft & Carrying Costs	\$2,830,268	\$11,793
Other Costs (marketing, developer Fees, consulting)	\$813,500	\$3,390
<b>Total Project Costs</b>	<b>\$22,572,000</b>	<b>\$94,050</b>

TABLE C: LEVERAGE SUMMARY	
TOTAL RHDA FUNDS	\$2,940,000
TOTAL OTHER FUNDS	\$19,632,000
LEVERAGE (%)	13.0%

#### Table D Operating Proforma

See attached 20-yr Operating Proforma.



# AHFC as GP - No Property Taxes

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16
<b>Income</b>																
<b>Expense</b>																
Estimated Gross Income	\$ 2,231,900	\$ 2,298,936	\$ 2,377,801	\$ 2,458,638	\$ 2,512,001	\$ 2,607,361	\$ 2,664,691	\$ 2,744,031	\$ 2,827,270	\$ 2,912,087	\$ 2,899,460	\$ 3,089,444	\$ 3,182,177	\$ 3,277,581	\$ 3,375,819	\$ 3,477,188
Secondary Income	159,620	253,312	358,250	473,378	578,628	683,884	789,401	895,083	1,000,935	1,111,080	1,213,172	1,328,657	1,448,584	1,572,960	1,701,888	1,835,368
Potential Gross Income	\$ 2,391,520	\$ 2,552,248	\$ 2,736,051	\$ 2,932,016	\$ 3,090,629	\$ 3,291,245	\$ 3,554,092	\$ 3,839,114	\$ 4,128,205	\$ 4,423,167	\$ 4,112,632	\$ 4,418,101	\$ 4,630,761	\$ 4,850,541	\$ 5,077,707	\$ 5,312,556
Vacancy & Collection Loss	(111,594)	(114,642)	(118,390)	(121,842)	(125,800)	(129,368)	(133,249)	(137,247)	(141,364)	(145,605)	(149,973)	(154,472)	(159,106)	(163,880)	(168,796)	(173,860)
Secondary Income Less	(111,594)	(114,642)	(118,390)	(121,842)	(125,800)	(129,368)	(133,249)	(137,247)	(141,364)	(145,605)	(149,973)	(154,472)	(159,106)	(163,880)	(168,796)	(173,860)
Rental Concessions	(1,931)	(8,169)	(8,414)	(8,696)	(8,926)	(9,194)	(9,470)	(9,754)	(10,047)	(10,348)	(10,655)	(10,978)	(11,309)	(11,647)	(11,996)	(12,356)
Effective Gross Income	\$ 2,270,075	\$ 2,339,104	\$ 2,405,277	\$ 2,481,556	\$ 2,536,002	\$ 2,632,692	\$ 2,711,863	\$ 2,793,013	\$ 2,876,803	\$ 2,963,107	\$ 2,962,657	\$ 3,143,661	\$ 3,237,667	\$ 3,335,003	\$ 3,435,953	\$ 3,539,105
Operating Expenses	15,103	15,707	16,335	16,989	17,668	18,375	19,110	19,875	20,669	21,498	22,356	23,240	24,160	25,118	26,124	27,200
G.P. & Administrative	78,484	82,665	86,970	91,509	96,285	101,303	106,573	112,098	117,880	123,923	129,236	134,819	140,672	146,804	153,224	159,945
Management	320,000	332,800	346,112	359,956	374,355	389,329	404,902	421,088	437,842	455,162	473,059	491,533	510,595	530,254	550,520	571,394
Payroll & Payroll Tax	62,800	65,312	67,974	70,641	73,407	76,274	79,242	82,310	85,478	88,746	92,114	95,582	99,150	102,818	106,586	110,454
Repairs & Maintenance	62,800	65,312	67,974	70,641	73,407	76,274	79,242	82,310	85,478	88,746	92,114	95,582	99,150	102,818	106,586	110,454
Utilities	40,000	41,800	43,624	45,495	47,407	49,359	51,351	53,383	55,455	57,567	59,719	61,911	64,143	66,415	68,727	71,079
Insurance	10,000	10,400	10,816	11,249	11,699	12,167	12,653	13,158	13,683	14,227	14,791	15,374	15,976	16,597	17,237	17,898
Land lease payment	73,600	76,800	79,827	82,680	85,469	88,195	90,863	93,478	96,043	98,560	101,030	103,454	105,834	108,169	110,459	112,694
Replacement Reserves	40,000	41,800	43,624	45,495	47,407	49,359	51,351	53,383	55,455	57,567	59,719	61,911	64,143	66,415	68,727	71,079
Marketing	25,000	25,750	26,527	27,329	28,156	29,009	29,888	30,793	31,724	32,681	33,664	34,673	35,707	36,766	37,850	38,959
Supportive Services	1,548,608	1,586,404	1,611,060	1,632,842	1,651,892	1,668,347	1,683,225	1,696,548	1,708,326	1,718,560	1,727,260	1,734,533	1,740,389	1,744,837	1,747,876	1,750,507
Total Operating Expenses	\$ 1,548,608	\$ 1,586,404	\$ 1,611,060	\$ 1,632,842	\$ 1,651,892	\$ 1,668,347	\$ 1,683,225	\$ 1,696,548	\$ 1,708,326	\$ 1,718,560	\$ 1,727,260	\$ 1,734,533	\$ 1,740,389	\$ 1,744,837	\$ 1,747,876	\$ 1,750,507
Net Operating Income	\$ 721,467	\$ 752,700	\$ 794,217	\$ 848,714	\$ 884,110	\$ 964,345	\$ 1,028,638	\$ 1,096,465	\$ 1,168,478	\$ 1,244,547	\$ 1,235,397	\$ 1,409,128	\$ 1,497,372	\$ 1,590,166	\$ 1,689,177	\$ 1,788,598
Debt Service	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000
Net Cash Flow	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000	\$ 1,144,000
Debt Coverage Ratio	1.14	1.17	1.18	1.21	1.24	1.27	1.31	1.34	1.37	1.41	1.44	1.48	1.51	1.55	1.59	1.63
Cumulative Cash Flow	\$ 187,839	\$ 416,174	\$ 665,155	\$ 955,559	\$ 1,287,592	\$ 1,661,870	\$ 2,079,426	\$ 2,541,208	\$ 3,048,178	\$ 3,601,307	\$ 4,201,590	\$ 4,850,029	\$ 5,547,641	\$ 6,295,457	\$ 7,094,520	\$ 7,945,897
Cash on Cash Return	15%	18%	20%	23%	26%	29%	33%	36%	40%	43%	47%	51%	55%	59%	63%	67%
Return on Total Assets	8.9%	7.0%	7.1%	7.3%	7.5%	7.7%	7.9%	8.1%	8.3%	8.5%	8.7%	8.9%	9.1%	9.3%	9.5%	9.8%

<b>Investor Equity</b>																
Investor Internal Rate of Return	22%															
10 yr. Aver. Cash on Cash Return	28%															
20 yr. Aver. Cash on Cash Return	46%															
<b>Available for Distribution</b>																
Partnership Distribution																
AHFC	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Limited Partners Sharing Ratio	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
General Partners Sharing Ratio	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
<b>Less: Up Income</b>																
AHFC	\$ 480,864	\$ 66,352	\$ 69,201	\$ 74,984	\$ 87,151	\$ 99,580	\$ 112,283	\$ 125,267	\$ 138,535	\$ 152,081	\$ 165,939	\$ 180,085	\$ 194,532	\$ 209,284	\$ 224,346	\$ 239,719
Limited Partners - A	\$ 138,259	\$ 93,919	\$ 113,069	\$ 124,690	\$ 145,252	\$ 165,966	\$ 187,139	\$ 205,267	\$ 230,535	\$ 252,081	\$ 270,939	\$ 290,085	\$ 309,284	\$ 329,284	\$ 349,181	\$ 368,979
Limited Partners - B	\$ 230,432	\$ 93,919	\$ 113,069	\$ 124,690	\$ 145,252	\$ 165,966	\$ 187,139	\$ 205,267	\$ 230,535	\$ 252,081	\$ 270,939	\$ 290,085	\$ 309,284	\$ 329,284	\$ 349,181	\$ 368,979
Cumulative Distributions	\$ 198,259	\$ 324,351	\$ 438,019	\$ 563,009	\$ 708,262	\$ 874,228	\$ 1,061,367	\$ 1,268,634	\$ 1,497,269	\$ 1,747,269	\$ 2,018,651	\$ 2,301,765	\$ 2,604,403	\$ 2,926,974	\$ 3,269,523	\$ 3,632,025
AHFC	\$ 230,432	\$ 324,351	\$ 438,019	\$ 563,009	\$ 708,262	\$ 874,228	\$ 1,061,367	\$ 1,268,634	\$ 1,497,269	\$ 1,747,269	\$ 2,018,651	\$ 2,301,765	\$ 2,604,403	\$ 2,926,974	\$ 3,269,523	\$ 3,632,025
Limited Partners - A	\$ 126,741	\$ 175,208	\$ 226,204	\$ 283,305	\$ 346,891	\$ 417,547	\$ 494,547	\$ 579,692	\$ 672,315	\$ 772,315	\$ 879,754	\$ 994,581	\$ 1,115,806	\$ 1,243,521	\$ 1,377,736	\$ 1,518,461
Limited Partners - B	\$ 92,173	\$ 126,741	\$ 175,208	\$ 226,204	\$ 283,305	\$ 346,891	\$ 417,547	\$ 494,547	\$ 579,692	\$ 672,315	\$ 772,315	\$ 879,754	\$ 994,581	\$ 1,115,806	\$ 1,243,521	\$ 1,377,736

03/14/09

	YEAR 17	YEAR 18	YEAR 19	YEAR 20
	\$ 3,581,512	\$ 3,668,948	\$ 3,782,626	\$ 3,375,019
	254,539	202,175	270,040	239,927
	\$ 3,836,051	\$ 3,951,132	\$ 4,089,866	\$ 3,615,846
	(733,076)	(184,446)	(188,991)	(189,796)
	(12,727)	(13,106)	(13,562)	(11,696)
	\$ 3,844,248	\$ 3,753,576	\$ 3,868,183	\$ 3,435,055
	25,288	28,419	30,596	26,154
	28,470	27,384	28,082	28,925
	148,872	154,827	161,020	137,641
	565,354	623,328	648,261	554,136
	117,623	122,328	127,221	108,749
	104,887	108,082	113,446	98,974
	74,818	77,816	81,033	89,267
	18,730	19,479	20,258	17,317
	138,001	143,521	149,282	127,690
	74,918	77,919	81,033	69,267
	46,374	48,229	50,156	42,878
	\$ 1,378,435	\$ 1,433,311	\$ 1,490,371	\$ 1,278,695
	\$ 2,205,810	\$ 2,320,285	\$ 2,375,812	\$ 2,196,168
	\$ 1,351,089	\$ 1,361,069	\$ 1,361,069	\$ 1,361,069
	\$ 804,741	\$ 956,195	\$ 1,014,743	\$ 785,068
	1.66	1.70	1.75	1.58
	\$ 8,859,628	\$ 8,609,824	\$ 10,824,566	\$ 7,080,546
	71%	75%	80%	82%
	10.0%	10.3%	10.5%	9.6%
	Cash from Sale			
	16,202,261			

\$ 904,741	\$ 956,195	\$ 1,014,743	\$ 14,547,261
30%	30%	30%	30%
30%	30%	30%	30%
35%	35%	35%	35%
\$ 271,422	\$ 287,759	\$ 304,423	\$ 4,860,678
\$ 271,422	\$ 287,759	\$ 304,423	\$ 4,860,678
\$ 314,659	\$ 335,718	\$ 355,160	\$ 5,670,791
2,793,448	3,001,206	3,385,629	6,887,574
\$ 2,717,684	\$ 3,005,353	\$ 3,810,176	\$ 7,312,171
\$ 2,840,612	\$ 3,278,331	\$ 3,631,481	\$ 7,717,053

Year 1

Plan	Rent	Tot. Rent / Mo.	Rent / SF	Affordable	Market Rate
A1	\$ 730	\$ 21,900	\$ 1.23	\$	\$ 262,800
A1-S-30%	\$ 292	\$ 1,168	\$ 0.49	\$ 14,016	
A1-S-50%	\$ 558	\$ 1,116	\$ 0.94	\$ 13,392	
A2	750	19,500	1.20	\$ 1.20	\$ 234,000
A2-S-30%	\$ 292	\$ 1,752	\$ 0.47	\$	
A2-S-50%	\$ 558	\$ 8,928	\$ 0.89	\$ 107,136	\$ 576,000
A3	800	48,000	1.12	\$ 1.12	\$ 386,640
A4	895	32,220	1.04	\$ 1.04	\$ 23,280
B1	970	1,940	1.03		
B1-S-30%	343	2,744	0.37	\$ 32,928	\$ -
B1-S-50%	663	9,282	0.71	\$ 111,384	\$ -
B2	1,040	37,440	0.98		
	\$ 775	\$ 185,980	\$ 1.00	\$ 289,880	\$ 449,280
				\$	\$ 1,932,000

# Annual Operating Expenses

03.14.09

Net Rentable SF	185,760	Units	240	774
Common Area - Clubhouse	5,500			
Common Area - Misc.	13,650 (est.)			
<b>Total Gross SF</b>	<b>204,910</b>			

## General & Administrative Expenses

	Amount	Per Unit	Per NSF	Per GSF
Accounting	\$ 6,000	\$ 25	\$ 0.03	\$ 0.03
Legal Fees	3	0	0.00	0.00
Leased Equipment	-	-	-	-
Postage & Office Supplies	1,800	8	0.01	0.01
Telephone	2,400	10	0.01	0.01
Other Office Expenses	2,400	10	0.01	0.01
Security	-	-	-	-
Miscellaneous:	2,500	10	0.01	0.01
<b>Total General &amp; Administrative Expenses:</b>	<b>\$ 15,103</b>	<b>\$ 63</b>	<b>\$ 0.08</b>	<b>\$ 0.07</b>

**Management Fees:** 3.50% of Effective Gross Income

<b>\$ 79,484</b>	<b>\$ 331</b>	<b>\$ 0.43</b>	<b>\$ 0.39</b>
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## Payroll, Payroll Tax & Employee Benefits

Management	\$ 170,000	\$ 708	\$ 0.92	\$ 0.83
Maintenance	80,000	333	0.43	0.39
Other Taxes and Benefits: 28%	70,000	292	0.38	0.34
<b>Total Payroll, Payroll Tax &amp; Employee Benefits:</b>	<b>\$ 320,000</b>	<b>\$ 1,333</b>	<b>\$ 1.72</b>	<b>\$ 1.56</b>

## Repairs & Maintenance

Elevator	\$ -	\$ -	\$ -	\$ -
Exterminating	1,800	8	0	0
Grounds	18,000	75	0.10	0.09
Make-Ready	18,000	75	0.10	0.09
Repairs	18,000	75	0.10	0.09
Pool	2,000	8	0.01	0.01
Miscellaneous:	5,000	21	0.03	0.02
Other:	-	-	-	-
<b>Total Repairs &amp; Maintenance:</b>	<b>\$ 62,800</b>	<b>\$ 262</b>	<b>\$ 0.34</b>	<b>\$ 0.31</b>

## Utilities

Electric	\$ 18,000	\$ 75	\$ 0.10	\$ 0.09
Natural Gas	2,000	8	0.01	0.01
Garbage / Trash	18,000	75	0.10	0.09
Water & Sewer	18,000	75	0.10	0.09
Cable TV	-	-	-	-
Other: Service Fee	-	-	-	-
<b>Total Utilities:</b>	<b>\$ 56,000</b>	<b>\$ 233</b>	<b>\$ 0.30</b>	<b>\$ 0.27</b>

## Annual Property Insurance:

<b>\$ 40,000</b>	<b>\$ 278</b>	<b>\$ 0.22</b>	<b>\$ 0.20</b>
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Supportive Service Fee

<b>\$ 25,000</b>	<b>\$ 174</b>	<b>\$ 0.13</b>	<b>\$ 0.12</b>
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## Marketing Expenses:

<b>\$ 40,000</b>	<b>\$ 167</b>	<b>\$ 0.22</b>	<b>\$ 0.20</b>
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**Reserve for Replacements:** Reserves per unit: \$ 307

<b>\$ 73,680</b>	<b>\$ 307</b>	<b>\$ 0.40</b>	<b>\$ 0.36</b>
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## Total Operating Expenses pre-taxes

<b>\$ 712,067</b>	<b>\$ 2,967</b>	<b>\$ 3.83</b>	<b>\$ 3.48</b>
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Land lease

<b>\$ 10,000</b>	<b>\$ 42</b>	<b>\$ 0.05</b>	<b>\$ 0.05</b>
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## Total Annual Operating Expenses

<b>\$ 722,067</b>	<b>\$ 3,009</b>	<b>\$ 3.89</b>	<b>\$ 3.52</b>
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# Financial Ratios

03.14.09

## AHFC as GP - No Property Taxes

### Return on Investment:

$$\frac{\text{NOI}}{\text{Total Cost}} = \frac{1,548,908}{22,572,000} = 6.86\%$$

### Cash on Cash Return:

$$\text{Year 1: } \frac{\text{Net Cash Flow}}{\text{Investor Cash}} = \frac{187,839}{1,273,000} = 14.76\%$$

$$\text{Year 3: } \frac{\text{Net Cash Flow}}{\text{Investor Cash}} = \frac{249,981}{1,273,000} = 19.64\%$$

$$\text{Year 5: } \frac{\text{Net Cash Flow}}{\text{Investor Cash}} = \frac{331,932}{1,273,000} = 26.07\%$$

### Operating Expense Ratio:

$$\frac{\text{Operating Expenses}}{\text{Effective Gross Income}} = \frac{722,067}{2,270,975} = 0.32$$

### Break-Even Cash Flow Ratio (Maximum LTV):

$$\frac{\text{Break-Even Income}}{\text{Potential Gross Income}} = \frac{2,083,136}{2,390,500} = 87\%$$

### Property Value:

$$\frac{\text{Net Operating Income}}{\text{Cap Rate}} = \frac{1,548,908}{6.75\%} = \$ 22,946,783$$

### Value Creation:

$$\begin{array}{rcl} \text{Property Value} & = & \$ 22,946,783 \\ - \text{Total Project Costs} & = & - \$ 22,572,000 \\ \hline & & = \$ 374,783 \end{array}$$

### Ownership

AHFC	35%
Limited Partners	65%

## 14. Description of Supportive Services

Indicate whether supportive services will be provided to residents. If supportive services are to be provided to residents, provide a description of the services in one (1) page or less that includes the following information:

- a. A description of the supportive services to be provided to residents and/or clients.
- b. The number and types of clients expected to be served annually.
- c. The use of the proposed project relative to the services provided.
- d. If services are not provided by the developer of the project, a description of the organization providing the services and a memorandum of understanding outlining the relationship between the developer and service provider.

The project is working with various local nonprofits to provide supportive services to the residents of The Villages on Little Texas. To date the following partnerships have been formed for supportive services.

### **Daycare**

Little Dudes Learning Centers is located next to the project and works closely with the Texas Workforce Commission to offer affordable daycare to working low-income families. They provide daycare services for children 12 months to 12 years as well as offer an afterschool program and summer camp opportunities. A letter is attached.

### **Financial Literacy and Homebuyer Education**

The project has forged a partnership with Frameworks Community Development Corporation to provide financial literacy and homebuyer education to the residents. Frameworks Community Development Corporation, Inc. (Frameworks CDC) is a nonprofit HUD-approved community development corporation serving the greater Central Texas area. One of its chief strategies for increasing homeownership among low-to moderate income families was to provide financial literacy education and homeownership education to potential homeowners to overcome barriers to obtaining affordable and safe housing. Frameworks CDC has counseled and educated more than 750 families since June, 2005.

Homebuyer Education will include:

- ◆ How to avoid predatory lenders
- ◆ How to choose a mortgage
- ◆ Searching for a home
- ◆ Understanding interest rates
- ◆ Pre-qualification
- ◆ Understanding credit reports
- ◆ Principle, Interest, Taxes and Insurance
- ◆ Closing Costs
- ◆ Property inspections
- ◆ Down payment and Money Management
- ◆ Home maintenance and improvement

Trained counselors provide One-on One counseling to discuss affordability, credit worthiness with potential homebuyers and help identify the best mortgage product.

Frameworks works extensively with the community to provide financial literacy, credit education, home-buyer education, mortgage preparation and other community-building services in order to help people understand how to manage their money, maintain and/or develop healthy credit and position themselves for sustainable homeownership. Frameworks also conducts financial seminars targeted to not only high school students, but also college students and adults. The goal of the classes is to prepare participants for healthy money management and to successfully engage in credit-related transactions.

A letter from Frameworks CDC is attached.

It is anticipated that 35% of the residents of in GO Bond assisted units at Villages at Little Texas will benefit from the financial literacy and homebuyer education classes and 30% will benefit from the daycare services.

#### **15. Experience and Qualifications (Supportive Services)**

If supportive services will not be provided to the residents, you need not complete Questions 15. If supportive services will be provided, describe the developer's experience and qualifications in providing the services described in Question 14. Provide resumes of key personnel actively involved in the delivery of services. Resumes should include information about certifications, licenses, years of experience and education.

Supportive services will be provided by local nonprofits and other service providers who are chosen for their extensive experience in the area of service they are providing. The coordination of services for the project is a joint effort between Bill Lee of Madison Interests and Becca Bruce Dobberfuhr of Vacri Development. As the project goes through the development process additional services will be added as more partnerships are forged.

Bill Lee and Becca Dobberfuhr both have extensive experience in finding appropriate service providers for multifamily rental communities. Mr. Lee developed more than 2,100 for-sale and for-rent multi-family units in Texas since 1999. One of these projects, Grove Place in Austin, Texas, was a 2004 Nominee of Affordable Housing Magazine for Best Special Needs Project. This community features recreational facilities and an array of educational services, including classes in financial literacy and English as a Second Language. Ms. Dobberfuhr has worked with several nonprofits including Mary Lee Foundation and Austin Travis County MHMR, both of which serve people with disabilities and require extensive support services to complement the affordable housing units. Services for these clients include employment opportunities, job-training, computer classes, case management, help with medications, and life skills training.

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

If supportive services will not be provided to the residents, you need not complete Questions 16. If supportive services will be provided, the developer must demonstrate financial capacity to provide support services and/or operate a supportive services program by providing the following information:

- a. **Sources of Funds** - Identify sources and amounts of funds that will be utilized to provide services to the proposed project.

The supportive services mentioned above are to be funded using excess cash flow generated by the project. These services will also be coordinated with other non-profits in the Austin area. The project will offer supportive services on site to be delivered/ coordinated with 3rd parties including other non-profit organizations.

- b. **Budget** - Include a supportive services budget which reflects current and anticipated funding and expenses associated with the provision of services for three (3) years.

Since the specific services to be provided will be determined once the needs of the community are assessed, it is too early to provide a detailed budget. It is anticipated that at least \$25,000 in funding will be provided from the operating budget for supportive services along with contributions for other service providers.

#### **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.

Captuity Investments and Madison Interests will 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 AHFC Board of Directors or their staff, 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.

Captuity Investments and Madison Interests and 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.