

APPLICATION CHECKLIST/ INFORMATION FORM

DEVELOPER NAME: GNDC	BORROWER ENTITY NAME : GNDC
DEVELOPMENT NAME : La Teresa	FUNDING CYCLE DEADLINE : November 3, 2023
FEDERAL TAX ID NO: 74-2247265	DUNS NO: 015287795
PROJECT ADDRESS: 905 E. 51st Street, Austin, TX 78751	PROGRAM : RHDA
CONTACT NAME: Sophia Checa	AMOUNT REQUESTED: \$840,000
CONTACT ADDRESS AND PHONE: 813 E. 8th Street, Austin, TX 78702	

APPLICATION TABS		INITIALS
A 1	EXECUTIVE SUMMARY/PROJECT PROPOSAL	SC
A 2	PROJECT SUMMARY FORM	SC
A 3	PROJECT TIMELINE	SC
A 4	DEVELOPMENT BUDGET	SC
A 5	OPERATING PRO FORMA	SC
A 6	SCORING SHEET	SC

ATTACHMENT TABS				INITIALS
1	ENTITY INFORMATION	1.a.	Detailed listing of developer's experience	SC
		1.b.	Certificate of Status	SC
		1.c.	Statement of Confidence	SC
2	PRINCIPALS INFORMATION	2.a.	Resumes of principals	SC
		2.b.	Resumes of development team	SC
		2.c.	Resumes of property management team	SC
3	FINANCIAL INFORMATION	3.a.	Federal IRS Certification	SC
		3.b.	Certified Financial Audit	SC
		3.c.	Board Resolution	SC
		3.d.	Financial Statements	SC
		3.e.	Funding commitment letters	SC
4	PROJECT INFORMATION	4.a.	Market Study	SC
		4.b.	Good Neighbor Policy	SC
		4.c.	SMART Housing Letter	SC
		4.d.	MOU with ECHO	SC
		4.e.	Resident Services	SC
5	PROPERTY INFORMATION	5.a.	Appraisal	SC
		5.b.	Property Maps	SC
		5.c.	Zoning Verification Letter	SC
		5.d.	Proof of Site control	SC
		5.e.	Phase I ESA	SC

The applicant/developer certifies that the data included in this application and the exhibits attached hereto are true and correct.
Unsigned/undated submissions will not be considered.

SIGNATURE OF APPLICANT

PRINTED NAME

TITLE OF APPLICANT

DATE OF SUBMISSION

DATE AND TIME STAMP OF RECEIPT

FOR AHFC USE ONLY

Executive Summary/Project Proposal

GNDC (Guadalupe Neighborhood Development Corporation) is dedicated to use its resources exclusively for charitable and educational purposes related to the development and rehabilitation of high-quality affordable housing for low to moderate income families. GNDC also works for the improvement, revitalization and preservation of the residential neighborhood. GNDC is committed to respect the people it serves and is dedicated to improve the quality of life in the neighborhoods where it works.

GNDC has the exciting opportunity to acquire an 8-unit complex at 905 E. 51st Street to add to its affordable rental housing portfolio. The complex consists of 2 efficiency units, 4 one-bedroom units, and 2 two-bedroom units. At this property, GNDC will provide 8 subsidized units to households at or below 50% Median Family Income (MFI). GNDC always gives preferences to people with generational ties to the area; therefore, households with generation ties to 78751 will receive preference.

This complex will become part of our Community Land Trust (CLT). The CLT will allow the land to be valued very low and constant. This ensures continued affordability and stewardship of these units for the benefit of the surrounding neighborhood.

GNDC is requesting \$840,000 in funds from the Austin Housing Finance Corporation (AHFC) to acquire and renovate the property. Due to the higher interest rates that significantly increase private loan payments, there is a \$390,000 gap that we will attempt to fill with grant funds. As always, GNDC will utilize the developer fee as a construction contingency.

Project Summary Form

1) Project Name La Teresa	2) Project Type 100% Affordable	3) New Construction or Rehabilitation Rehabilitation
4) Address(s) or Location Description 905 E. 51st Street, Austin, TX 78751		5) Mobility Bond Corridor Airport Blvd
6) Census Tract 3.04	7) Council District District 9	8) Elementary School RIDGETOP EL
9) Affordability Period 99 Years		
10) Type of Structure Multi-family	11) Occupied? Yes	12) How will funds be used? Acquisition

13) Summary of Rental Units by MFI Level

Income Level	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four (+) Bedroom	Total
Up to 20% MFI						0
Up to 30% MFI						0
Up to 40% MFI						0
Up to 50% MFI	2	4	2			8
Up to 60% MFI						0
Up to 80% MFI						0
Up to 120% MFI						0
No Restrictions						0
Total Units	2	4	2	0	0	8

14) Summary of Units for Sale at MFI Level

Income Level	Efficiency	One	Two	Three	Four (+)	Total
Up to 60% MFI						0
Up to 80% MFI						0
Up to 120% MFI						0
No Restrictions						0
Total Units	0	0	0	0	0	0

15) Initiatives and Priorities (of the Affordable Units)

Initiative	# of Units	Initiative	# of Units
Accessible Units for Mobility Impairments	0	Continuum of Care Units	0
Accessible Units for Sensory Impairments	0		

Use the City of Austin GIS Map to Answer the questions below

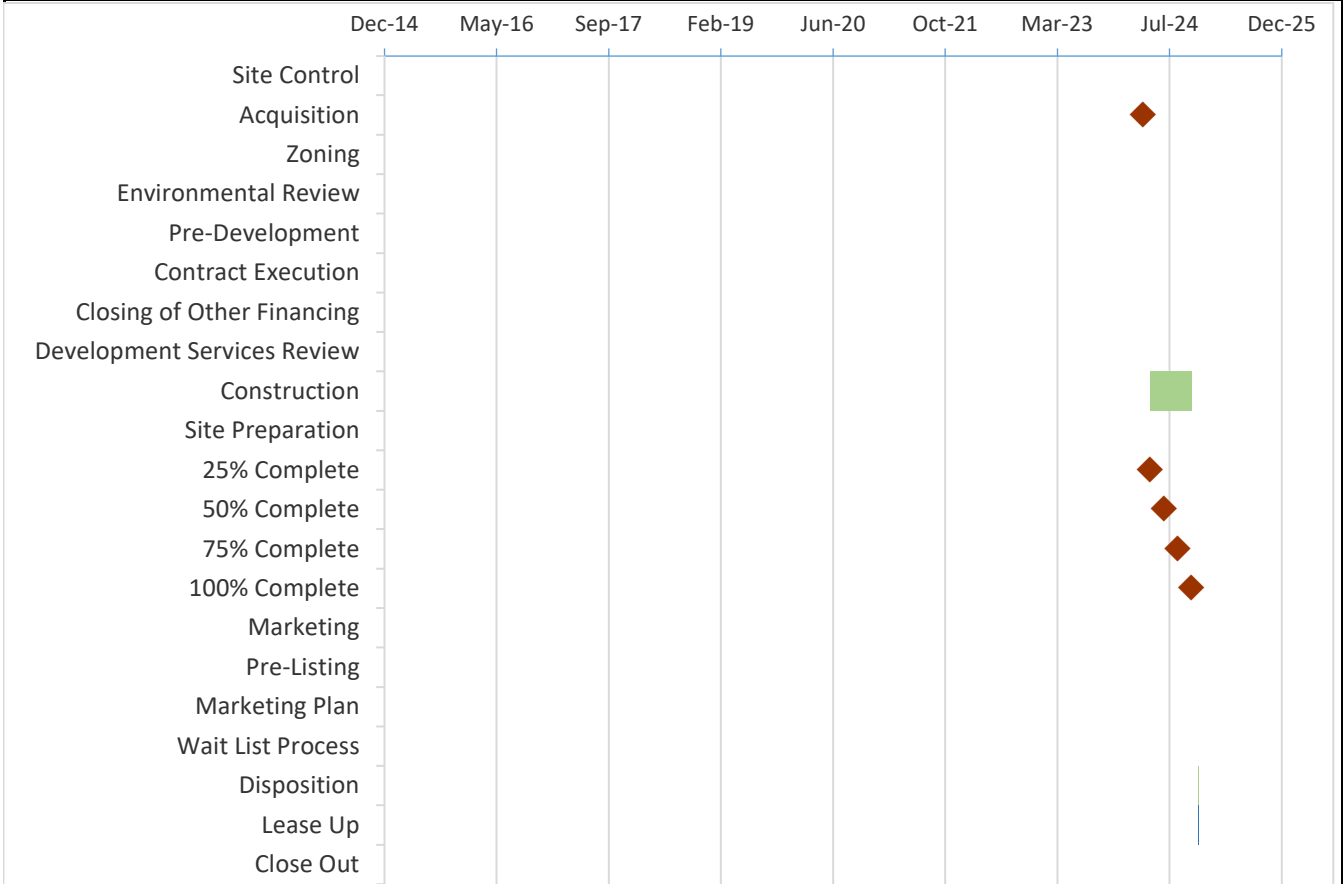
- 16) Is the property within 1/2 mile of an Imagine Austin Center or Corridor? Yes
- 17) Is the property within 1/4 mile of a High-Frequency Transit Stop? No
- 18) Is the property within 3/4 mile of Transit Service? Yes
- 19) The property has Healthy Food Access? Yes

20) Estimated Sources and Uses of funds

Sources		Uses	
Debt	750,000	Acquisition	1,500,000
Equity		Off-Site	
Grant	390,000	Site Work	
Other		Sit Amenities	
Deferred Developer Fee (not applicable for OHDA)		Building Costs	150,000
Previous AHFC Funding		Contractor Fees	
Current AHFC Request	840,000	Soft Costs	
		Financing	
		Developer Fees	330,000
Total \$	1,980,000	Total \$	1,980,000

Development Schedule

	Start Date	End Date
Site Control	Mar-24	Jan-00
Acquisition	Mar-24	
Zoning		
Environmental Review		
Pre-Development	Jan-00	Jan-00
Contract Execution		
Closing of Other Financing		
Development Services Review		
Construction	May-24	Nov-24
Site Preparation		
25% Complete	May-24	
50% Complete	Jul-24	
75% Complete	Sep-24	
100% Complete	Nov-24	
Marketing	Jan-00	Jan-00
Pre-Listing		
Marketing Plan		
Wait List Process		
Disposition	Dec-24	Dec-24
Lease Up	Dec-24	Dec-24
Close Out		



Development Budget

	Total Project Cost	Requested AHFC Funds		Description
Pre-Development				
Appraisal				
Environmental Review				
Engineering				
Survey				
Architectural				
Subtotal Pre-Development Cost	\$0	\$0		
Acquisition				
Site and/or Land	1,500,000	789,600		
Structures				
Other (specify)				
Subtotal Acquisition Cost	\$1,500,000	\$789,600		
Construction				
Infrastructure				
Site Work				
Demolition				
Concrete				
Masonry				
Rough Carpentry				
Finish Carpentry				
Waterproofing and Insulation				
Roofing and Sheet Metal				
Plumbing/Hot Water				
HVAC/Mechanical				
Electrical				
Doors/Windows/Glass				
Lath and Plaster/Drywall and Acoustical				
Tiel Work				
Soft and Hard Floor				
Paint/Decorating/Blinds/Shades				
Specialties/Special Equipment				
Cabinetry/Appliances				
Carpet				
Other (specify)	150,000			
Construction Contingency				
Subtotal Construction Cost	\$150,000	\$0		
Soft & Carrying Costs				
Legal				
Audit/Accounting				
Title/Recordin				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Developer Fee	330,000	50,400		Will serve as Construction Contingency
Other (specify)				
Subtotal Soft & Carrying Costs	\$330,000	\$50,400		
TOTAL PROJECT BUDGET	\$1,980,000	\$840,000		

15 Year Rental Housing Operating Pro Forma (RHDA)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$98,902	\$99,643	\$100,391	\$101,144	\$101,902	\$105,781	\$109,808
Secondary Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
POTENTIAL GROSS ANNUAL INCOME	\$98,902	\$99,643	\$100,391	\$101,144	\$101,902	\$105,781	\$109,808
Provision for Vacancy & Collection Loss	\$2,018	\$2,034	\$2,049	\$2,064	\$2,080	\$2,159	\$2,241
Rental Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFFECTIVE GROSS ANNUAL INCOME	\$100,920	\$101,677	\$102,440	\$103,208	\$103,982	\$107,940	\$112,049
EXPENSES							
General & Administrative Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management Fee	\$7,064	\$7,117	\$7,171	\$7,225	\$7,279	\$7,556	\$7,843
Payroll, Payroll Tax & Employee Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repairs & Maintenance	\$2,500	\$2,550	\$2,601	\$2,653	\$2,706	\$2,988	\$3,299
Electric & Gas Utilities	\$1,920	\$1,958	\$1,998	\$2,038	\$2,078	\$2,295	\$2,340
Water, Sewer & Trash Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Property Insurance Premiums	\$4,800	\$4,896	\$4,994	\$5,094	\$5,196	\$5,736	\$6,333
Property Tax	\$3,500	\$3,570	\$3,641	\$3,714	\$3,789	\$4,183	\$4,618
Reserve for Replacements	\$2,016	\$2,056	\$2,097	\$2,139	\$2,182	\$2,409	\$2,660
Other Expenses	\$1,824	\$1,860	\$1,898	\$1,936	\$1,974	\$2,180	\$2,407
TOTAL ANNUAL EXPENSES	\$23,624	\$24,007	\$24,400	\$24,799	\$25,204	\$27,347	\$29,500
NET OPERATING INCOME	\$77,296	\$77,670	\$78,040	\$78,409	\$78,778	\$80,593	\$82,549
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$66,628	\$66,628	\$66,628	\$66,628	\$66,628	\$66,628	\$66,628
Second Deed of Trust Annual Loan Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Third Deed of Trust Annual Loan Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Annual Required Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Annual Required Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ANNUAL NET CASH FLOW	\$10,668	\$11,042	\$11,412	\$11,781	\$12,150	\$13,965	\$15,921
CUMULATIVE NET CASH FLOW	\$10,668	\$21,710	\$33,122	\$44,903	\$57,053	\$122,341	\$197,056
Debt Coverage Ratio	1.16	1.17	1.17	1.18	1.18	1.21	1.24

Project Name	La Teresa	
Project Type	100% Affordable	
Council District	District 9	
Census Tract	3.04	
Prior AHFC Funding	\$0	
Current AHFC Funding Request Amount	\$840,000	
Estimated Total Project Cost	\$1,980,000	
High Opportunity	No	
High Displacement Risk	NO	
High Frequency Transit	No	
Imagine Austin	Yes	
Mobility Bond Corridor	Airport Blvd	
SCORING ELEMENTS		Description
UNITS		
< 20% MFI	0	# of rental units at < 20% MFI
< 30% MFI	0	# of rental units at < 30% MFI
District Goal	6%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	0%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	7%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	8%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	6%	% of City's affordable housing goal within mobility bond corridors
SCORE	0	% of annual goal * units * 50%, max of 75
< 40% MFI	0	# of rental units at < 40% MFI
< 50% MFI	8	# of rental units at < 50% MFI
District Goal	6%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	0%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	7%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	8%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	6%	% of City's affordable housing goal within mobility bond corridors
SCORE	1	% of annual goal * units * 25%, max of 75
< 60% MFI	0	# of units for purchase at < 60% MFI
District Goal	6%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	0%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	7%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	8%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	6%	% of City's affordable housing goal within mobility bond corridors
SCORE	0	% of annual goal * units * 50%, max of 75
< 80% MFI	0	# of units for purchase at < 80% MFI
District Goal	6%	% of City's affordable housing goal
High Opportunity	FALSE	% of City's affordable housing goal for high opportunity areas
Displacement Risk	0%	% of City's affordable housing goal to reduce displacement
High Frequency Transit	0%	% of City's affordable housing goal near high frequency transit
Imagine Austin	7%	% of City's affordable housing goal in imagine austin corridors
Geographic Dispersion	8%	% of City's affordable housing goal to increase geographic dispersion
Mobility Bond Corridor	6%	% of City's affordable housing goal within mobility bond corridors
SCORE	0	% of annual goal * units * 25%, max of 75
Unit Score	1	MAXIMUM SCORE = 300
INITIATIVES AND PRIORITIES		
Continuum of Care	0	Total # of units provided up to 100 per year
Continuum of Care Score	0	(total CoC Units/100 + HF Units/50)*20
Access to Healthy Food	Yes	Within 1 Mile of Healthy Food (City GIS)
Continuum of Care Weighted Score	0	Mobility, Access to Jobs, Community Institutions, Social Cohesion
2 Bedroom Units	2	Total Affordable 2 Bedroom units
3 Bedroom Units	0	Total Affordable 3 Bedroom units
4 Bedroom Units	0	Total Affordable 4+ Bedroom units
Multi-Generational Housing Score	5	Multi-bedroom Unit/Total Units * 20
TEA Grade	75	Elementary School Rating from TEA
Multi-Generational Housing Weighted Score	3	Educational Attainment, Environment, Community Institutions, Social Cohesion,
Accessible Units	0	mobility and sensory units
Non-PSH, Non-Voucher Under 20% MFI	0	Total units under 20% MFI
Accessibility Score	0	Accessible Unit/Total Units * 20
Metro Access Service	Yes	Within 3/4 mile of fixed route transit
Accessibility Weighted Score	0	Housing Stability, Health, Mobility, Community Institutions
Initiatives and Priorities Score	8	MAXIMUM SCORE = 200
UNDERWRITING		
AHFC Leverage	42%	% of total project cost funded through AHFC request
Leverage Score	6	3 points per 5% reduction in leverage below 50% (max 30)
AHFC Per Unit Subsidy (including prior amounts)	\$105,000	Amount of assistance per unit
Subsidy per unit score	12	(\$200,000 - per unit subsidy)*25/\$200,000
AHFC Per Bedroom Subsidy	\$84,000	Amount of assistance per bedroom
Subsidy per Bedroom Score	15	(\$200,000 - per bedroom subsidy)*25/\$200,000
Debt Coverage Ratio (Year 5)	1.18	Measured at the 5 Year mark
Debt Coverage Ratio Score	18.23557663	Minimum = 1.0; Maximum = 1.5; 1.25 = best score
Underwriting Score	51	MAXIMUM SCORE = 100
APPLICANT		
FINAL QUANTITATIVE SCORE	59	THRESHOLD SCORE = 50
Previous Developments		
Compliance Score		
Proposal		
Supportive Services		
Development Team		
Management Team		
Notes		

La Teresa at 905 E. 51st Street
Guadalupe Neighborhood Development Corporation
RHDA Application Attachment Tabs

1. Applicant Entity

Developer's Experience

GNDC is a 501(c)(3) Texas non-profit corporation with nearly 40 years of service as an affordable housing provider to families from East Austin. Since its formation in 1981, GNDC has rehabilitated over 100 homes and has made home owners of over 70 families, including 28 homeowners in its Community Land Trust (CLT) program. GNDC also offers an ongoing rental program of more than 180 units that provide high quality, long-term affordable housing units to families and special needs populations such as the elderly, disabled, and single-parent households from GNDC's service area. GNDC provides property management services for all of its rental housing and has done so since the organization's inception.

GNDC is widely regarded as the most effective and active neighborhood development corporation in Austin and has moved to a leading position among the builders of "green" housing in Austin. GNDC has received many awards in recognition of its benefits to Austin and Central Texas. GNDC's achievements are best exemplified by the successful preservation of community character and neighborhood integrity in light of dramatic changes that include commercial encroachment, steady gentrification and rising property taxes that are displacing the historically Hispanic and African American families that have lived in Central East Austin. GNDC is one of a handful of Community Housing Development Organizations (CHDO) in Austin that meets specific requirements for development expertise, board membership, and community representation.

GNDC is one of few nonprofits helping low to moderate income families become homeowners in the city. GNDC pioneered its Community Land Trust Program in 2012, the first in Texas, and now has 28 CLT homeowners in the program. CLT homeownership creates long-term, stable, affordable housing. Because the land is owned by GNDC and the home has restricted resale value, the homeowner is largely exempt from rapidly rising property taxes. GNDC oversees and manages the property tax process and ensures long-term care of the home through a Stewardship Fund that escrows a small monthly payment used for eventual repairs and maintenance. To date, none of GNDC's CLT homeowners has defaulted on their mortgage. GNDC also works to ensure homes are as energy efficient as possible and has worked with Austin Energy to receive rebates on solar panels and other green components for the CLT homes, making them even more affordable to owners.

GNDC has developed project management, market analysis, site selection and control, planning and construction experience and skills throughout its nearly forty years of existence. GNDC partners with equally experienced architects, engineers, and other development team members for its housing projects. All architects have extensive experience and are leaders in the field of green building and historic preservation. GNDC works to ensure projects are as energy efficient as possible and has worked with Austin Energy to receive rebates on solar panels and other green components for a significant portion of its new construction and rehab projects.



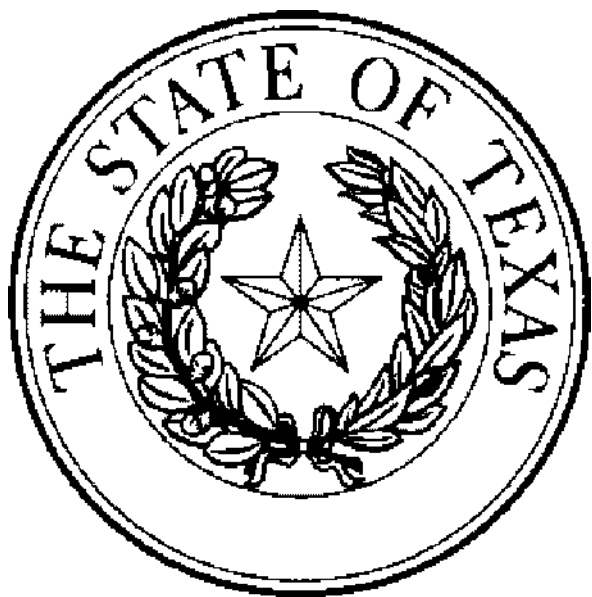
Office of the Secretary of State

Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles of Incorporation for GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION (file number 55666001), a Domestic Nonprofit Corporation, was filed in this office on April 06, 1981.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 03, 2020.



A handwritten signature in black ink, appearing to read "Ruth R. Hughs".

Ruth R. Hughs
Secretary of State



G N D C

Guadalupe Neighborhood Development Corporation



Supporting affordable housing in East Austin since 1981.



The Guadalupe Neighborhood Development Corporation (GNDC) dedicates its resources to the development of high quality affordable housing for very low to moderate income persons.

We work for the improvement, revitalization and preservation of the residential neighborhoods within our East Austin service area, giving highest priority to families with generational ties to the Guadalupe target neighborhoods.

For over 40 years, **GNDC** has been developing and managing high quality, affordable rental and ownership properties in East Austin. It currently owns and manages sixty-four single-family properties, two multi-family family properties and operates eighteen community land trust properties.



Jeremiah Program Moody Campus

GNDC opened thirty-five units of supportive and transitional housing for single parents with preschool age children at 1200 Paul Teresa Saldana Street in the *Guadalupe-Saldana Net-Zero Subdivision* in 2017.

In partnership with Jeremiah Program Austin, the *Jeremiah Program Moody Campus* provides highly affordable apartments, a fully licensed child development center, life-skills training and educational support in order to move families out of poverty two generations at a time.

This project was developed from private fundraising and \$2 million from the City of Austin Housing Finance Corporation.



GNDC Community Land Trust

GNDC built and sold the first Community land Trust home in Texas in 2012 and brought the first CLT mortgage to Texas in 2014. Currently **GNDC** operates 16 CLT properties and has 12 more planned for 2020.

Austin teachers, Robert Aleman and Katie Heuer, with their daughter Evelyn on the porch their newly renovated CLT home that GNDC relocated a National Register District in downtown Austin to the Guadalupe-Saldana Net-Zero Subdivision.

GNDC is AIA Austin 2014 Community Vision Award winner.

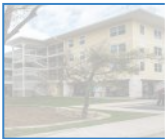


GNDC Community Land Trust

In 2014, **GNDC's** CLT program enabled the Hernandez Family, Jesse, Becky and their three sons, to purchase 807 Waller Street, which had a market value of \$565,000, for \$85,000. This was the first community land trust home in Texas to be purchased with a private mortgage.



Home owner Mary Ybarra and family at 1313 Willow Street, the first community land trust home in Texas



Guadalupe-Saldana Net-Zero Subdivision



125 units of "super-green homes" are planned. **GNDC's** subdivision merges sustainable design and supportive social services with affordable rental and homeownership homes. The Enterprise Green Community certified development is transforming a former "brownfield" into one of the "greenest" developments in Austin.

The subdivision is made possible through the support from the Austin Housing Finance Corporation, Texas Department of Housing and Community Affairs, Austin Energy, the Austin Brownfield Revitalization Office, The Texas Department of

Housing and Community Affairs, Austin Energy, the Austin Brownfield Revitalization Office, Enterprise Community Partners, Kresge Foundation, Cynthia and George Mitchell Foundation, Wells Fargo Bank, Bank of America, BBVA Compass and Shelter with Spirit.

Envision Central Texas Community Stewardship Award: Innovation Winner 2011.

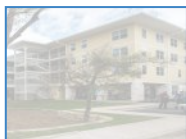


La Vista de Guadalupe

In August of 2008, **GNDC** completed construction of La Vista de Guadalupe, an affordable multifamily housing project that sits prominently on top of a hill on 8th street, directly behind the French Legation Museum, and offers a stunning view of downtown Austin. There are twenty two units in total and units range from one-bedroom, two-bedroom, and three-bedroom. All units are equipped with nine foot ceilings, dishwashers, and washers and dryers.

La Vista de Guadalupe provides extremely affordable rents ranging from between \$330 per month for a one-bedroom unit to \$850 per month for a three-bedroom two-bath unit. One-bedroom market-rate units just one block away rent for over \$1,400 per month.

This Low Income Housing Tax Credit project was made possible by the [Texas Department of Housing & Community Affairs](#), which awarded GNDC over three million dollars in 9% tax credits. The [Austin Housing Finance Corporation](#), [Wells Fargo Bank](#), and the [Meadows Foundation](#) provided additional funding. GNDC donated the land.



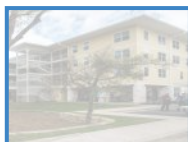
Alley Flat Initiative

GNDC began building secondary apartments—also called alley flats, granny flats and ADUs in 1999, even before Austin’s land development code was changed to add this building type. In 2005 GNDC, the University of Texas Center for Sustainable Development, and the Austin Community Design and Development Center joined to form The Alley Flat Initiative. GNDC has developed thirteen alley homes and has five more planned in 2020. 2009 Envision Central Texas Community Stewardship Award Winner: Redevelopment.

904-B Lydia Street is an alley flat designed and partially constructed by University of Texas architecture students. Margaret Renteria, grandmother of a tenant living in the main house, was the first tenant, making this a true Granny Flat.



Rebecca Castillo and Daughter on the porch of the alley flat they rent from **GNDC**.



GNDC Staff + Board

GNDC STAFF

Mark Rogers, Ph.D. – Executive Director

Rachel Stone – Assistant Executive Director

Yolanda Alemán-Limón – Property Manager

Linda Rodriguez – Assistant Property Management

e e e

CONSULTANTS

Marla Koosed – Financial Manager

Ignacio Treviño –GNDC Legal Counsel services provided by Texas Rio Grande Legal Aid

GNDC BOARD

Joseph A. Martinez – President

Victoria Alvarez – Director

Michael Guajardo – Vice President

Marla Torrado – Director

Jesse Hernandez – Treasurer

Bino Cadenas – Director

Candace Fox – Secretary

Mark C. Rogers, Ph.D.

Mark@guadalupecdc.org



Areas of expertise

Nonprofit residential development, affordable housing, green building, partnership development

Experience

Executive Director, Guadalupe Neighborhood Development Corporation 1994-Present

- Leads the growth of Guadalupe Neighborhood Development Corporation while focusing on its mission of preserving the residential character of, and prioritizing the households with ties to, the neighborhoods where it works.
- Oversees the operations and growth of the corporation while minimizing debt. 78% of GNDC's operating budget is generated by rental income.
- Oversees the development projects which include the 11-acre Guadalupe-Saldana Net-Zero Subdivision planned for 125 units of affordable, green housing, a growing portfolio of Community Land Trust homes, and the management of 105 rental units, and a variety of scattered site development initiatives.
- Coordinates partnerships and collaborations for various initiatives, including the Alley Flat Initiative with the University of Texas School of Architecture's Center for Sustainable Development and the Austin Community Design and Development Center and the Jeremiah Program Moody Campus with the Jeremiah Program Austin.
- Supervises development staff regarding grant and financing applications.
- Manages the design and programming of the development of new properties.
- Oversees compliance requirements to ensure the funding requirements for various projects.
- Manages the corporations and partnership assets and develops budgets for each.

Private Consultant

2004-Present

Works with several nonprofit and for-profit developers on a variety of projects including small subdivisions and infill rental and ownership projects.

PROJECTS LIST & COMPLETION DATE

- GNDC Exterior Rehab Project, 16 rental units, 1994
- Major Interior Rehab Project, 18 rental units, 1996
- Montopolis Good Neighbor Program, 6 lease-to-own Rehabs, 1999
- Guadalupe Area Infill Project, 17 new homes, 2004
- Guadalupe HIP 2000, 9 rental units, new and rehab, 2003
- RHDA Rental Infill Project, 7 new rental units, 2007
- La Vista de Guadalupe, 22 LIHTC rental units, 2008
- SOL Rental Project, 8 rental units, Acquisition, 2009
- SOL Ownership Project, 6 Home ownership shared equity, 2010.
- 1313 Willow Community Land Trust home, 2012
- 807 Waller Community Land Trust home, 2014
- Guadalupe-Saldana Net-Zero, 125 units. Rental & ownership 2005-ongoing:
 - 4 Duplex Project. 8 new rental units, 2013
 - Rainey Street Relocation, 4 rehab homes, 2014
 - Jeremiah Program Moody Campus. 35 new multifamily rental units, 2017
 - Father Joe Znotas Street Phase II, 8 CLT ownership, 2018
 - Father Joe Znotas Street Phase III, 4 CLT ownership, 2018
 - RHDA Scattered Infill. 7 rental units. 2019

Rachel R. Stone

Rachel@guadalupendc.org

EMPLOYMENT EXPERIENCE:

Assistant Executive Director, GNDC, *Austin TX*, 2018-Present

- Development of Strategic Partnerships and Fundraising Relationships.
- Development of Affordable housing through completion of SMART Housing and Zoning Applications.
- Community outreach and engagement.

Program Development Manager, ICAST, *Austin TX/Denver CO*, 2015-Present

- Developed and managed financing, youth development and clean energy programs for a 501(c)3 national nonprofit dedicated to green rehab and preservation of multifamily affordable housing;
- Provide legal, technical assistance, research, and policy analysis on best practices for executing energy, affordable housing, workforce development, health, and financing programs;

Policy Coordinator, SPEER, *Austin TX*, 2014

- Coordinated and streamlined collaboration between Austin and other local Texas governments' energy efficiency initiatives through a City Energy Leadership Council.
- Drafted and edited model resolution, contract, application and provided technical assistance for cities and counties to use in the establishment of local Property-Assessed Clean Energy (PACE) programs.
- Researched and drafted extensive policy papers; organized and led webinars, workshops, and panels.

Clean Energy Attorney, Environment Texas, *Austin TX*, 2013–2014

- Led advocacy efforts expanding policies to promote solar power, wind power, and energy efficiency at the local and state level in Texas.
- Drafted and published research and policy fact sheets, developed media campaigns and coalitions, provided outreach and coordination of grassroots organizing.

Staff Attorney, U.S. Dept. Housing & Urban Development, *Fort Worth TX*, 2011-2013

- Provided research, counseling and written memoranda to resolve legal and regulatory questions regarding fair housing, community development grants, and government ethics.
- Assisted FEMA on disaster response, improved collaboration with outside agencies and government grantees, and proactively identified training and improvement needs within agency.

RELATED CLINICS & INTERNSHIPS:

Student Attorney, UT Community Development Clinic, *Austin TX*, 2010–2011

Law Clerk, Lower River Colorado Authority, *Austin TX*, 2010

Law Clerk, Texas Civil Rights Project, *Austin TX*, 2009

GIS Technician, City of Austin Watershed Protection, *Austin TX*, 2006–2007

Intern for the Mayor's Staff, City of New Haven City Hall, *New Haven CT*, 2005

Neighborhood Services Intern, Providence City Hall, Providence RI, 2004

COMMUNITY ENGAGEMENT:

Treasurer, Solar Austin Board of Directors, *Austin TX*, 2014-Present

Executive Committee Member, Austin Housing Coalition, *Austin TX*, 2017-Present

Vice President, Artstillery Board of Directors, *Dallas TX*, 2017-Present

Affordable Housing Group Chair, 2018 Bond Election Advisory Task Force, *Austin TX*, 2016-2018

LICENSURE & EDUCATION:

Texas State Bar Admission, 2011

J.D., The University of Texas School of Law, 2011 *Austin TX*

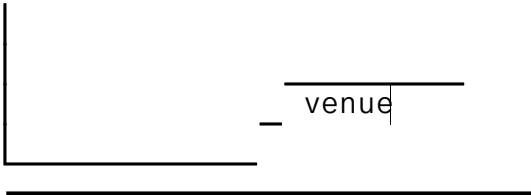
- Justice Center Award Recipient for Extraordinary Commitment to Public Service, 2011
- UT Center for Public Policy and Dispute Resolution Mediation Certification, 2010
- Related coursework: Administrative Law, Community Development Clinic, Regulation & Public Policy, Land Use Regulation, Property & Governance

B.A., Brown University, 2006 *Providence RI*

- Double Major: Urban Studies & Literary Arts

SOPHIA CHECA

CONTACT ME



ACCOMPLISHMENTS

City of Solvang

- Worked with the Building Department to increase the efficiency of processing projects through the Planning and Building Divisions
- Established the first orientation for the Planning Commission and Design Review Committee

Texas Homeless Network

- Increased the amount of Continuum of Care Program funding in the Texas Balance of State Continuum of Care by \$2,765,333, or 38%, from 2018 to 2019
- Reorganized, de-centralized power, and expanded the team to better serve our partners across the Texas Balance of State Continuum of Care
- Promoted to Chief Operations Officer, a new position at the agency, for exemplary work standardizing and streamlining internal processes

OTHER SKILLS

- Spanish-speaking
- Policy development
- Creative problem solving
- Public speaking

WORK EXPERIENCE

PROJECT MANAGER

Guadalupe Neighborhood Development Corporation | July 2023 – Present

PLANNING MANAGER

City of Solvang | October 2022 – July 2023

ASSISTANT PLANNER

City of Solvang | September 2021 – October 2022

CHIEF OPERATIONS OFFICER

Texas Homeless Network | September 2020 – September 2021

DIRECTOR OF CONTINUUM OF CARE PROGRAMS

Texas Homeless Network | September 2018 – September 2020

ASSISTANT DIRECTOR OF CONTINUUM OF CARE PROGRAMS

Texas Homeless Network | June 2017 – September 2018

SYSTEMS CHANGE COORDINATOR

Texas Homeless Network | November 2013 – June 2017

EDUCATION HISTORY

UNIVERSITY OF TEXAS AT AUSTIN

LBJ SCHOOL OF PUBLIC AFFAIRS

Master of Public Affairs, May 2012

- Nonprofit Studies Certificate
- 2011 Spirit of LBJ Award Recipient

UNIVERSITY OF CALIFORNIA, BERKELEY

Bachelor of Arts – Political Science, December 2008

YOLANDA ALEMÁN-LIMÓN

EXPERIENCE: **Property Manager** October 1, 2003 – Present

Guadalupe Neighborhood Development Corporation

- Receive all correspondence in person, telephone, mail, e-mail and fax
- Receive and record receipts for rental payments for 71 GNDC properties and La Vista de Guadalupe apartment complex
- Receive and receipt payments for 3 mortgage properties.
- Prepare and issue payments for all bills, including taxes, insurance premiums, maintenance and repair of properties, following the established procurement policies.
- Files kept in appropriate settings and locations to accommodate access by authorized Board, Staff, Auditors, Funding Providers, and Investors.
- Collect necessary income information from applicants and from new and existing tenants to determine eligibility for certification or re-certification in various programs.
- Oversee compliance with Federal, State and City guidelines and regulations in accordance to Low-Income Housing Tax Credit; HOME and RHDA programs.
- Prepare new and renewal leases.
- Manage move-out and move-in process.
- Prepare and deliver notices for late rent, late mortgage, lease violations and eviction.

Senior Patient Account Representative February 1993 - September, 2009

City of Austin, Health and Human Services

- Insured Billing and Collection of all first, second and third party billing.
- Verified insurance data from Medicaid Software for accuracy and completeness.
- Managed appeals for Medicaid, Medicare and HMO's in a timely manner
- Managed patient accounts to verify insurance or guarantor payer paid for services rendered.
- Contacted appropriate clinic sites by e-mail, fax or phone
- Managed itemized billing statements for Law Firms and other professional agencies.
- Collected and applied fees for the itemized statements.
- Directed 6 co-workers, served as Acting-Supervisor when needed.

Senior Administrative Clerk October 1985 - February 1993

City of Austin, Woman and Children (WIC) Program

- Interviewed clients to ensure eligibility for State and City guidelines.
- Explained program to clients and issued WIC coupons.
- Translated for Spanish-speaking clients.
- Maintained and documented weekly inventory of coupons.
- Prepared reports for State and Federal agency departments.

EDUCATION: **G.E.D Austin Community College, Austin, Texas** 1985

SKILLS: **Bilingual in Spanish, Proficient in Microsoft Word, bookkeeping, and accounting**

LINDA RODRIGUEZ

PROFESSIONAL EXPERIENCE

Assistant Property Manager

Guadalupe Neighborhood Development Corporation - Austin, TX May 2018 - Present

- Receive and record rental and fee payments for the Guadalupe-Saldana Net Zero Subdivision duplexes, apartments and Community Land Trust homes.
- Coordinate and oversee vendor contracts for repairs, cleaning, and waste management.
- Income verification and eligibility certification for rental applications.
- Customer service and program coordination with the Jeremiah Program.
- Manage compliance with Federal, State, and City program guidelines and regulations
- Prepare new and renewal leases, manage move-in and move-out processes, and deliver all notices to tenants regarding the property and their lease contracts.

Senior Claims Analyst/Appeals Adjustor

Covenant Management Systems - Austin, TX July 1998 - June 2017

- Researched and analyzed claims for potential recovery of claims paid in error.
- Processed medical claims for HMO/PP0/3rd party carriers, Government Chip & STAR.
- Responsible for refund checks and investigated causes of over payments.
- Assisted with cross training of new analysts regarding procedures and programs.
- Reviewed claims for appropriate for payment, denial, or requesting for information.
- Analyzed and provided timely responses to provider and member claims complaints.
- Documented, investigated and resolved member complaints regarding quality of care.
- Gathered and analyzed data to make quality improvement to policies and procedures.
- Provided performance metrics via auditing tools and reports.

Accounts Payable/Receivable Department

Austin Regional Clinic - Austin, TX January 1998 - July 1998

- Responsible for processing of accounts payable invoices to ensure the prompt payment of vendor while compiling with Company's polices.
- Issued Payments within 30 days and utilized internal computer software (Oracle).
- Responsible for printing daily checks and mailing payments.
- Completed file management for all invoices within a timely manner.
- Software: Mediview, EZ Cap, Virtual Examiner and Grievance and Appeal software.
- Worked with Customer Service, Authorization, Contracting and Eligibility Departments.

PROFESSIONAL SKILLS

HIPPA Compliance; Receiving Payments; Refund Checks; Billing; Eligibility Processing; Contracting; Clerical Support; Data Archiving; Customer Service; MS Excel/ Outlook.

EDUCATION

Accounting Certification, Mansfield Business School –Austin, TX

1990

Internal Revenue Service
District Director

Department of the Treasury

FEB 9 1983

Date: FEB 04 1983

Employer Identification Number:
74-2247265
Accounting Period Ending:
OCTOBER 31
Foundation Status Classification:
170(b)(1)(A)(vi) and 509(a)(1)
Advance Ruling Period Ends:
OCTOBER 31, 1986
Person to Contact:
EO TECHNICAL ASSISTOR
Contact Telephone Number:
(214) 767-2728
EO:7215,WBJ

▷ GUADALUPE NEIGHBORHOOD DEVELOPMENT
CORPORATION
1212 EAST 9TH STREET
AUSTIN, TX 78702

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in section 170(b)(1)(A)(vi) and 509(a)(1).

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This advance ruling period begins on the date of your inception and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you must submit to us information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the date of your inception for purposes of sections 507(d) and 4940.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within the 90 days, grantors and donors may continue to rely on the advance determination until the Service makes a final determination of your foundation status. However, if notice that you will no longer be treated as a section 509(a)(1) organization is published in the Internal Revenue Bulletin, grantors and donors may not rely on this determination after the date of such publication. Also, a grantor or donor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(1) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(1) organization.

1100 Commerce St., Dallas, Texas 75242

(over)

Letter 1045(DO) (6-77)

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. Also, you should inform us of all changes in your name or address.

Generally, you are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. If you have paid FICA taxes without filing the waiver, you should call us. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

You are required to file Form 990, Return of Organization Exempt from Income Tax, only if your gross receipts each year are normally more than \$10,000.* If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T. In this letter, we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

CC: JAMES W. PIPER

ENCLOSURE: 872-C

Sincerely yours,



R. C. Voskuil
District Director

For tax years ending on and after December 31, 1982, organizations whose gross receipts are not normally more than \$25,000 are excused from filing Form 990. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990.

Letter 1045(DO) (6-77)

**Department of the Treasury
Director, Exempt Organizations**

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Date: MAY 24 2000

Guadalupe Neighborhood Development
Corporation
1113 E 9th St.
Austin, TX 78702

Employer Identification Number:
74-2247265

Document Locator Number:
310069476EO

Contact Person - ID Number:
Mr. Evans - 31-02826

Contact Telephone Number:
(877) 829-5500 Toll-Free

Our Letter Dated:
October, 1986

Addendum Applies:
No

Dear Sir or Madam:

We have received your correspondence dated February 23, 2000, which includes Form 8734.

Since your organization was issued its determination letter, the Internal Revenue Code has been revised and organizations exempt under 501(c)(3) are classified as either private foundations or public charities described in 509(a). Our records do not indicate that we have made this determination for your organization.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Steven T. Miller
Steven T. Miller
Director, Exempt Organizations

Letter 1050 Modified (DO/CG)



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS

31 DECEMBER 2022 AND 2021

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

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Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Guadalupe Neighborhood Development Corporation

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying consolidated financial statements of Guadalupe Neighborhood Development Corporation (GNDC), a nonprofit organization, which comprise the consolidated statement of financial position as of 31 December 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GNDC as of 31 December 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GNDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GNDC's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GNDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GNDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards (page 31), as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental schedule of Community Land Trust sources and uses of funds (page 34) is presented for additional analysis as required by Texas property tax code 11.1827, and is also not a required part of the consolidated financial statements. The supplemental financial statements of Guadalupe Jeremiah LP (pages 24-25), schedule of consolidating statement of financial position (page 35) and schedule of consolidating statement of activities (page 36) are presented for additional analysis, and are also not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, the supplemental schedule of Community Land Trust sources and uses of funds, the supplemental financial statements of Guadalupe Jeremiah LP, the schedule of consolidating statement of financial position, and the schedule of consolidating statement of activities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the supplemental schedule of Community Land Trust sources and uses of funds, the supplemental financial statements of Guadalupe Jeremiah LP, the schedule of consolidating statement of financial position, and the schedule of consolidating statement of activities are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated 26 May 2023 on our consideration of GNDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GNDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GNDC's internal control over financial reporting and compliance.

26 May 2023
Austin, Texas

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$524,695	\$982,769
Current portion of notes receivable	5,100	5,100
Grants receivable	0	250,000
Prepaid insurance and other	<u>86,223</u>	<u>69,212</u>
	<u>616,018</u>	<u>1,307,081</u>
NONCURRENT ASSETS		
Real estate held for sale	194,850	0
Long-term portion of notes receivable	3,016,264	3,022,566
Long-term interest receivable	1,618,423	1,515,743
Fixed assets	3,790,902	2,750,169
Rental real estate	<u>10,580,276</u>	<u>11,016,833</u>
	<u>19,200,715</u>	<u>18,305,311</u>
	<u>\$19,816,733</u>	<u>\$19,612,392</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$119,044	\$0
Accrued liabilities and deferred revenue	243,176	299,313
Retainage payable	97,267	0
Current portion of notes payable	<u>255,792</u>	<u>99,858</u>
	<u>715,279</u>	<u>399,171</u>
NONCURRENT LIABILITIES		
Minority interest	4,955,993	4,955,993
Long-term portion of notes payable	<u>10,898,307</u>	<u>10,845,743</u>
	<u>15,854,300</u>	<u>15,801,736</u>
	<u>16,569,579</u>	<u>16,200,907</u>
NET ASSETS		
Without donor restrictions–undesignated	2,996,286	2,863,265
With donor restrictions–purpose restrictions	<u>250,868</u>	<u>548,220</u>
	<u>3,247,154</u>	<u>3,411,485</u>
	<u>\$19,816,733</u>	<u>\$19,612,392</u>

The accompanying notes are an integral part of this financial statement presentation.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED 31 DECEMBER 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Rent	\$646,145	\$0	\$646,145
Forgiveness of interest	529,440	0	529,440
Foundation and corporate contributions	311,650	150,000	461,650
Interest income	102,680	0	102,680
Consulting income	81,005	0	81,005
Developer fee	35,915	0	35,915
Fee for service contract	25,000	0	25,000
Other	96,270	0	96,270
Net assets released from restriction	<u>447,352</u>	<u>(447,352)</u>	<u>0</u>
	<u>2,275,457</u>	<u>(297,352)</u>	<u>1,978,105</u>
EXPENSES			
Program	1,975,224	0	1,975,224
Management and general	136,451	0	136,451
Fundraising	<u>30,761</u>	<u>0</u>	<u>30,761</u>
	<u>2,142,436</u>	<u>0</u>	<u>2,142,436</u>
CHANGE IN NET ASSETS	133,021	(297,352)	(164,331)
BEGINNING NET ASSETS	<u>2,863,265</u>	<u>548,220</u>	<u>3,411,485</u>
ENDING NET ASSETS	<u>\$2,996,286</u>	<u>\$250,868</u>	<u>\$3,247,154</u>

The accompanying notes are an integral part of this financial statement presentation.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED 31 DECEMBER 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Sale of houses with simultaneous debt forgiveness	\$555,000	\$0	\$555,000
Related debt forgiveness	1,360,952	0	1,360,952
Cost of sales	<u>(910,102)</u>	<u>0</u>	<u>(910,102)</u>
	<u>1,005,850</u>	<u>0</u>	<u>1,005,850</u>
Foundation and corporate contributions	367,989	484,570	852,559
Rent	640,646	0	640,646
Forgiveness of interest	523,058	0	523,058
Interest income	107,832	0	107,832
Developer fee	74,199	0	74,199
Employee retention credit	48,000	0	48,000
Fee for service contract	35,000	0	35,000
Other	145,750	0	145,750
Net assets released from restriction	<u>44,707</u>	<u>(44,707)</u>	<u>0</u>
	<u>2,993,031</u>	<u>439,863</u>	<u>3,432,894</u>
EXPENSES			
Program	1,918,005	0	1,918,005
Management and general	142,153	0	142,153
Fundraising	<u>24,779</u>	<u>0</u>	<u>24,779</u>
	<u>2,084,937</u>	<u>0</u>	<u>2,084,937</u>
CHANGE IN NET ASSETS	908,094	439,863	1,347,957
BEGINNING NET ASSETS	<u>1,955,171</u>	<u>108,357</u>	<u>2,063,528</u>
ENDING NET ASSETS	<u>\$2,863,265</u>	<u>\$548,220</u>	<u>\$3,411,485</u>

The accompanying notes are an integral part of this financial statement presentation.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED 31 DECEMBER 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$164,331)	\$1,347,957
Depreciation	562,655	562,168
Amortization	7,297	7,297
Forgiveness of debt	(5,367)	(1,360,952)
Contributed land	0	(52,818)
Change in real estate held for sale	(194,850)	710,692
Change in prepaid insurance and other	(17,011)	(29,641)
Change in grants receivable	250,000	(250,000)
Change in interest receivable	(102,680)	(107,816)
Change in accounts payable	119,044	(103,976)
Change in retainage payable	97,267	0
Change in accrued liabilities and deferred revenue	<u>(56,136)</u>	<u>61,108</u>
	<u>495,888</u>	<u>784,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes receivable principal payments received	6,302	5,225
Additions to construction in progress	(1,143,318)	(314,547)
Purchase of housing units	<u>(23,514)</u>	<u>(43,270)</u>
	<u>(1,160,530)</u>	<u>(352,592)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(104,532)	(324,779)
Proceeds from debt	<u>311,100</u>	<u>109,411</u>
	<u>206,568</u>	<u>(215,368)</u>
NET CHANGE IN CASH	(458,074)	216,059
BEGINNING CASH	<u>982,769</u>	<u>766,710</u>
ENDING CASH	<u>\$524,695</u>	<u>\$982,769</u>
CASH PAID FOR INTEREST	<u>\$19,165</u>	<u>\$26,396</u>

The accompanying notes are an integral part of this financial statement presentation.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Guadalupe Neighborhood Development Corporation (GNDC) is a Texas nonprofit corporation set up to provide affordable housing to families in the Austin area with very low to moderate incomes. In 2005, GNDC established a new entity and became the sole member of GNDC GP, LLC. In turn, GNDC GP, LLC became the general partner of Guadalupe-Saldana Affordable Homes, LP. Because GNDC has 100% of the voting interest in GNDC GP, LLC, and GNDC GP, LLC has a controlling financial interest in Guadalupe-Saldana Affordable Homes, LP (as general partner), the financial statements consolidate the financial statements of the 3 entities. Inter-company balances have been eliminated in the consolidation. GNDC GP, LLC's sole purpose is to serve as general partner of Guadalupe-Saldana Affordable Homes, LP. Guadalupe-Saldana Affordable Homes, LP owns land where GNDC will build approximately 125 homes. The accompanying consolidated financial statements report all of the activity of various funding sources which includes rental and interest income, contributions, forgivable debt, and sales of houses.

During 2007, GNDC established La Vista de Guadalupe, LLC (La Vista) with GNDC as the sole member. La Vista is serving as the 0.01% general partner in a low income housing development and GNDC is serving as the developer of the development. The financial statements of La Vista are not material and have not been consolidated. In addition, although GNDC (La Vista) serves as the general partner in the development, other partners, as stipulated in the partnership agreements, retain the controlling financial interest in the development.

In 2015, GNDC established GNDC Saldana GP, LLC (GNDC Saldana GP), with GNDC being the sole member. GNDC Saldana GP and the Jeremiah Program Austin, LLC subsequently formed a partnership, Guadalupe Jeremiah LP (Guadalupe Jeremiah), with GNDC Saldana GP as the general partner, and Jeremiah Program Austin, LLC as a limited partner. As GNDC, through GNDC Saldana GP, has a controlling financial interest in and is the primary beneficiary of Guadalupe Jeremiah, the financial statements of Guadalupe Jeremiah are consolidated with GNDC. Inter-company balances have been eliminated in the consolidation. In 2019, Guadalupe Jeremiah constructed a residential rental facility with 35 units for single parents pursuing education and career opportunities.

In 2020, GNDC established GNDC Lopez GP, LLC (GNDC Lopez GP), with GNDC being the sole member. The purpose of this company is to provide affordable housing to low income individuals and track transactions in connection the La Vista de Lopez, an affordable housing project in Austin. To date there has been no activity under GNDC Lopez GP.

FINANCIAL STATEMENT PRESENTATION

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

BASIS OF ACCOUNTING

GNDC uses the accrual method of accounting which recognizes revenue when earned and expenses when incurred.

REVENUE

Unconditional grants and contributions received are recorded at fair value on the date of the award as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

FEE FOR SERVICE CONTRACT

Revenue under fee for service contracts is earned upon completion of set objectives and deliverables.

FORGIVENESS OF INTEREST

GNDC has several forgivable loans with stated interest rates of zero percent. Interest related to these loans is considered forgiven annually if GNDC is in compliance with the terms of the loan agreements. The forgiven interest is calculated using a market rate of 5%.

RENTAL OPERATIONS

GNDC leases its real estate properties as single family residences under operating leases that are cancellable with 30 days notice. There were 64 available housing units for lease in 2022 and 2021. Generally, these leases have twelve month terms, automatically renewing on a month-to-month basis thereafter. Tenants pay a monthly rate established in lease agreements.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PROPERTY SALES

Revenue from property sales is recognized at a point in time upon completion of the sale when the title of the property transfers to the customer. Payment is due upon completion of the sale. The sales price is established in the purchase agreements. There is typically no financing component because payments are received within one year of the sale.

SUBSEQUENT EVENTS

Management of GNDC has evaluated subsequent events for disclosure through the date of the Independent Auditor's Report, the date the consolidated financial statements were available to be issued.

ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FUNCTIONAL EXPENSE ALLOCATION

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are depreciation, payroll, insurance, utilities, legal, and other, which are allocated based on personnel time spent on each area as estimated by management.

NOTES RECEIVABLE

Notes receivable are stated at the principal amount outstanding. Interest income on notes receivable is recognized over the term of the note and is computed using the simple interest method on principal amounts outstanding.

INCOME TAXES

In accordance with Section 501(c)(3) of the Internal Revenue Code, GNDC is exempt from federal income taxes. Consequently, no provision for Federal income taxes is included in the accompanying consolidated financial statements.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Guadalupe Saldana and Guadalupe Jeremiah have elected to be taxed as limited partnerships. Under such elections, federal taxable income or loss and tax credits are passed through to the individual partners. Texas state taxes are imposed at the entity level. Any federal taxes due by GNDC, as the general partner, or any state taxes due by the limited partnerships, are recognized in the financial statements when incurred, as tax expense and tax liability. At 31 December 2022 and 2021, respectively, no interest, penalties, federal taxes, or state taxes have been or are required to be accrued. GNDC's policy is to record interest and penalties related to income taxes as interest and other expense and federal or state taxes as tax expense.

FIXED ASSETS

Acquisitions of property and equipment valued at \$1,000 or more and a useful life greater than one year are capitalized at cost if purchased, or estimated fair market value on the date of donation, if contributed. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method based on the estimated useful life of the asset, which is 5 years for furniture and equipment, 20 years for infrastructure and 25 years for buildings.

RENTAL REAL ESTATE

Rental real estate consists of land, housing units, and closing costs. Rental real estate is capitalized at cost, which includes the cost of preacquisition, acquisition, development, and construction. Housing units leased are depreciated using the straight-line method based on an estimated useful life of 25 and 5 years, respectively. Housing units leased and held for sale are restricted for rental and sales to families with low incomes. Housing units held for sale are set to be sold to families with low income in subsequent years. Upon the sale of housing units, the difference between the cost and sale proceeds results in a net gain or loss.

NOTE 3: CONTINGENCIES

GNDC receives forgivable loans and cost reimbursement grants from the City of Austin to assist with implementation of its program. Should GNDC not comply with the terms of the loans and grants or should any costs be determined to be ineligible, GNDC will be responsible for reimbursing the grantor for these amounts. Management believes there will be no such disallowance.

As part of a development agreement, GNDC guaranteed to fund operating deficits, if any, of La Vista apartments up to \$85,000 via an unsecured loan to La Vista with interest at 8%. As of 31 December 2022 and 2021, no operating deficits have been incurred.

GNDC has a shared interest in the gain at sale for several properties. GNDC will recognize income upon the sale of the property based on the appreciated value at the date of sale.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: CONTINGENCIES

GNDC received land from the City of Austin for affordable housing. Should GNDC not comply with the terms of the deed of trust on the land, GNDC will be responsible for paying the City of Austin \$52,818, the value of the land at the time of the agreement. Management believes there will be no such disallowance.

NOTE 4: COMMITMENTS

Under the terms of various agreements with funding agencies, GNDC is required to provide certain services including, but not limited to, using certain properties for low income housing and maintaining certain levels of insurance.

NOTE 5: MINORITY INTEREST LIABILITIES

	<u>2022</u>	<u>2021</u>
Saldana LLP interest in Guadalupe-Saldana Affordable Homes	\$61,296	\$61,296
Jeremiah Program Austin, LLC interest in Guadalupe-Jeremiah LP	<u>4,894,697</u>	<u>4,894,697</u>
	<u>\$4,955,993</u>	<u>\$4,955,993</u>

NOTE 6: RELATED PARTY TRANSACTIONS

As of 31 December 2022 and 2021, GNDC had interest receivable of \$1,618,423 and \$1,515,743 respectively, and notes receivable of \$2,741,018 and \$2,781,266, respectively, due from Guadalupe Family Community, L.P., an organization with common officers.

GNDC purchased a property from a board member for \$261,000 in 2015, the property was appraised for \$510,000 at the time of purchase. As of 31 December 2022 and 2021, GNDC owed the board member \$173,350 and \$190,750, respectively, which will be paid with a 0% interest 15 year note. Payments on the note were deferred for three years.

NOTE 7: CONCENTRATIONS

92% of notes payable are due to one lender as of 31 December 2022 and 2021, respectively. See Note 14. In 2022 and 2021, 91% and 92% of notes receivable are due from one borrower.

At 31 December 2022 and 2021, GNDC had cash balances in excess of FDIC insurance amounting to \$117,650 and \$496,665 respectively. GNDC has not experienced any losses due to this credit risk.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: FINANCING RECEIVABLE

GNDC has a financing receivable agreement with one borrower. The receivable is performing and current, and is fully collateralized by property. Thus, no allowance is needed.

NOTE 9: RENTAL REAL ESTATE

<u>GNDC</u>	<u>2022</u>	<u>2021</u>
64 housing units in 2022 and 2021 (with \$1,191,631 land)	\$7,112,316	\$7,088,802
Closing costs	67,105	33,006
Land	1,119,557	1,119,557
Accumulated depreciation	<u>(3,028,656)</u>	<u>(2,810,456)</u>
	<u>5,270,322</u>	<u>5,430,909</u>
 <u>Guadalupe Jeremiah</u>		
35 housing units in 2022 and 2021	6,885,287	6,885,287
Accumulated depreciation	<u>(1,575,333)</u>	<u>(1,299,363)</u>
	<u>5,309,954</u>	<u>5,585,924</u>
	<u>\$10,580,276</u>	<u>\$11,016,833</u>

NOTE 10: FIXED ASSETS

<u>GNDC</u>	<u>2022</u>	<u>2021</u>
Construction in progress	\$2,247,049	\$1,139,017
Furniture and equipment	20,232	19,045
Accumulated depreciation	<u>(18,096)</u>	<u>(17,463)</u>
	<u>2,249,185</u>	<u>1,140,599</u>
 <u>GNDC Saldana GP</u>		
Land	827,975	827,975
Infrastructure	1,362,347	1,362,347
Accumulated depreciation	<u>(648,604)</u>	<u>(580,752)</u>
	<u>1,541,718</u>	<u>1,609,570</u>
	<u>\$3,790,903</u>	<u>\$2,750,169</u>

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: FUNCTIONAL EXPENSES

Functional expense allocation at 31 December 2022:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Depreciation	\$506,390	\$45,012	\$11,253	\$562,655
Interest	548,605	0	0	548,605
Payroll	420,150	21,463	13,658	455,271
Repair and maintenance	229,572	0	0	229,572
Insurance	82,698	7,351	1,838	91,887
Utilities	75,635	6,723	1,681	84,039
Accounting	0	46,580	0	46,580
Legal	30,600	2,720	680	34,000
Amortization	7,297	0	0	7,297
Other	<u>74,277</u>	<u>6,602</u>	<u>1,651</u>	<u>82,530</u>
	<u>\$1,975,224</u>	<u>\$136,451</u>	<u>\$30,761</u>	<u>\$2,142,436</u>

Functional expense allocation at 31 December 2021:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Depreciation	\$505,951	\$44,974	\$11,243	\$562,168
Interest	554,459	0	0	554,459
Payroll	345,322	30,695	7,674	383,691
Repair and maintenance	203,908	0	0	203,908
Utilities	72,361	6,432	1,608	80,401
Insurance	63,973	5,686	1,422	71,081
Legal	40,874	3,634	908	45,416
Accounting	0	43,035	0	43,035
Dead deal costs	37,264	0	0	37,264
Amortization	7,297	0	0	7,297
Other	<u>86,596</u>	<u>7,697</u>	<u>1,924</u>	<u>96,217</u>
	<u>\$1,918,005</u>	<u>\$142,153</u>	<u>\$24,779</u>	<u>\$2,084,937</u>

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12: CONSTRUCTION CONTRACT COMMITMENTS

On 18 February 2020, GNDC entered into a contract with U.S. Department of Housing and Urban Development to develop supportive housing for the elderly. The total contract amount is \$4,048,000 to construct, acquire, or rehabilitate 26 dwelling units. A single purpose entity was formed for this project. No amounts have been expended for this project.

On 13 April 2020, GNDC entered into a contract with Hatch + Ulland Owen Architects for the design, architectural and engineering services for a high-rise elder housing community in Austin. The total contract amount, including amendments, is \$423,085 and the remaining commitment is approximately \$91,000 at year end.

On 25 March 2021, GNDC entered into a contract with Bellwether Enterprise Real Estate Capital, LLC for mortgage insurance processing and underwriting services. The total contract amount is \$175,390 and the remaining commitment at year end is approximately \$123,000 at year end.

On 19 May 2022, GNDC entered into a contract with Civiltude for engineering services on the Gardner project. The total contract amount is \$116,600 and the remaining commitment at year end is approximately \$52,600.

On 1 July 2022, GNDC entered into a contract with Spring Architects for architectural services on the Gardner project. The total contract amount is \$154,000 and the remaining commitment at year end is approximately \$132,000.

On 23 May 2022, GNDC entered into a contract with Spring Architects for architectural services on the Tannehill project. The total contract amount is \$160,000 and the remaining commitment at year end is approximately \$131,000.

On 3 March 2022, GNDC entered into a contract with 2nd Street Development LLC for multiple services on the East Knight project. The total contract amount is \$450,000 and the remaining commitment is approximately \$448,000.

NOTE 13: NOTES RECEIVABLE

During 2010, GNDC entered into six note receivable agreements as the result of the sale of six properties. The properties were sold by an independent party at appraised fair market value, but with the seller accepting amounts less than fair market value. The cash portion of the sales were financed by the purchasers with bank mortgages and down payment assistance from the City of Austin. The difference between the appraised value sales price and the cash required at purchase was secured by a third lien held by GNDC. The third lien note also provided GNDC with a share of equity based on the percentage value of its lien relative to the appraised value of the property. Based on current market value estimates, GNDC's interest in any appreciated value over the recorded value of the third lien notes is not considered significant at year end.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: NOTES RECEIVABLE

One property was sold during 2017, and GNDC received the portion of the third lien used to acquire the property, \$21,615, plus \$12,585 for its share of equity based on the appreciated value, calculated as the difference between the initial property value and the appraised value at resale. One property was sold during 2018, and GNDC received the portion of the third lien used to acquire the property, \$37,050, plus \$9,447 for its share of equity based on the appreciated value, calculated as the difference between the initial property value and the appraised value at resale.

The notes are collateralized by real property as described in the note agreements. GNDC's access to the collateral is based on normal legal foreclosure processes. If the debtors fail to perform according to the terms of the agreements, and the collateral proves to be of no value, GNDC would incur a loss equal to the principal balance receivable.

	<u>2022</u>	<u>2021</u>
Note receivable from Guadalupe Family Community, L.P., collateralized by real estate. See Note 14 for the related note payable to the City of Austin in the same amount.	\$2,138,239	\$2,138,239
Note receivable from Guadalupe Family Community, L.P., collateralized by real estate, note bears a 1.5% interest rate.	40,423	40,423
Note receivable from Guadalupe Family Community, L.P., collateralized by real estate, note bears 0% interest rate.	78,399	78,399
Note receivable from Guadalupe Family Community, L.P., collateralized by real estate, note bears 0% interest rate.	102,365	102,365
Note receivable from Guadalupe Family Community, L.P., collateralized by real estate, note bears 0% interest rate.	75,640	75,640
Note receivable from Guadalupe Family Community, L.P., collateralized by real estate, note bears 4.9% interest rate.	350,000	350,000
Notes receivable agreements (4 in 2020 and 2019), collateralized by real estate, notes bear a 0% interest rate, monthly payments are scheduled to begin in 2040. In the event of default, the receivable will begin to accrue interest at 10%.	139,100	139,100
Note receivable from one borrower, collateralized by real estate, note bears an interest rate of 0%.	<u>97,198</u>	<u>103,500</u>
	3,021,364	3,027,666
Less current portion of notes receivable	<u>(5,100)</u>	<u>(5,100)</u>
Long-term portion of notes receivable	<u>\$3,016,264</u>	<u>\$3,022,566</u>

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: NOTES PAYABLE

	<u>2022</u>	<u>2021</u>
Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 31 March 2112, GNDC is in compliance with all terms and conditions of the Loan Agreement.	\$600,000	\$600,000
Note payable to Austin Housing Finance, collateralized by rental real estate, bearing interest at 0%, due in monthly installments through 1 April 2023.	3,250	9,750
Notes payable to Austin Housing Finance, collateralized by rental real estate. The notes bear a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 1 March 2107, GNDC is in compliance with all terms and conditions of the Loan Agreements.	102,354	102,354
Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 23 April 2108, GNDC is in compliance with all terms and conditions of the Loan Agreement.	850,000	850,000
Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 11 November 2049, GNDC is in compliance with all terms and conditions of the Loan Agreement.	435,500	435,500
Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 1 February 2027, GNDC is in compliance with all terms and conditions of the Loan Agreement.	395,000	395,000
Note payable to Austin Housing Finance, collateralized by GNDC's note receivable from Guadalupe Family Community, L.P., which in turn, is collateralized by the underlying rental real estate. The note bears a 0% interest rate until maturity. The principal and interest shall be forgiven in its entirety if on 1 September 2049, GNDC is in compliance with all terms and conditions of the Loan Agreement. See Note 13 for related note receivable.	2,138,239	2,138,239

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: NOTES PAYABLE

	<u>2022</u>	<u>2021</u>
Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 31 January 2108, GNDC is in compliance with all terms and conditions of the Loan Agreement.	1,000,000	1,000,000
Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 30 April 2049, GNDC is in compliance with all terms and conditions of the Loan Agreement.	60,000	60,000
Note payable to Austin Housing Finance, collateralized by real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 20 December 2108, GNDC is in compliance with all terms and conditions of the Loan Agreement.	555,000	555,000
Notes payable to Texas Department of Housing and Community Affairs, at 0 % interest, collateralized by real estate. \$162,000 is payable in monthly installments beginning 1 August 2014 until maturity, 1 July 2044. \$161,000 is forgiven in annual increments of \$5,368, through maturity, 1 August 2043, provided GNDC is in compliance will all terms and conditions of the Loan Agreement.	228,826	239,593
Note payable to Austin Housing Finance, collateralized by real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 31 December 2032, GNDC is in compliance with all terms and conditions of the Loan Agreement.	50,000	50,000
Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 31 December 2114, GNDC is in compliance with all terms and conditions of the Loan Agreement.	2,000,000	2,000,000

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: NOTES PAYABLE

	<u>2022</u>	<u>2021</u>
<p>Note payable to Austin Housing Finance, with a 0% interest rate, collateralized by rental real estate. The note will be forgiven as each of the housing units are sold. The remaining balance will be forgiven in its entirety on 31 August 2110, if GNDC is in compliance with all terms and conditions of the Loan Agreement.</p>	550,000	550,000
<p>Note payable to Mary Helen Lopez (a former board member), at 0% interest, with a face value of \$261,000, payable in monthly payments of \$1,450 starting June 2020 until June 2033, discounted to present value at a rate of 6%.</p>	99,166	113,042
<p>Note payable to Austin Housing Finance, collateralized by rental real estate. The note bears a 0% interest rate until maturity and the principal and interest shall be forgiven in its entirety if on 31 October 2116, GNDC is in compliance with all terms and conditions of the Loan Agreement.</p>	1,281,460	1,281,460
<p>Note payable to Austin Housing Finance, collateralized by real estate. The note bears a 0% interest rate until maturity. The loan will be partially forgiven upon the sale of each home and fully forgiven when both homes have been sold to eligible buyers.</p>	240,000	85,000
<p>Note payable principal amount \$571,000 with Frost Bank, collateralized by real estate. The notes bear a 4.174% interest rate, monthly payments of principal and interest are \$7,866 until maturity on 29 October 2027.</p>	409,204	480,663
<p>Note payable principal amount \$290,000 with Horizon Bank, collateralized by real estate. The note bears 5% interest rate until maturity, monthly payments of interest are due beginning 15 July 2022 continuing regularly through 15 June 2023.</p>	156,100	<u>0</u>
	<u>\$11,154,099</u>	<u>\$10,954,601</u>

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: NOTES PAYABLE

<u>Maturities</u>	
2023	\$255,792
2024	99,658
2025	103,010
2026	106,505
2027	110,149
Thereafter	<u>10,478,985</u>
	<u>\$11,154,099</u>

NOTE 15: NET ASSETS WITH DONOR RESTRICTIONS

<u>Subject to expenditure for specified purpose:</u>	<u>2022</u>	<u>2021</u>
Capacity building	\$8,210	\$18,831
Covid 19 relief	0	24,129
Affordable housing	87,973	475,000
La Vista de Lopez communications room	25,000	0
East Knight	100,000	0
Other projects	<u>29,685</u>	<u>30,260</u>
	<u>\$250,868</u>	<u>\$548,220</u>
<u>Release from donor restrictions:</u>	<u>2022</u>	<u>2021</u>
Capacity building	\$10,621	\$28,294
Affordable housing	387,027	0
Home buyer education	25,000	0
Covid 19 relief	24,129	15,933
Other projects	<u>575</u>	<u>480</u>
	<u>\$447,352</u>	<u>\$44,707</u>

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash	\$524,695	\$982,769
Grants receivable	0	250,000
Current portion of notes receivable	<u>5,100</u>	<u>5,100</u>
	529,795	1,237,869
Less amounts unavailable for general expenditure within one year, due to donor-imposed restrictions	<u>(250,868)</u>	<u>(548,220)</u>
	<u>\$278,927</u>	<u>\$689,649</u>

As part of GNDC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from GNDC's operating accounts. As a part of GNDC's policy, separate accounts are maintained for tenant security deposits and maintenance/replacement reserves. GNDC also tracks federal loan amounts in a separate account for construction costs.

Several of GNDC's notes payable are forgivable upon maturity if GNDC is in compliance with the Loan Agreements, see Note 14 for the terms of each note.

NOTE 17: REVENUE FROM CONTRACTS WITH CUSTOMERS

DISAGGREGATION OF REVENUE

	<u>2022</u>	<u>2021</u>
Revenue earned at a point in time	<u>\$106,005</u>	<u>\$590,000</u>

Revenue earned at a point in time consists of the gross amount earned for homes sold during the year, amounts earned for the completion of specific performance obligations under the fee for service contract, and consulting fees. Property sales are recorded net of the cost of homes on the statement of activities.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: REVENUE FROM CONTRACTS WITH CUSTOMERS

CONTRACT BALANCES

Accounts receivable relates to the sale of a property in prior years. The receivable balance at 31 December 2022 and 2021 was \$98,525 and \$103,625 respectively. The receivable is due in monthly installments of \$425 through 2042.

NOTE 18: FEE FOR SERVICE CONTRACTS

During 2019 GNDC entered into a fee for service contract for the for \$667,125 for the design of Nueva Escuela and development of a new partnership. The revenue is earned at a point in time upon completion of each performance obligation. A detail of the transaction price for each performance obligation is as follows; these amounts were specified in the contract.

<u>Performance obligation</u>	<u>Year</u>	<u>Amount</u>
Execution of Contract	2019	\$25,000
Final Conceptual Design and First Community Engagement Convening	2020	50,000
Technical Assistance	2020	94,875
Design Development Documents	2020	96,000
First Community Engagement and Technical Assistance	2020	18,250
Land/Ownership Agreement, Second Community Engagement Convening, and Finalize Development Plan	2020	131,000
Final Construction Documents	2021	10,000
Building Permit and Partnership Agreement	2021	25,000
Finalize Development Plan	2022	15,000
Financial Plan	2022	10,000
Service Delivery Research + Best Practices	2023	30,000
Draft On-Site Service Plan	2023	40,000
Management and Lease Agreements and School and Tenant Outreach	2023	32,000
Operating Agreements and On-Site Service Agreements	2023	40,000
On-Site Service Coordination Prototype and Toolkit for Scaling Housing + School Model	2024	<u>50,000</u>
		<u>\$667,125</u>

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: CONTRIBUTED NONFINANCIAL ASSETS

For the year ended 31 December 2022, contributed nonfinancial assets recognized within the statement of activities include:

Interest	\$529,440
Attorney fees	<u>34,000</u>
	<u>\$563,440</u>

GNDC recognized contributed nonfinancial assets within revenue, including interest and contributed attorney fees. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Interest for forgivable loans is forgiven annually as GNDC is in compliance with loans. Forgivable interest is used for program activities and is valued at the estimated fair value in the financial statements based on current rates for similar loans.

Attorney fees are used for program activities and are valued at the estimated fair value in the financial statements.

NOTE 20: ADOPTION OF NEW ACCOUNTING STANDARD

During the year, GNDC adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements for contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosures.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

SUPPLEMENTAL BALANCE SHEET

GUADALUPE JEREMIAH LP

31 DECEMBER 2022

ASSETS

CURRENT ASSETS

Cash	\$111,874
Accounts receivable and other	<u>2,049</u>
	113,923

RENTAL REAL ESTATE

5,774,354

\$5,888,277

LIABILITIES AND PARTNERS' EQUITY

CURRENT LIABILITIES

Due to limited partner–Jeremiah Program Austin, LLC	\$52,126
Accrued liabilities and deferred revenue	<u>30,207</u>
	82,333

PARTNERS' EQUITY

5,805,944

\$5,888,277

See Independent Auditor's Report.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

SUPPLEMENTAL STATEMENT OF NET INCOME AND CHANGES IN PARTNERS' EQUITY

GUADALUPE JEREMIAH LP

YEAR ENDED 31 DECEMBER 2022

INCOME

Rental income	\$89,539
Contributions	215,099
Other	<u>4,887</u>
	<u>309,525</u>

EXPENSES

Depreciation	300,090
Repairs and maintenance	157,254
Utilities	56,955
Management fees	33,000
Insurance	35,801
Other	<u>29,925</u>
	<u>613,025</u>

NET INCOME (LOSS) (303,500)

BEGINNING PARTNERS' EQUITY 6,109,444

ENDING PARTNERS' EQUITY \$5,805,944

See Independent Auditor's Report.



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Guadalupe Neighborhood Development Corporation

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Guadalupe Neighborhood Development Corporation (GNDC), which comprise the consolidated statement of financial position as of 31 December 2022, the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated 26 May 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered GNDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of GNDC's internal control. Accordingly, we do not express an opinion of the effectiveness of GNDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GNDC's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GNDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GNDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

26 May 2023
Austin, Texas



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Guadalupe Neighborhood Development Corporation

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

A. Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited GNDC's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GNDC's major federal programs for the year ended 31 December 2022. GNDC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, GNDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 31 December 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GNDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of GNDC's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to GNDC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GNDC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GNDC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GNDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GNDC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GNDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

B. Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned



functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Montgomery Spitzer Beards PC

26 May 2023
Austin, Texas

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED 31 DECEMBER 2022

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Assistance Listing <u>Number</u>	Agency or Pass- through <u>Number</u>	Original Loan <u>Amount</u>	Loan Balance at Beginning of Year	<u>Expenses</u>	<u>Total</u>
U.S. Department of Housing and Urban Development:						
HUD Section 8–Rental Assistance	14.195			<u>N/A</u>	<u>\$0</u>	<u>\$87,288</u>
Passed Through the Austin Housing Finance						
Community Housing Development Organization	14.218		<u>\$1,550,000</u>	<u>\$550,000</u>		<u>550,000</u>
Home Investment Partnership Program	14.239	GNDC 5–La Vista	2,138,239	2,138,239		2,138,239
Home Investment Partnership Program	14.239	GNDC 6	395,000	395,000		395,000
Home Investment Partnership Program	14.239	SOL RENTAL	850,000	850,000		850,000
Home Investment Partnership Program	14.239	728EX000308	22,750	9,750		9,750
Home Investment Partnership Program	14.239	SOL RENTAL	200,000	200,000		200,000
Home Investment Partnership Program	14.239		240,000	85,000	155,000	240,000
Home Investment Partnership Program	14.239		1,281,460	1,281,460		1,281,460
Home Investment Partnership Program	14.239	UEI PFHKKJJ9JJ47	126,860	0	126,860	126,860
Home Investment Partnership Program	14.239	UEI PFHKKJJ9JJ47	<u>934,740</u>	<u>0</u>	<u>934,740</u>	<u>934,740</u>
			<u>6,189,049</u>	<u>4,959,449</u>	<u>1,216,600</u>	<u>6,176,049</u>
Passed though Texas Department of Housing and Community Affairs Neighborhood Stabilization Program						
	14.239		<u>323,000</u>	<u>239,593</u>	<u>0</u>	<u>239,593</u>
			<u>\$8,062,049</u>	<u>\$5,749,042</u>	<u>\$1,216,600</u>	<u>\$7,052,930</u>

This schedule is prepared on the same basis of accounting as described in the notes to the financial statements on pages 8 through 23. See Note 14 for ending loan balances. GNDC did not elect to use the 10% de minimis indirect cost rate.

See Independent Auditor’s Report.

GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED 31 DECEMBER 2022

I. SUMMARY OF AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

- | | |
|---|------------|
| 1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | None noted |
| b. Significant deficiency(ies) identified that are not considered material weakness(es)? | None noted |
| c. Noncompliance material to financial statements? | None noted |

B. FEDERAL AWARDS

- | | |
|--|-------------------------------|
| 1. Internal controls over major programs: | |
| a. Material weakness(es) identified? | None noted |
| b. Significant deficiency(ies) identified that are not considered material weakness(es)? | None noted |
| 2. Type of auditor's report issues on compliance with major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) | No |
| 4. Major program:
Home Investment Partnership Program | Assistance
Listing #14.239 |
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

II. FINANCIAL STATEMENT FINDINGS

- | | |
|------------------|------------|
| A. Current year: | None noted |
| B. Prior year: | None noted |

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

See Independent Auditor's Report.



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Guadalupe Neighborhood Development Corporation

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
OF THE TEXAS PROPERTY TAX CODE**

We have audited the compliance of Guadalupe Neighborhood Development Corporation (GNDC) with types of compliance requirements described in Sections 11.182 and 11.1825 of the Texas Property Tax Code, *Organizations Constructing or Rehabilitating Low-Income Housing: Property Not Previously Exempt*, for the year ended 31 December 2022. Compliance with the requirements of the Texas Property Tax Code is the responsibility of GNDC's management. Our responsibility is to express an opinion on GNDC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about GNDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on GNDC's compliance with those requirements.

In our opinion, GNDC complied, in all material respects, with the requirements referred to above for the year ended 31 December 2022.

This report is intended for the information of the Board of Directors, management, others within the organization and state or federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Montemayor Britton Bender PC

26 May 2023
Austin, Texas

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GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION

**SUPPLEMENTAL SCHEDULE OF COMMUNITY LAND TRUST
SOURCES AND USES OF FUNDS**

YEAR ENDED 31 DECEMBER 2022

Sources of funds:

GNDC funds	\$646,130
Horizon bank loan 6711 Porter	156,100
AHFC HOME funds 6711 Porter	155,000
CLT stewardship payments	9,830
Ground lease fees	8,400
1313 Willow mortgage principal, interest, taxes and insurance	5,100
Escrow received	<u>4,463</u>
	<u>\$985,023</u>

Uses of funds:

Father Joe Znotas Phase V construction	\$475,993
6711 Porter construction	333,058
Gardner (Johnny Limon Village)	86,000
Tannehill	28,885
GSNZ 7 Acres West	22,822
GNDC ground lease income	8,400
Stewardship fund	6,255
2022 OHDA infill construction	10,722
1313 Willow principal reduction	5,100
Escrow payout	4,093
Stewardship payout	<u>3,695</u>
	<u>\$985,023</u>

See Independent Auditor's Report.

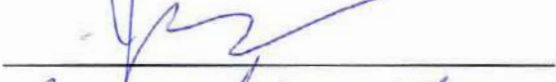
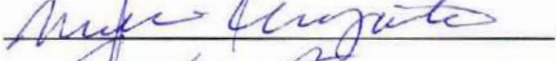

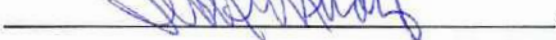
**RESOLUTION OF THE
GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION
TO ACQUIRE 905 EAST 51ST STREET, AUSTIN, TEXAS AND TO
REQUEST FUNDING**

WHEREAS, the Board of Directors of the Guadalupe Neighborhood Development Corporation (the "Corporation"), a Texas non-profit corporation, voted on the 31st day of July, 2023, to take the action set forth below and hereby attested to by the undersigned Officers of the Corporation:

WHEREAS, for the purpose of acquiring property at 905 East 51st Street ("the Property") and for seeking financing for the acquisition of the Property, at a meeting of the Board of Directors held on July 31, 2023, authorized the Executive Director, Mark Rogers, to act on behalf of the Corporation, to apply for financing in the amount up to One Million, Five Hundred Thousand dollars [\$1,500,000], and to take all reasonable actions necessary to acquire the Property.

THEREFORE, BE IT RESOLVED, that the President, Vice President, Executive Director, Assistant Executive Director, or any other officers of the Corporation are hereby authorized and directed, to execute, attest, and deliver any and all applications, documents, certificates, instruments and writings necessary to apply for such funds and for acquisition of the Property.

IN WITNESS WHEREOF, this Resolution is made this 31st day of July, 2023


_____, Joseph Martinez, President

_____, H. Michael Guajardo, Vice President

_____, Candace Fox, Secretary

_____, Jesse Hernandez, Treasurer

I, Candace Fox, Secretary of the Guadalupe Neighborhood Development Corporation, do hereby certify the foregoing is a true and complete copy of the application for funding to acquire real estate resolution of this organization as adopted by the Board of Directors on the 31st day of July, 2023.



Candace Fox, Secretary

Financial Capacity

GNDC is experienced in multiple funding sources including, but not limited to, Low Income Housing Tax Credits, HUD's Neighborhood Stabilization Program, General Obligation Bonds, Community Development Block Grants, and HOME funds, as well as private foundation support, and has an excellent compliance record with all sources.

Market Analysis

While this property is not in an area that is gentrifying or vulnerable to gentrification according to the Uprooted Report, Hyde Park East has a population of 3,359 people, with a median household income of \$48,653, 70% are renters, and 37% of children live in poverty. Additionally, this neighborhood is experiencing significant demographic change – more white people, more people with degrees, more homeowners, and increased median family income. There is a need for affordable rental units in the area, and this project will meet that need. Additionally, the Austin Housing Blueprint has identified a need for 3,635 affordable units in this Council District.

Because GNDC gives priority to households with ties to the areas where it develops housing, well over 90% of its prospective tenants and home buyers have strong ties to the East Austin community. GNDC currently has a waitlist for rental housing at over 900 households and a waitlist of interested buyers with over 100 households. Remarkably, this extensive waitlist was built with only word-of-mouth marketing, demonstrating the huge demand for affordable housing and GNDC's reputation for delivering it to households from East Austin.

GNDC's waitlists clearly demonstrate the strong market for affordable rentals. It shows a pressing need for units that will be affordable to households with generational ties to an area that otherwise is no longer affordable.

City of Austin Good Neighbor Checklist

The Neighborhood Housing and Community Development Office (NHCD) offers a Good Neighbor Policy to standardize process and identify expectations for all projects funded through the City of Austin's Rental Housing Development Assistance (RHDA) and Acquisition and Development (A&D) programs. Applicants of these programs are required to prepare and begin implementing a community engagement plan, including neighborhood notification activities. The community engagement plan is required whether the application is for funding for new construction or renovation of an existing building, regardless of whether there is a change in ownership.

A successful community engagement plan leads to open, ongoing two-way communication between developers and neighbors. This requires good-faith efforts and cooperation by developers, City officials and residents. A positive, open dialogue between housing developers and neighbors can prevent misunderstandings, facilitate prompt resolution of any inadvertent misunderstandings, and provide a fair, thoughtful, dependable means of resolving differences.

The following checklist of items is required of all applicants for funding:

(1) Preliminary Research

- Review the Neighborhood Plan (if applicable)

(2) Neighborhood Notification

- Notify property owners within at least 500 feet of the site and registered neighborhood organizations with boundaries included in the proposed development site, using a written notice, letter or flyer. *GNDC will notify property owners within at least 500 feet of the site once the site is acquired. We have contacted the North Loop Neighborhood Contact Team and the Ridgeway Neighborhood Association.*

(3) Pre-Application Engagement

- Contact neighborhood organizations to provide current information about the project, including any neighborhood association whose boundaries are included in the proposed development site and Neighborhood Planning Contact Team (if applicable). *(see full City of Austin Good Neighbor Guidelines for more detailed information on what kind of information may be appropriate to share)*
- Appoint a Single-Point-of-Contact (SPOC) to serve as the liaison for exchanging information.

(4) Application requirements

- Provide communications plan
- Provide documentation showing the content of the notice, and proof of delivery *GNDC will provide these at an appropriate time prior to funding*
- Provide signed copy of this checklist.

I have reviewed and completed all of the above checklist items required by the City of Austin's Good Neighbor Guidelines.

Signed

printed name

date

Good Neighbor Policy

GNDC has a Policy for Public Input which it adopted in 2002. In conformity with this policy, GNDC holds open meetings at accessible, public locations, such as libraries, to gather input regarding the location, design and program of the projects. GNDC typically publicizes these meetings via emails to residents and associations and flyers throughout the neighborhood.

GNDC has contacted the North Loop Neighborhood Contact Team and the Ridgetop Neighborhood Association about our interest in acquiring the property and renting it to people at or below 50% MFI. GNDC is merely doing necessary renovations to the project, not a redevelopment.

SMART Housing Letter

GNDC has requested the SMART Housing letter from the City of Austin. It will be provided as soon as it is available.

FRIEDLAND+BRIGGS
REAL PROPERTY APPRAISERS

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M: 512.751.0910

Restricted Appraisal Report

This is a Restricted Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents no discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

Intender User/Client: Mr. Mark C. Rogers, Executive Director, Guadalupe Neighborhood Development Corporation, 813 East 8th Street, Austin, TX 78702

Appraiser: Curt Friedland, General Appraiser, Friedland+Briggs, 3625 Menchaca Road, Suite 103, Austin, TX 78704

Subject Property: The subject site consists of one tract of land containing 9,200 square feet located along the south line of East 51st Street, just east of Airport Boulevard, with a street address of 905 East 51st Street. The subject is legally described as Lots 7 – 8, less the North 15 feet, Block D, Ridgetop Addition, Austin, Travis County, Texas. The subject is improved with an apartment building totaling 4,036 square feet contained in eight units.

Purpose of the Appraisal: Estimate the market value of the subject property “as is” as of August 23, 2023, based on a twelve-month marketing period.

Intended Use of Report: This restricted appraisal report is intended for the sole use of the user/client, Guadalupe Neighborhood Development Corporation.

Interest Valued: Leased fee interest

Definition of Market Value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars, or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Effective Date of Appraisal: August 23, 2023

Date of Report: August 30, 2023

Approaches to Value: We relied upon the Income Approach to Value to determine market value as the subject property is leased and is an income producing property.

Ownership History: The subject property's current owner of record is 905 E. Fifty First, LLC, for over three years. In addition, the subject property is being negotiated for sale to the Guadalupe Neighborhood Development Corporation. The property was listed for approximately two months at an undisclosed price.

Appraisal Development and Reporting Process: In preparing this appraisal, the appraiser inspected the subject property and collected and analyzed data regarding the subject neighborhood, comparable sales and the overall market conditions during the period surrounding the effective date of appraisal. Information was provided by the Travis Central Appraisal District and Travis County Real Property records, real estate brokers, tax plats and various other sources.

Extraordinary Assumptions: 1) The subject improvements measure approximately 4,036 square feet of net rentable area and 4,216 square feet of gross building area; 2) The subject site has a land size of 9,200 square feet, according to TCAD; and 3) The subject site is not located within a flood hazard area.

Legal Description: Lots 7 – 8, less the North 15 feet, Block D, Ridgetop Addition, Austin, Travis County, Texas.

Real Estate Taxes: According to the Travis County Tax Assessor’s website, the property was assessed (2023) at \$843,200 at a rate of 1.974923% per \$100 of valuation, resulting in an estimated tax liability of \$16,652.55 for 2023. According to the Travis County Tax Assessor Collector’s website, taxes are current for the subject property. The TCAD parcel number for the subject property is 220305.

Site Description: The subject site consists of 9,200 square feet located along the south line of East 51st Street, just east of Airport Boulevard. The subject property is legally described as Lots 7 – 8, less the North 15 feet, Block D, Ridgetop Addition, Austin, Travis County, Texas and has a street address of 905 East 51st Street. The tract is improved with a multi-family development consisting of one building with eight units, totaling 4,036 square feet of net rentable area. A complete description of the subject improvements is included in the following section of this report.

The subject property is rectangular in shape with adequate frontage along the south line of East 51st Street, which is a two-lane asphalt-paved roadway with concrete curb and gutter traveling east from N. Lamar Boulevard. Access to the subject site is provided via a concrete paved drive off of East 51st Street. The subject property has adequate asphalt paved parking, approximately 12 spaces. The site has wood and metal fencing around the rear of the tract. The subject property has a level topography which is at grade with East 51st Street. An alley forms the southern border of the subject site.

Based upon a dated survey and physical inspection of the property, no adverse easements or encroachments were noted to exist that would negatively impact the value or marketability of the subject tract. We have not been provided with a current survey of the subject property and responsibility for such is not accepted. It is assumed that typical PUEs, highway right-of-ways and building setbacks exist and they are assumed not to be adverse.

The subject property is located within the city limits of Austin and is zoned LO-MU-V-NP, Limited Office – Mixed Use with a vertical overlay. According to the City of Austin’s website, the Limited Office district allows for “...an office use that serves neighborhood or community needs and that is located in or adjacent to residential neighborhoods. An office in an LO district may contain one or more different uses.” The purpose of the Mixed Use district is “...is to allow office, retail, commercial, and residential uses to be combined in a single development.” The purpose of the Vertical overlay “...is to allow the development of vertical mixed use (VMU) buildings, subject to compliance with the standards in Section 4.3.” It appears that the subject property’s current use as a multi-family development represents a legal, conforming use. The subject property is located in Travis County and is serviced by the Austin ISD.

Mr. Mark Rogers, Executive Director
Guadalupe Neighborhood Development Corporation
Page Four

According to National Flood Insurance Rate Map No. 48453C0465 K, dated January 22, 2020, the subject site appears to be located outside any flood hazard area. As we have not been provided with a current survey, independent verification of the subject's flood plain status is recommended. The location, topography, zoning, as well as its lack of flood plain, make subject site suitable for a variety of uses.

Based upon our physical inspection of the subject, the soil contained therein appears adequate to support the existing improvements. Although no soil report was furnished to this office, we are unaware of any soil or subsoil conditions that may have an adverse impact on the subject site's market value. Furthermore, drainage of the subject tract appears to be adequate and uninhibited.

Public utilities are available to the subject in adequate quantities to service the improvements and include: water, wastewater, electricity and telephone service.

In regard to the presence of hazardous substances within the subject tract, it should be noted that there appears to be no potential for contamination from the subject's use as a multi-family development. For the purpose of this report, the term "hazardous substances" covers any material within, around, or near the subject property that may have a negative effect upon its value. Furthermore, the appraisers are not aware of any hazardous substances and do not have the knowledge or expertise required to detect the presence of hazardous substances or to measure the quantities of any such material. Therefore, we suggest that the requester of this appraisal report seek the advice of others in matters that require this special expertise. Moreover, the finding of any hazardous substances upon the subject site may have a negative impact upon its value and require us to amend our estimate of market value.

For more information concerning the subject site, please refer to the plat map, flood plain map, aerial map, property profile, zoning map and photographs located in the Addenda of this report.

Description of Improvements: The subject property is improved with one building consisting of 4,036 square feet of net rentable area and 4,216 square feet of gross building area. The difference between gross building and net rentable area is the two common area laundry rooms with storage closets. According to TCAD, the building was constructed in 1984. Based on our inspection, the improvements are in average condition and of average quality construction.

The subject improvements are centrally cooled and heated and are contained in a two-story building. The second story units are accessed via an exterior wood staircase located in an exterior foyer. The building is wood frame construction with some brick cover and a composition shingle roof. Electric and plumbing are assumed to meet all national and local codes. The development is made up of eight units with unit sizes ranging from 390 square feet to 716 square feet and averaging approximately 505 square feet (rounded). Finish-out of the units is considered typical, with ceramic tile or vinyl plank flooring and painted sheetrock walls and ceilings. Each unit has a dishwasher and either a patio or balcony.

In general, the condition of the subject development is considered average and the quality is considered average. In addition, the functional utility of the subject improvements is considered average, and in-line with comparable multi-family buildings. Moreover, it should be noted that the appraisers are not aware of any asbestos or other hazardous materials in the subject improvements. It is assumed in our analysis that no such environmental hazards are present. It is recommended that the client obtain an independent verification of this. The presence of such hazards would result in a change in our value estimate.

Highest and Best Use: Based on the subject's location, surrounding uses and zoning, it is our opinion that the highest and best use of the subject tract as vacant and as improved is for continued multi-family use.

Estimated Marketing Time/Exposure Period: Twelve months/up to twelve months.

INCOME APPROACH TO VALUE

To estimate market rent for the subject property, we have analyzed the available data and compared these properties to the subject. The rent comparables listed in the following summary are felt to be representative of existing apartment units in the subject's market area:

No.	Address	Unit Description	Square Footage	Monthly Rent	Rent/Sq.ft./Mo.
1	3914 Avenue D	1 bed/1 bath	630	\$1,400	\$2.22
2	5101 Evans Street	Efficiency/studio	450	\$950	\$2.11
3	4709 Harmon Avenue	Efficiency/studio	400	\$985	\$2.46
4	924 East 51 st Street	1 bed/1 bath	669	\$1,400	\$2.09



Comparable Rental No. 1 – 3914 Avenue D



Comparable Rental No.2 – 5101 Evans Street



Comparable Rental No. 3 – 4709 Harmon Avenue



Comparable Rental No. 4 – 924 East 51st Street

The preceding apartment rental rates are considered to be representative of rental properties which are competitive with the subject development. Each of the comparables is generally similar to the subject with regard to location, construction quality and amenities.

As of the effective date of this report, the subject property is 100% leased and is reported to maintain strong occupancy levels. Rental rates range from \$950 to \$1,405 per month, with an average of \$1,141 per month or \$2.26 per square foot per month. Refer to the rent roll in the Addenda.

Based on the preceding rentals and conversations with brokers active in the apartment market, it is our opinion that contract rent represents market rent or as follows:

8 units @ \$1,141 per month = \$9,128

Annualized: \$9,128 x 12 = \$109,536

VACANCY AND COLLECTION LOSS

During a typical holding period, rent loss due to vacancy, collection loss, and/or tenant turnover will occur. According to our rental survey, the majority of the apartment complexes within the subject area are 90% to 100% occupied and demand remains high. The subject property is currently 100% occupied. It should be noted that apartments throughout the subject neighborhood typically retain high occupancy rates based on their good location, as is the case for the subject property. Therefore, a vacancy rate of 5% for the subject property appears reasonable.

EXPENSES

The expense liability of the property owner is dependent upon the type of lease negotiated. The tenants are billed back for the majority of the utilities and the remaining expenses are paid by the lessor including the charges associated with real estate taxes, insurance, management, maintenance and reserves. In order to estimate operating expenses for the subject property, we have interviewed property owners, management firms and relied upon the expense information for other properties we have appraised as well as the 2022 and 2023 expense information for the subject property, which can be found in the Addenda.

Real Estate Taxes: Based on the current assessed value the tax liability for the subject property totals \$16,653 for 2023.

Insurance: Based on the 2023 expense estimates and the insurance expense of similar properties, the insurance expense of \$4,694 appears reasonable as reflected on the 2023 income and expense statement and is assuming a comprehensive program including fire and extended coverage, vandalism, and liability. The typical range of insurance costs has been confirmed by insurance agents who have provided coverage for similar type projects.

Management: We have utilized a management expense based on 4% of the effective gross income, which is typical in the market.

Maintenance: Considering the subject property's age and condition, maintenance for the subject property was estimated at \$0.40 per square foot.

Reserves for Replacement: Certain building components require periodic repair or replacement during the life of a building structure. A reserves for replacement allowance of \$0.40 per square foot per year is considered appropriate for the subject property.

Utilities: According to the income and expense statement, the utility expense is projected to total \$5,761 for 2023, of which \$5,552 was reimbursed by the tenants and \$150 was collected from the common area laundry, bringing the utility reimbursement to a projected \$5,702 for 2023.

It is our opinion that the income and expense estimates for the subject are in line with industry standards and the operating statements for comparable multi-family developments. The actual expenses for an apartment complex will vary depending upon size, age of the improvements and amenities offered.

Please refer to the following Net Income Schedule for the subject which utilizes the above income and expense estimates.

<u>NET INCOME SCHEDULE</u>		
POTENTIAL GROSS INCOME	\$109,536.00	
LESS VAC./COLLECTION (5%)	<u>\$5,477.00</u>	
TOTAL	\$104,059.00	
UTILITY REIMBURSEMENTS	<u>\$5,702.00</u>	
EFFECTIVE GROSS INCOME	\$109,761.00	
LESS EXPENSES:		<u>Per Sq. Ft.*</u>
REAL ESTATE TAXES	\$16,653.00	\$4.13
INSURANCE	\$4,694.00	\$1.16
MANAGEMENT (4% of EGI)	\$4,390.00	\$1.09
MAINTENANCE	\$1,614.00	\$0.40
RESERVES FOR REPLACEMENT	\$1,614.00	\$0.40
UTILITIES (incl. trash)	<u>\$5,761.00</u>	<u>\$1.43</u>
TOTAL EXPENSE ESTIMATE	<u>\$34,726.00</u>	\$8.60
NET INCOME ESTIMATE	\$75,035.00	
* Price per square foot figures are based on net rentable area (4,036 sq.ft.).		

CAPITALIZATION PROCESS

Capitalization is defined as the process of converting into present value (or obtaining the present worth of) a series of anticipated future periodic installments of net income.

The anticipated net income stream is converted into a value estimate by a rate which attracts purchase capital to investments with similar characteristics such as risk, terms, and liquidity. The capitalization process takes into consideration the quantity, quality, and durability of the income stream in determining which rates are appropriate for valuing the subject property.

There are several methods of capitalization which may be applied, the most common of which are the Direct Capitalization method, and Mortgage Equity Capitalization. In direct capitalization of net operating income, an overall rate extracted from the market is applied to the net operating income for the subject. This rate reflects the relationship of net operating income to sales price. In mortgage equity capitalization, the overall rate is synthesized from mortgage and equity terms, as well as projected appreciation or depreciation during a defined holding period.

DIRECT CAPITALIZATION

This method of capitalization converts anticipated net income to an indicated fair value by use of an appropriate rate which reflects the relationship of net income to selling price for comparable properties being sold in the open market. Direct capitalization for improved properties uses an overall rate which provides a return on the investment and a return of the wasting assets. This technique is preferred when sufficient data is available for transactions of properties similar to the subject as it is easily understood and closely related to the market.

However, for the majority of improved sales in the subject area, income and expense information is generally not available. Therefore, we were unable to develop a market capitalization rate via the direct capitalization method. Mortgage equity capitalization may be applied to the subject, and is explained below.

MORTGAGE EQUITY CAPITALIZATION

As previously mentioned, mortgage equity capitalization utilizes mortgage and equity terms to develop a capitalization rate. The following discussion analyzes the current market for mortgage terms and equity yields and synthesizes this information into an appropriate capitalization rate for the subject property.

Mortgage Terms

After conducting a survey of local lenders, the appraisers are under the assumption that permanent financing can be obtained for the subject property as of August 23, 2023, at 7.0% interest rate including finance point charges, a 75% loan to value ratio, and a 25-year amortization schedule with no balloon payment.

Equity Yield

The equity contribution makes up the difference between the purchase price and the amount of the mortgage. The equity yield is the residual income remaining after deducting annual debt service from the net operating income. The equity yield divided by the equity contribution equals the equity yield rate. The equity yield rate is important because it represents the percentage of cash return on the equity to the investor.

The true equity yield rate includes the final gain (or loss) from the property, as well as equity yields. With respect to the subject, we have estimated an equity yield rate of 10.00%, over a 10-year holding period. In our opinion, this return requirement is within market parameters for local investors and is considered reflective of alternative investments which yield lower returns but involve less risk. A 10-year projected holding period is considered appropriate for the subject based upon investors which we have surveyed. Property appreciation for both the subject property's land and building is assumed to increase 20% over the entire holding period.

An overall capitalization rate can be developed from the previous market data analyzed by the use of a band of investment format. The basic rate (risk rate) is developed from a weighted average of the mortgage and equity portion of the capital structure. The basic rate is the rate remaining after deducting credit for equity built up from the weighted average rate. The adjustment for equity build up credit is the loan to value ratio (75%), multiplied by the percentage of the mortgage paid off at the end of the holding period (0.2484), multiplied by the sinking fund factor at the equity dividend rate for the holding period (0.0724). The resulting basic rate (0.0741) must then be adjusted to reflect depreciation or appreciation as anticipated in the minds of knowledgeable investors for the holding period. Projected depreciation acts to increase, while projected appreciation acts to lower the overall capitalization rate. Compensation for anticipated property appreciation is made by adjusting the basic rate similar to that given for equity build up. The adjustment for property appreciation for the holding period (20%), multiplied by the sinking fund factor (0.0612), at the equity yield rate for the term of the holding period results in a deduction of 0.0122. Consequently, an appropriate overall capitalization rate for the subject property, based on the preceding assumptions, is as follows:

<u>MORTGAGE-EQUITY CAPITALIZATION</u>	
<u>CAPITAL STRUCTURE</u>	
MORTGAGE PORTION: $0.75 \times 0.0806^* =$	0.0605
EQUITY PORTION: $0.25 \times 0.10 =$	<u>0.0250</u>
WEIGHTED AVERAGE RATE:	0.0855
LESS: Credit for equity built-up during holding period; loan to value ratio (x) percent paid off during holding period (x) sinking fund factor @ equity yield rate.	
$0.75 \times 0.2484^{**} \times 0.0724^{***} =$	(-) <u>0.0135</u>
BASIC RATE:	0.0741
LESS: Adjustment for appreciation (percent appreciation during holding period x SFF @ equity yield rate).	
$0.20^{****} \times 0.0612^{***} =$	(-) <u>0.0145</u>
INDICATED OVERALL CAPITALIZATION RATE:	0.0596
 SAY:	 0.0600
<small>*</small>	Mortgage constant for a 7.0% interest rate which includes point charges with a 25-year amortization period is 0.0806.
<small>**</small>	Portion of mortgage paid off after 10-year holding period for a 25-year amortization period is 0.2484.
<small>***</small>	Sinking fund factor at equity yield rate for 10-year holding period compounded annually is 0.0724.
<small>****</small>	Anticipated property appreciation is estimated at 20% for the subject during a projected 10-year holding period.

The above mortgage equity capitalization method indicates a capitalization rate of 6.0%. In order to conclude an appropriate capitalization rate for the subject, we have also considered national publications which survey real estate investors. PriceWaterhouse Cooper conducted a survey which was published in the Investor Survey, 4th Quarter, 2022. According to this survey, national capitalization rates ranged from 3.25% to 8.0%, and averaged 4.89% for multi-family properties. CoStar quotes a 4.9% capitalization rate for the Midtown Austin multi-family submarket. Based on the subject’s good location and historically high occupancy rates, it is our opinion that the subject property would command a 5.0% capitalization rate, which yields the following value estimate via the Income Approach:

I	=	V

R		
I	=	Net Income
R	=	Rate
V	=	Value
I	=	\$75,035
R	=	0.0500
<u>\$75,035</u>	=	\$1,500,700
0.0500		
SAY:		\$1,500,000

Mr. Mark Rogers, Executive Director
Guadalupe Neighborhood Development Corporation
Page Eleven

VALUE CONCLUSION

Market Value: The market value of the leased fee interest in the subject property as of August 23, 2023, is estimated as follows:

\$1,500,000

ONE MILLION FIVE HUNDRED THOUSAND DOLLARS

Sincerely,

A handwritten signature in blue ink, appearing to read "Curt Friedland", written in a cursive style.

Curt Friedland, General Appraiser
Friedland+Briggs
TX-1320284-G

CONTINGENT AND LIMITING CONDITIONS

The certification of the appraisers appearing in this appraisal report is subject to the following and to such other specific conditions as are set forth by the appraisers in the report.

1. The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be marketable. The property is appraised as though under responsible ownership.

2. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property.

3. The appraisers are not required to give testimony or appear in court because of having made this appraisal with reference to the property in question unless arrangements have been made therefor.

4. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

5. The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, and structures which would render it more or less valuable. The appraisers assume no responsibility for such conditions or for engineering which might be required to discover the factors.

6. Information, estimates, and opinions furnished to the appraisers and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraisers can be assumed by the appraisers.

7. Disclosure of the contents of this appraisal is governed by the by-laws and regulations of the professional appraisal organizations with which the appraisers are affiliated.

8. Neither all nor any part of the contents of this report or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected) shall be used for any purposes by anyone but the client or his assigns without the previous written consent of the appraisers, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraisers.

9. On all appraisals involving proposed construction, the appraisal report and value conclusions are contingent upon completion of the proposed improvements in accordance with the plans and specifications. It is assumed that the subject improvements will require approximately twelve months to build and that market conditions will remain stable during this time period. Consequently, our value conclusion as of the effective date of August 13, 2020, is assumed to be valid over the next twelve months.

10. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, chemical or toxic waste, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property, or on or in adjoining properties which would cause a loss in value to the property being appraised. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property.

CERTIFICATE OF VALUE

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as we understand them.
- The use of the extraordinary assumptions may have affected the assignment results.
- We have not previously appraised the subject property nor have we performed any other services as an appraiser or in any other capacity with regard to the subject property within the past three years.
- The following appraisers have personally inspected the subject property: Susan Briggs. Susan Briggs, General Appraiser, provided significant professional assistance in preparing this report.

No changes of any item of the appraisal report shall be made by anyone other than the appraisers, and the appraiser shall have no responsibility for any such unauthorized changes.

The market value of the leased fee interest in the subject property, "as is," as of August 23, 2023, is as follows:

\$1,500,000

ONE MILLION FIVE HUNDRED THOUSAND DOLLARS

Sincerely,



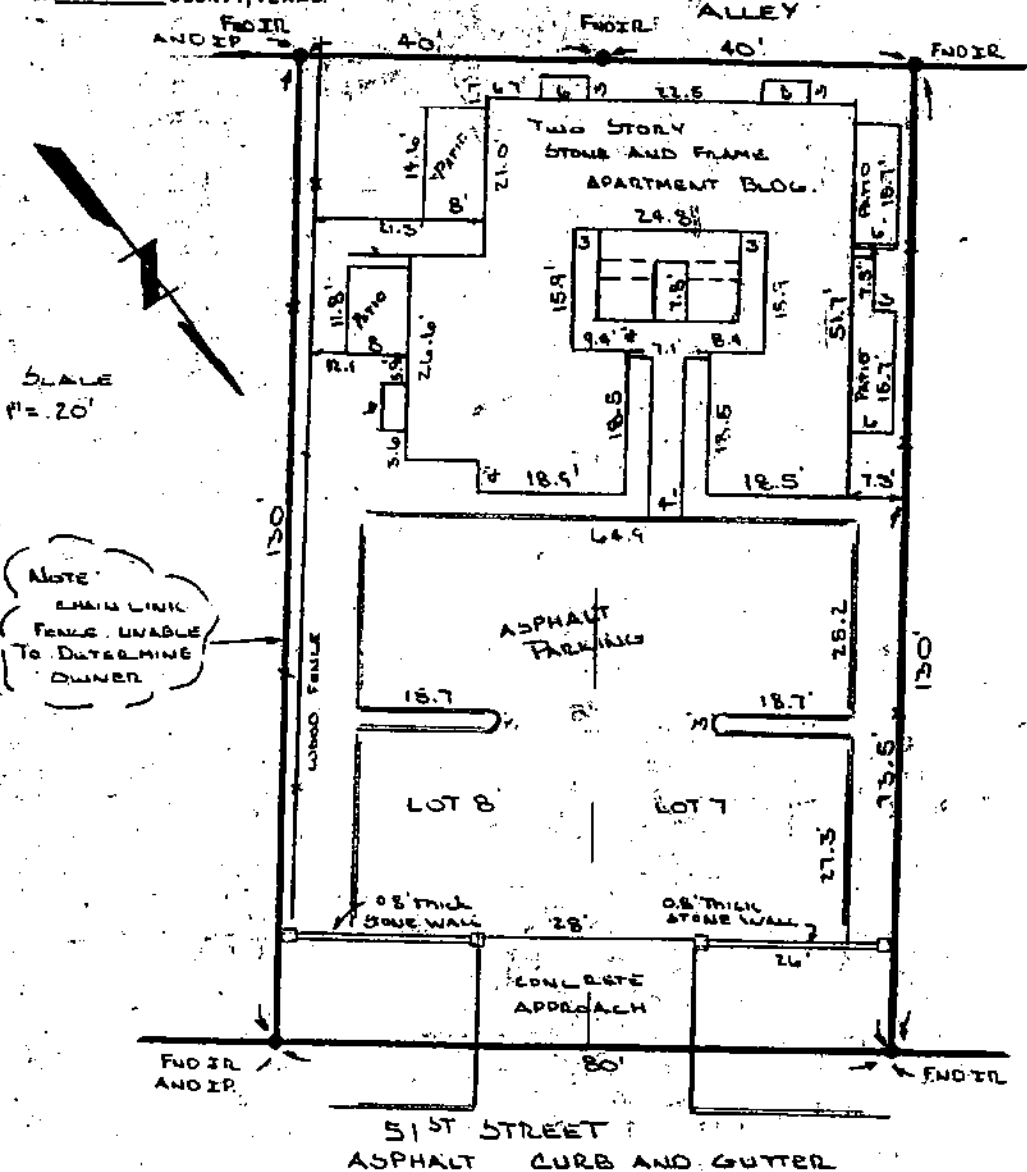
Curt Friedland, General Appraiser
Friedland+Briggs
TX-1320284-G

ADDENDA



Plat Map

TO ALL PARTIES INTERESTED IN THE PREMISES SURVEYED: Owner: Saldana and Ramirez Builders, Inc.
 THIS IS TO CERTIFY THAT I HAVE, THIS DATE, MADE A CAREFUL AND ACCURATE SURVEY ON THE GROUND OF THE PROPERTY LOCATED AT 905 E 51st Street IN THE CITY/COUNTY OF Austin TEXAS BEING DESCRIBED AS FOLLOWS:
 LOT NO. 7&8 BLOCK NO. 0, AN ADDITION TO THE CITY/COUNTY OF Austin, TEXAS ACCORDING TO THE Ridgetop Addition PLAT THEREOF RECORDED IN VOLUME 2, PAGE 200, OF THE Plat RECORDS OF Travis COUNTY, TEXAS.



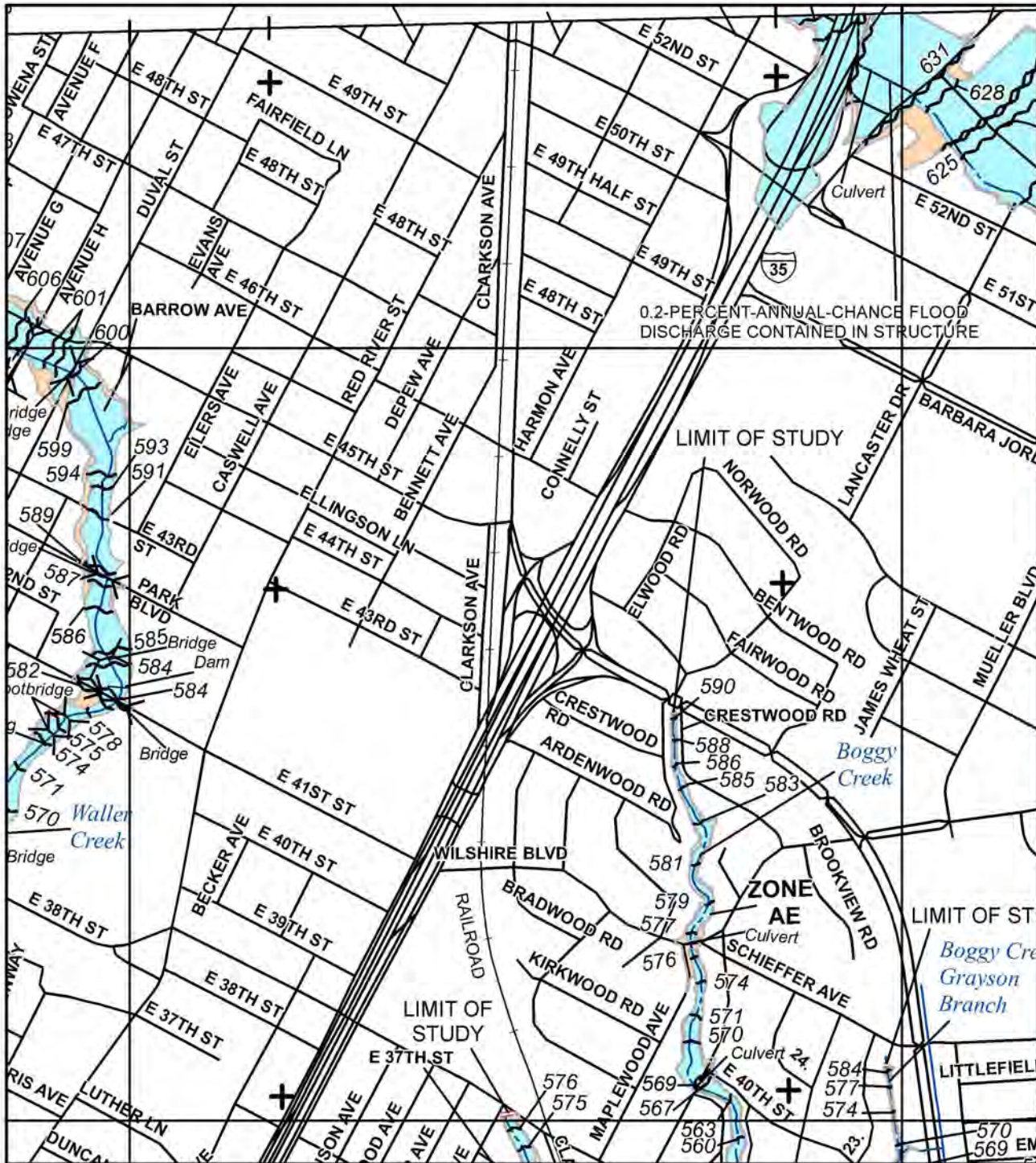
THE PROPERTY DESCRIBED HEREON is not LOCATED IN A DESIGNATED FLOOD HAZARD AREA, ACCORDING TO MAP PANEL 45B OF THE September 2, 1981 FLOOD INSURANCE RATE MAP FOR Austin, Texas.

I, MARK W. WHITELEY, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THIS SURVEY WAS THIS DAY MADE ON THE SURFACE OF THE GROUND OF THE PROPERTY LEGALLY DESCRIBED HEREON AND IS CORRECT. THERE ARE NO VISIBLE DISCREPANCIES, CONFLICTS, BOUNDARY LINE CONFLICTS, ENCROACHMENTS, OVERLAPPING OF IMPROVEMENTS, UTILITY EASEMENTS OR ROADWAY EASEMENTS AND THAT SAID PROPERTY HAS ACCESS TO AND FROM A DEDICATED ROADWAY EXCEPT AS SHOWN HEREON.
 DATE SURVEYED: February 28, 1985

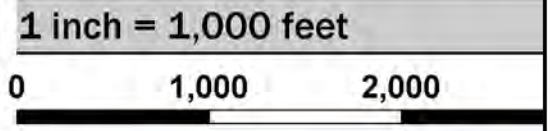
MARK W. WHITELEY - REGISTERED PUBLIC SURVEYOR NO. 3656

MARK W. WHITELEY AND ASSOCIATES INCORPORATED
 CONSULTING ENGINEERS, SURVEYORS, AND PLANNERS
 P.O. BOX 8492
 BEAUMONT, TEXAS 77706





Map Projection:
 State Plane Lambert Conformal Conic, Texas Central
 Western Hemisphere; Vertical Datum: NAVD 88



FEMA
 National Flood Insurance Program

NATIONAL FLOOD INSURANCE PROGRAM
 FLOOD INSURANCE RATE MAP

TRAVIS COUNTY, TEXAS
 and Incorporated Areas

PANEL 465 OF 730

Panel Contains:
 COMMUNITY NUMBER PANEL SUFFIX
 AUSTIN, CITY OF 480624 0465 K

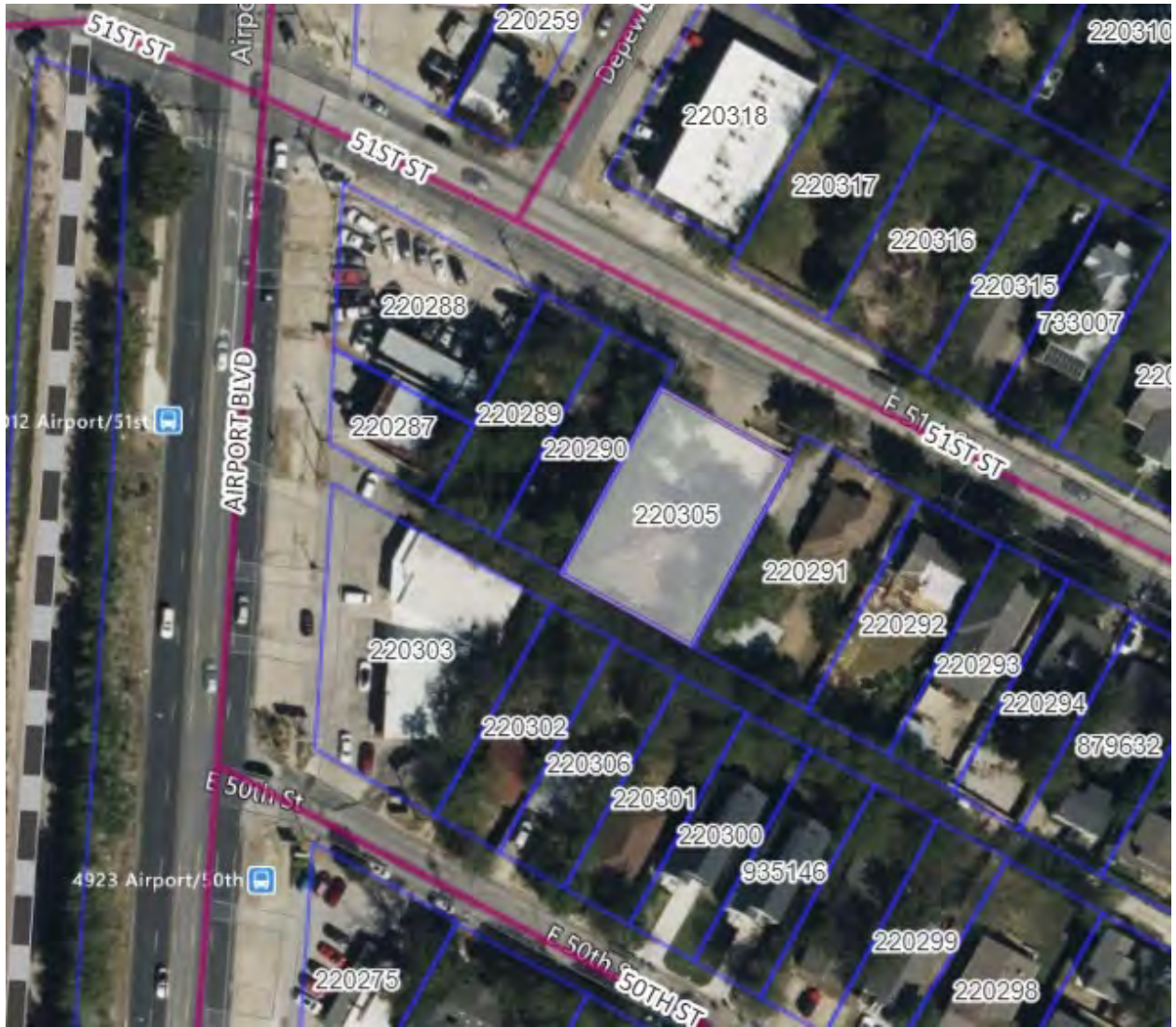


VERSION NUMBER
 2.3.3.3

MAP NUMBER
 48453C0465K

MAP REVISED
 JANUARY 22, 2020

This is an official FIRMette showing a portion of the above-referenced flood map created from the MSC FIRMette Web tool. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For additional information about how to make sure the map is current, please see the Flood Hazard Mapping Updates Overview Fact Sheet available on the FEMA Flood Map Service Center home page at <https://msc.fema.gov>.



Aerial Map

General Information

Location: **905 E 51ST ST**
Parcel ID: **0222111920**
Grid: **MK26**

Planning & Zoning

*Right click [hyperlinks](#) to open in a new window.

Future Land Use (FLUM): **Mixed Use, Mixed Use/Office**

Regulating Plan: **No Regulating Plan**

Zoning: **LO-MU-V-NP**

Zoning Cases: [C14-02-0009](#)
[C14-2008-0002](#)
[NPA-2008-0011.01](#)

Zoning Ordinances: **020523-31**
[19990225-070b](#)
[20080320-046](#)
[20080320-047](#)

Zoning Overlays: **ADU Approximate Area Reduced Parking
Residential Design Standards: LDC/25-2-Subchapter F
Selected Sign Ordinances**

Neighborhood Plan: [NORTH LOOP](#)

Infill Options: **Secondary Apartment Infill Option, Small Lot Amnesty Infill
Option, Corner Store Infill Option, Parking Placement/Imp Cover
Design Option, Front Porch Design Option, Garage Placement
Design Option**

Neighborhood Restricted Parking Areas: --

Mobile Food Vendors: --

Historic Landmark: --

Urban Roadways: **Yes**

Zoning Guide

The [Guide to Zoning](#) provides a quick explanation of the above Zoning codes, however, the [Land Development Information Services](#) provides general zoning assistance and can advise you on the type of development allowed on a property. Visit [Zoning](#) for the description of each Base Zoning District. For official verification of the zoning of a property, please order a [Zoning Verification Letter](#). General information on the [Neighborhood Planning Areas](#) is available from Neighborhood Planning.

Environmental

Fully Developed Floodplain: **No**
FEMA Floodplain: **No**
Austin Watershed Regulation Areas: **URBAN**
Watershed Boundaries: **Boggy Creek**
Creek Buffers: **No**
Edwards Aquifer Recharge Zone: **No**
Edwards Aquifer Recharge Verification Zone: **No**
Erosion Hazard Zone Review Buffer: **No**

Political Boundaries

Jurisdiction: **AUSTIN FULL PURPOSE**
Council District: **9**
County: **TRAVIS**
School District: **Austin ISD**
Community Registry: **Airport Blvd. IBIZ District, Austin Independent School District, Austin
Lost and Found Pets, Austin Neighborhoods Council, Central Austin
Community Development Corporation, Friends of Austin
Neighborhoods, Homeless Neighborhood Association,
Neighborhood Empowerment Foundation, North Austin
Neighborhood Alliance, North Loop Neighborhood Plan Contact
Team, Preservation Austin, Red Line Parkway Initiative, Ridgetop
Neighborhood Association, SELTexas, Sierra Club, Austin Regional
Group**



Zoning Map



Imagery Map

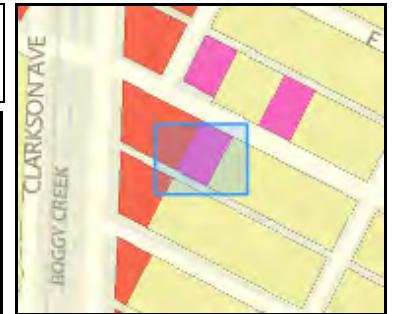
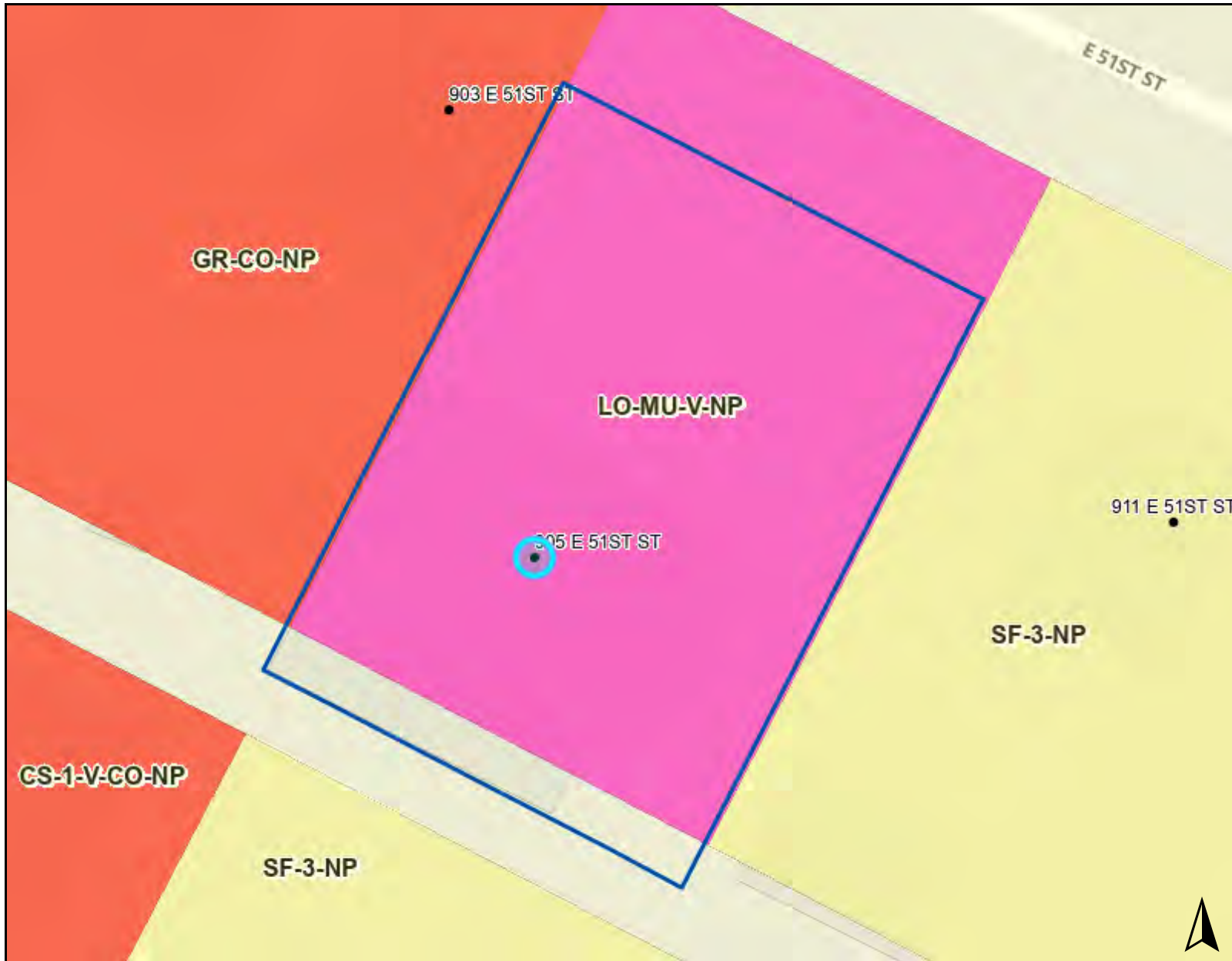


Vicinity Map



Property Profile

Zoning Map



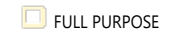
Legend

Property

Addresses



Jurisdictions (No Fill)



Jurisdictions Fill

Jurisdiction

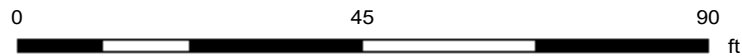


Zoning 1

Zoning



Zoning Text



8/30/2023

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Notes

Rent Roll as of 7/31/23

Unit	BD/BA	Status	Sq Ft	Market Rent	Current Rent	Deposit	Lease End
	101 2/1	Current	716	\$ 1,500.00	\$ 1,450.00	\$ 1,150.00	May 31 2024
	102 1/1	Current	456	\$ 1,200.00	\$ 1,075.00	\$ 925.00	May 31 2024
	103 0/1	Current	390	\$ 950.00	\$ 950.00	\$ 950.00	May 31 2024
	104 1/1	Current	456	\$ 1,200.00	\$ 1,099.00	\$ 1,099.00	July 31 2024
	201 2/1	Current	716	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	July 31 2024
	202 1/1	Current	456	\$ 1,200.00	\$ 1,025.00	\$ 925.00	Jan 11 2024
	203 0/1	Current	390	\$ 950.00	\$ 950.00	\$ 950.00	Nov 30 2023
	204 1/1	Current	456	\$ 1,200.00	\$ 1,075.00	\$ 925.00	May 31 2024
Total				\$ 9,700.00	\$ 9,124.00	\$ 8,424.00	

Income Reimbursements

	2022	2023
Water	\$ 2,037.00	\$ 1,532.01
Trash	\$ 2,588.00	\$ 1,706.72
Total	\$ 4,625.00	\$ 3,238.73

Expenses

	2022	2023
Landscaping Mainte	\$ 590.00	\$ 876.13
Repairs	\$ 1,850.70	\$ 1,096.33
Trash Fees	\$ 3,337.00	\$ 1,568.87
Utilities	\$ 3,392.00	\$ 1,791.78
Insurance	\$ 2,387.17	\$ 4,694.09
Professional Fees	\$ 645.00	\$ 30.30
Property Taxes	\$ 15,403.61	
Total	\$ 27,605.48	\$ 12,080.50



Typical view



Side view



Rear view



Laundry with storage closet



Typical patio



Typical kitchen



Typical living area



Typical bedroom/office



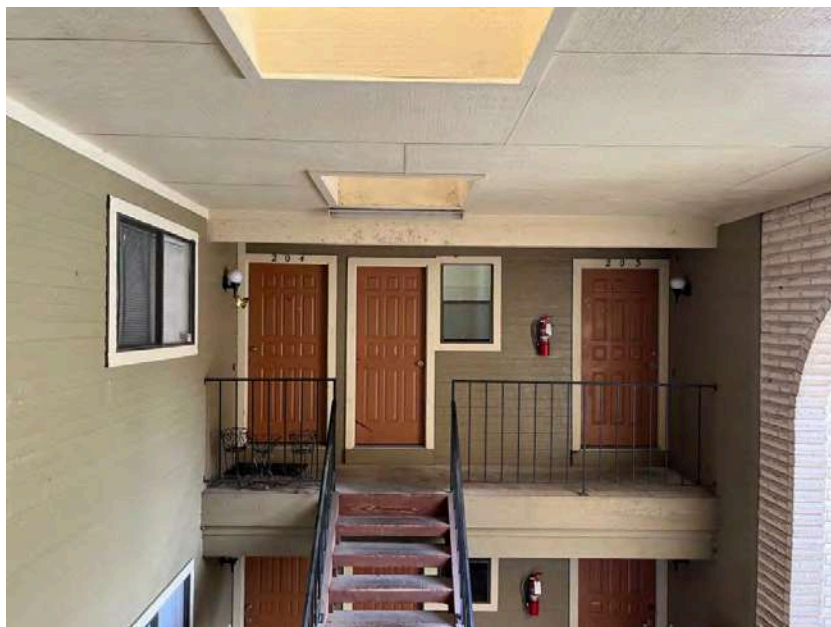
Typical bedroom



Typical bathroom



Entrance



Foyer



Subject property's frontage along East 51st Street

CURT FRIEDLAND – GENERAL REAL ESTATE APPRAISER

Curt Friedland is a real estate appraiser with offices located at 3625 Manchaca Road, Suite 103, Austin, Texas, 78704. Mr. Friedland has been appraising real estate for the past thirty years. The scope of his work as an appraiser includes the appraisal of commercial, industrial, special purpose, vacant land, and residential properties. He is a licensed real estate broker in the state of Texas and holds a BA in Economics from the University of Texas at Austin. Mr. Friedland is a State Certified General Real Estate Appraiser, license number TX-1320284-G.

He attends both seminars and clinics on specific areas of appraisal practice. The following is a list of credits Mr. Friedland has completed through the Appraisal Institute.

March, 1985	Real Estate Appraisal Principles, Exam 1A-1
October, 1985	Basic Valuation Procedures, Exam 1A-2
October 1988	Capitalization Theory and Technique Part A, Exam 1B-A
January, 1989	Capitalization Theory and Technique Part B, Exam 1B-B
March, 1989	Standards of Professional Practice
March, 1990	Case Studies in Real Estate Valuation, Exam 2-1
June, 1990	Valuation Analysis and Report Writing, Exam 2-2
March, 1997	Uniform Standards of Professional Appraisal Practice (USPAP)



Certified General Real Estate Appraiser

Appraiser: **Curtis Alan Friedland**

License #: **TX 1320284 G**

License Expires: **03/31/2025**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Commissioner

SUSAN BRIGGS – GENERAL REAL ESTATE APPRAISER

Susan Briggs is a real estate appraiser with offices located at 3625 Manchaca Road, Suite 103, Austin, Texas, 78704. Ms. Briggs has been involved in appraising real estate for the past thirty-five years. She is a licensed real estate salesperson and a State Certified General Real Estate Appraiser, license number TX-1333634-G. The scope of her work includes the appraisal of commercial, industrial, special purpose, vacant land and residential properties. She has completed over 75 hours of USPAP instruction, in excess of 350 hours in general appraisal instruction and holds a BA in Economics from the University of Texas at Austin.



Certified General Real Estate Appraiser

Appraiser: **SUSAN MARGIT BRIGGS**

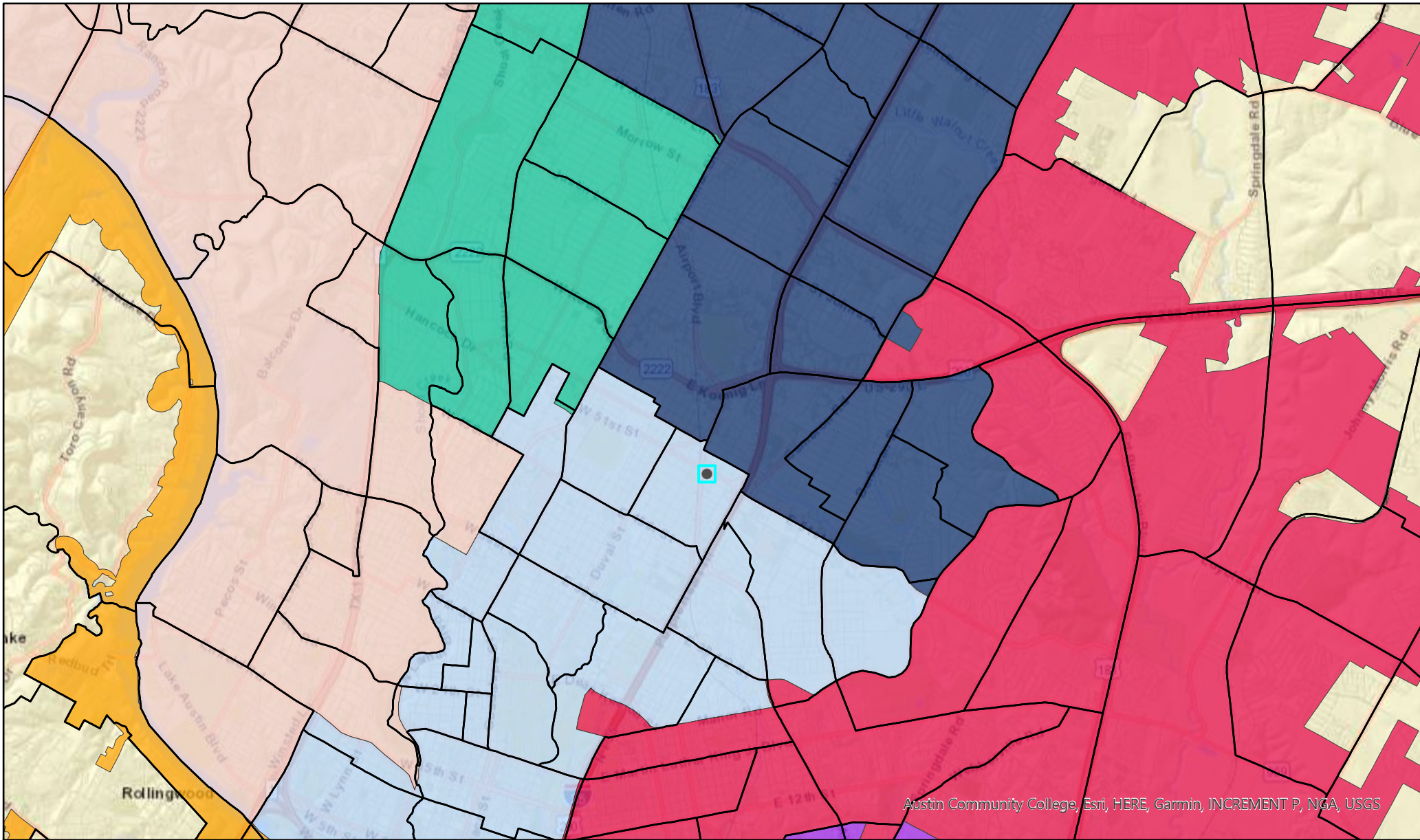
License #: **TX 1333634 G**

License Expires: **04/30/2024**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Commissioner

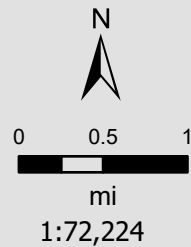


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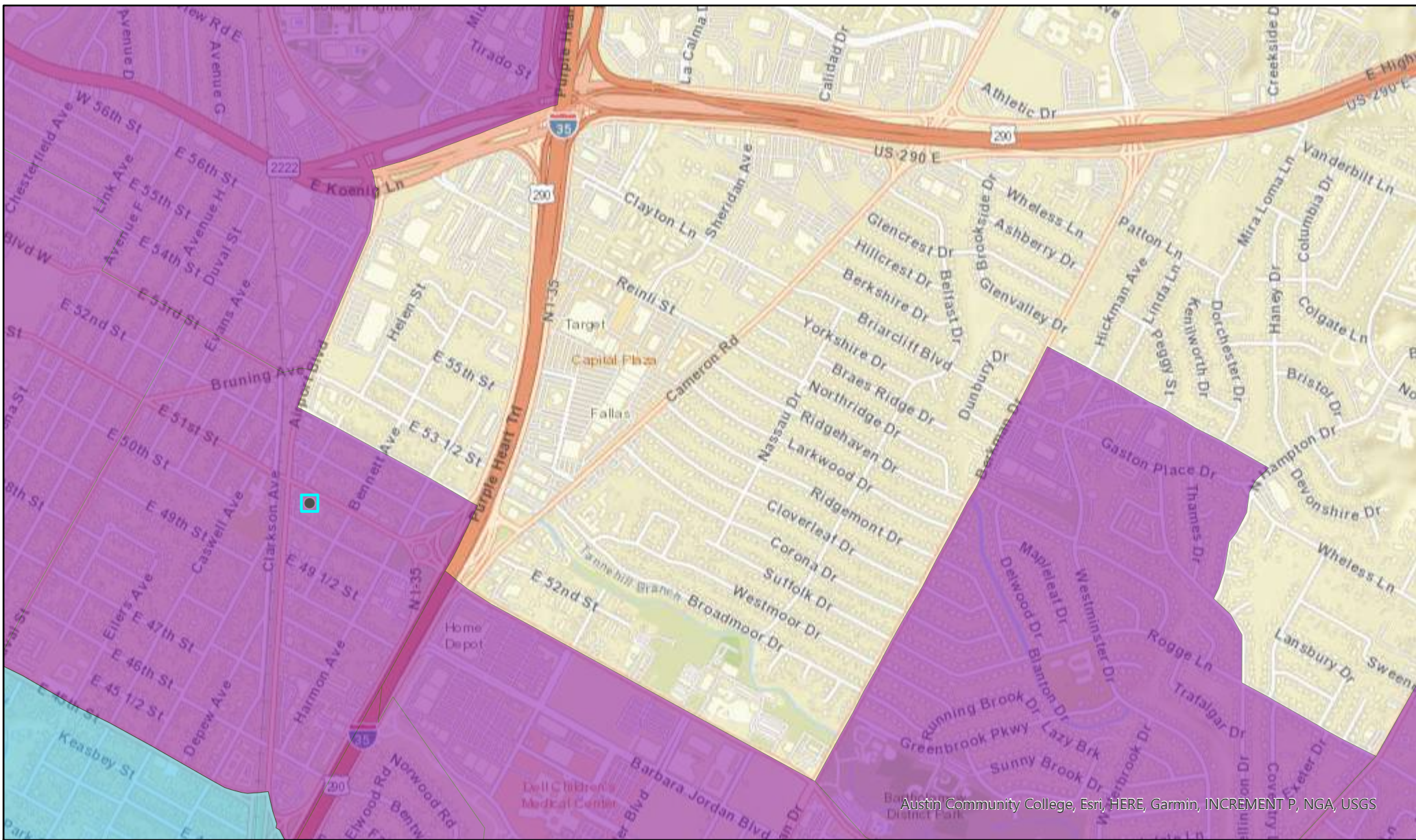


905 E. 51st Street Council Districts and Census Tracts

31 October 2023



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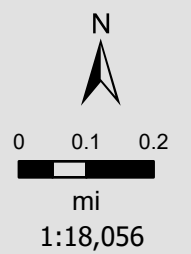


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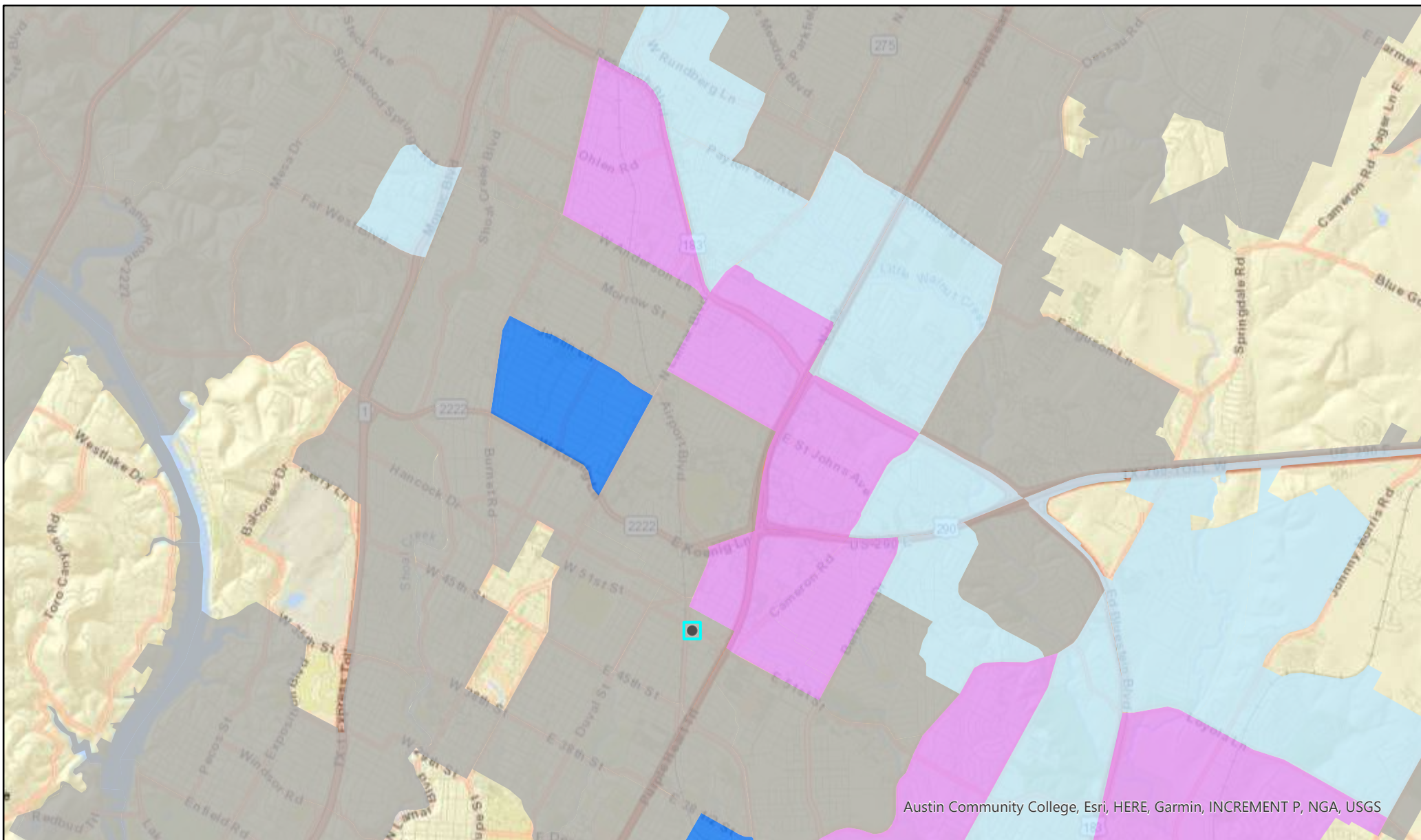


905 E. 51st Street Opportunity Values

31 October 2023



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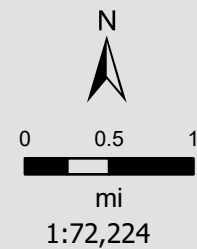


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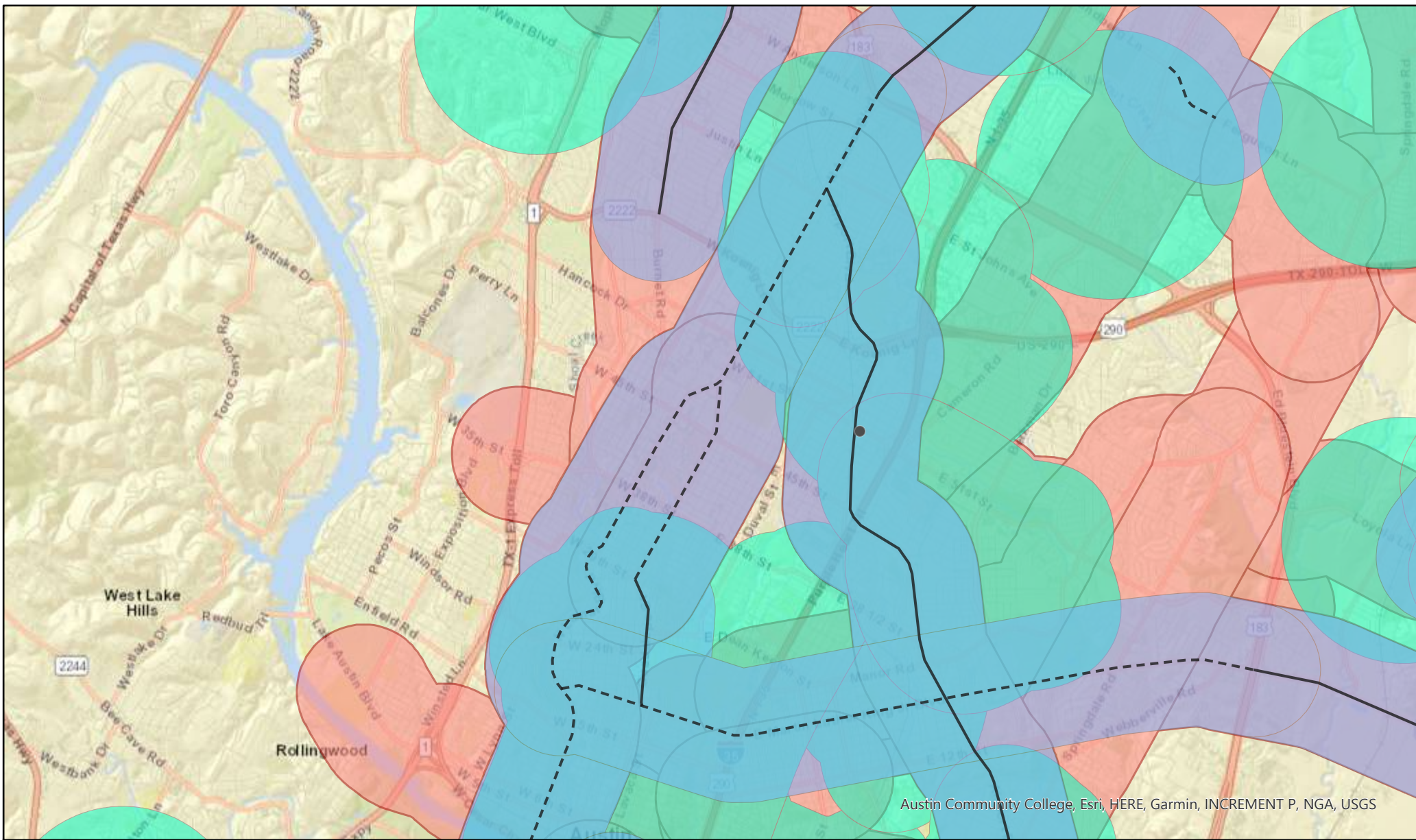


GNDC 905 E. 51st Street Gentrification Values

31 October 2023

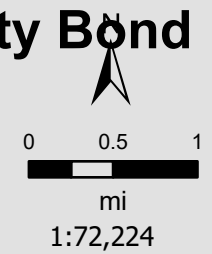


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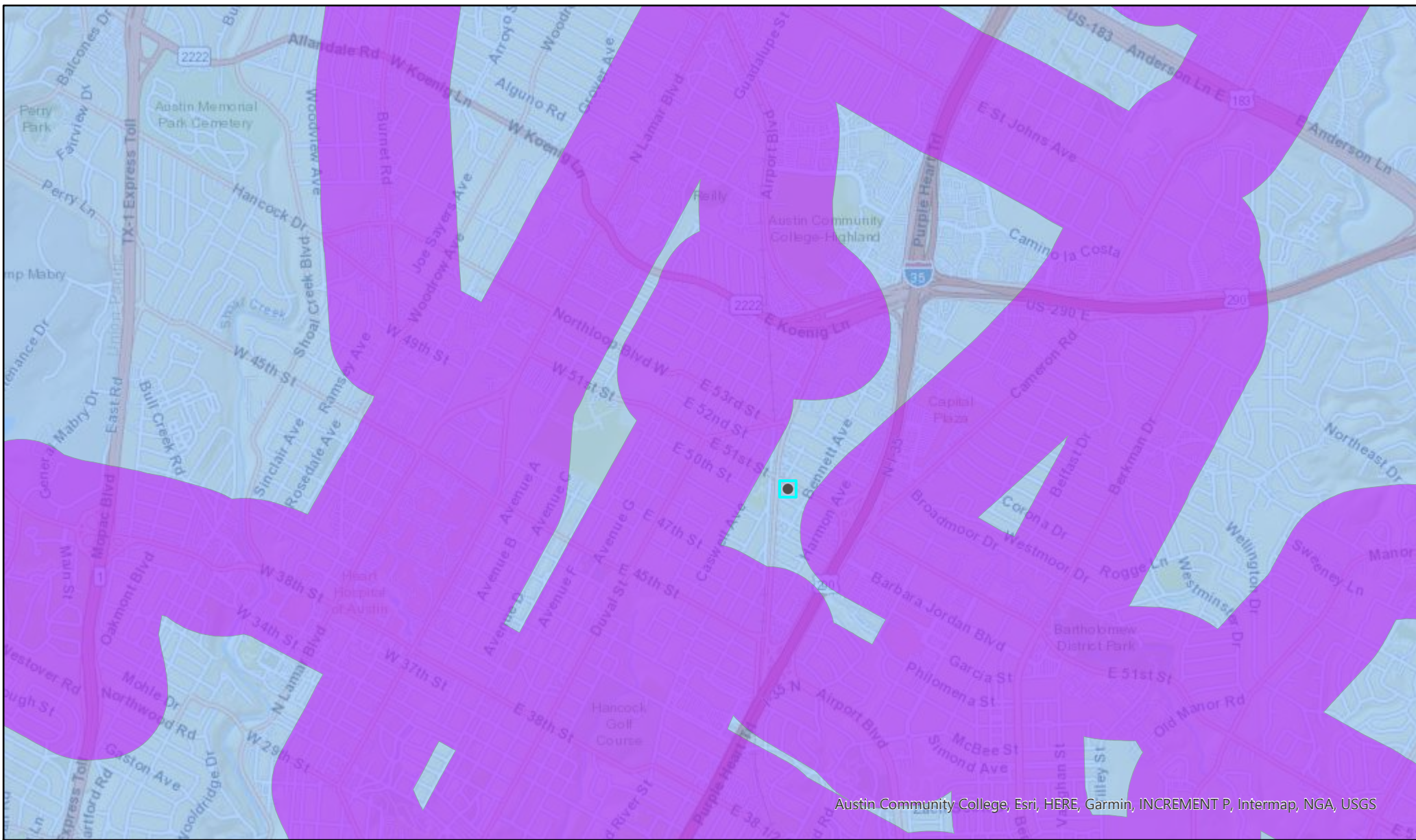


905 E. 51st Street Imagine Austin Centers, Corridors, and Mobility Bond

31 October 2023



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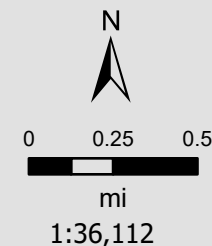


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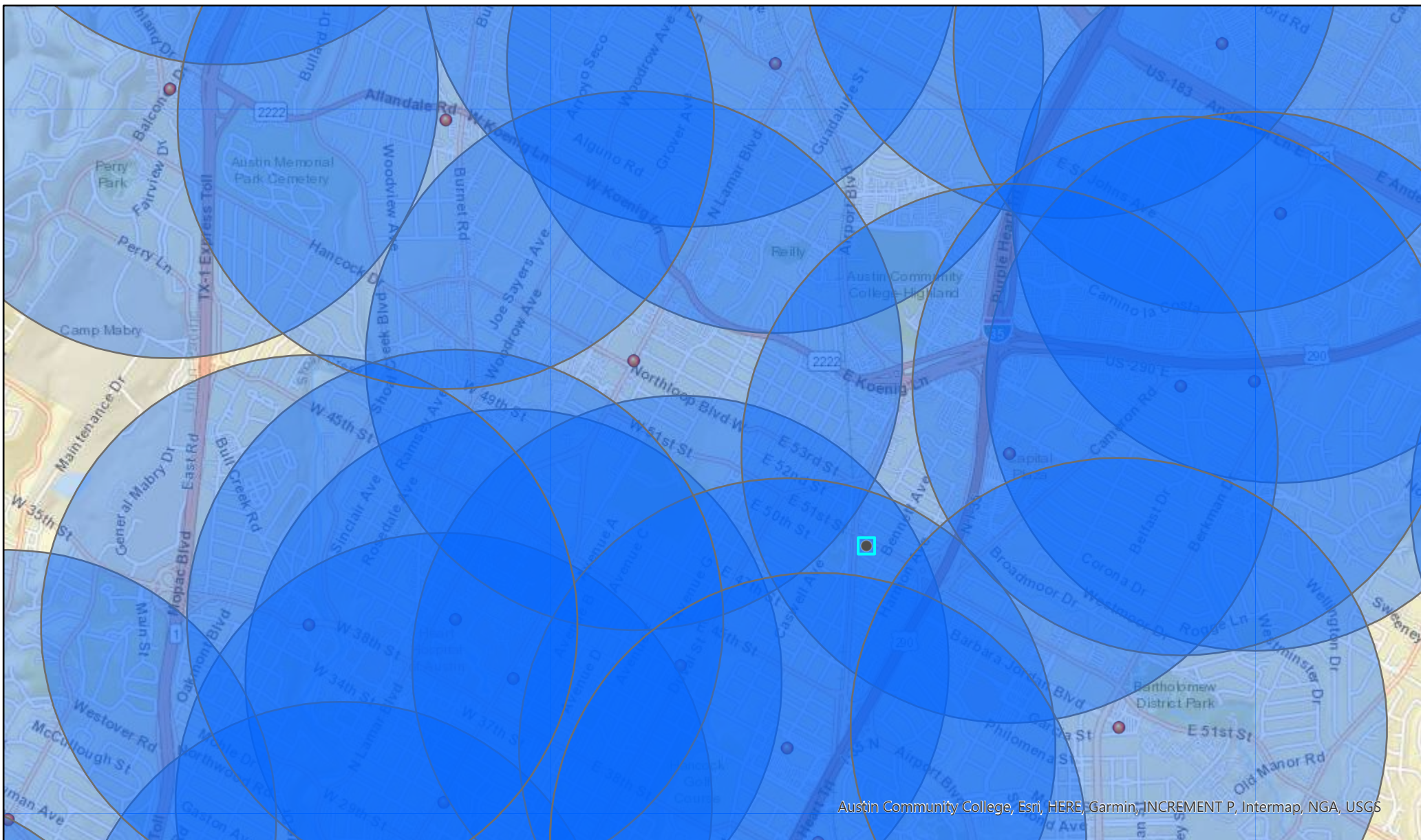


GNDC 905 E. 51st Street Transit

31 October 2023



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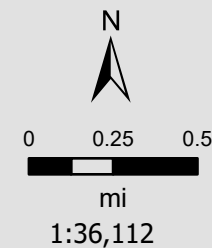


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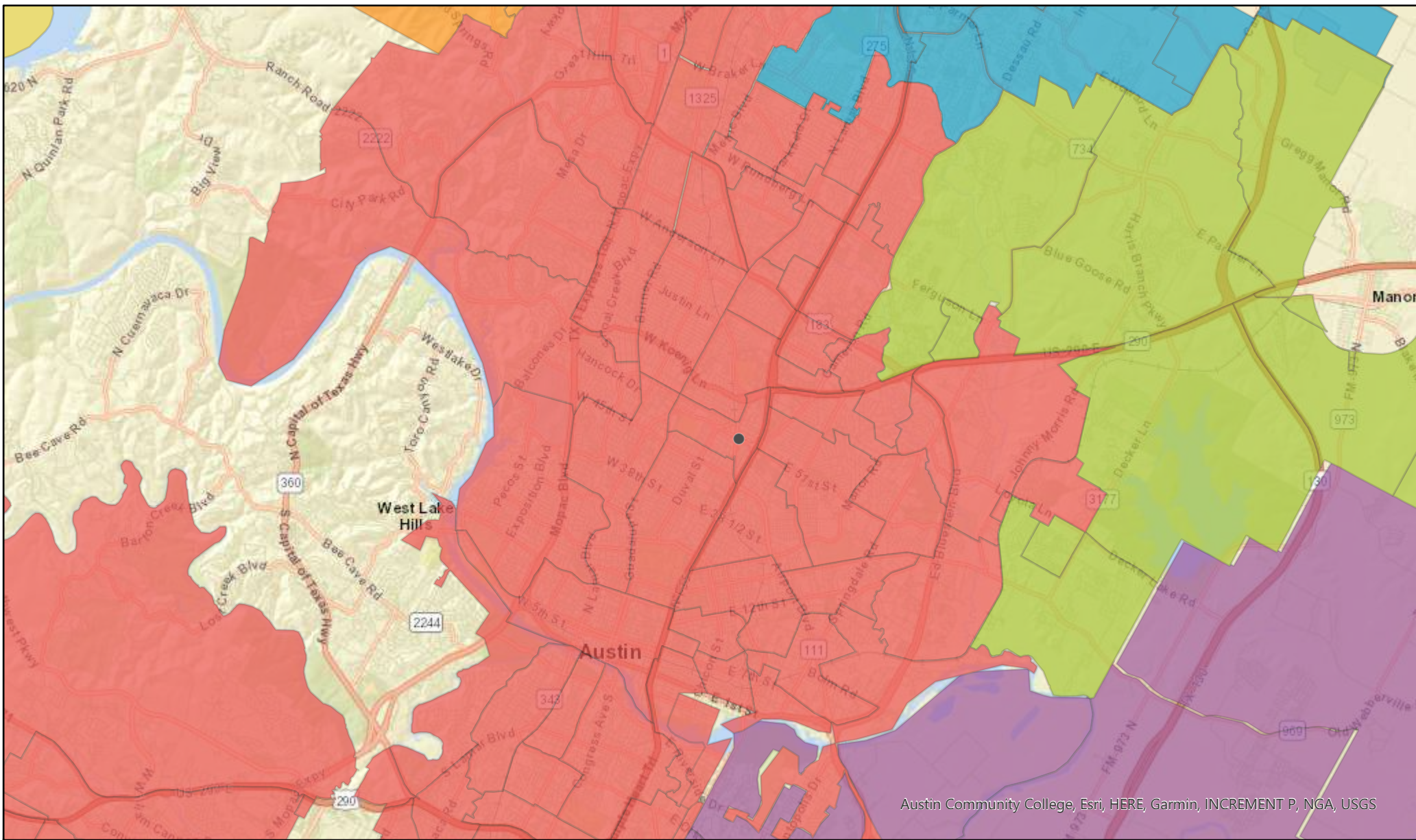


GNDC 905 E. 51st Street Healthy Food

31 October 2023



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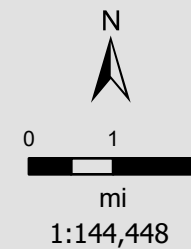


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GNDC 905 E. 51st Street Elementary Schools

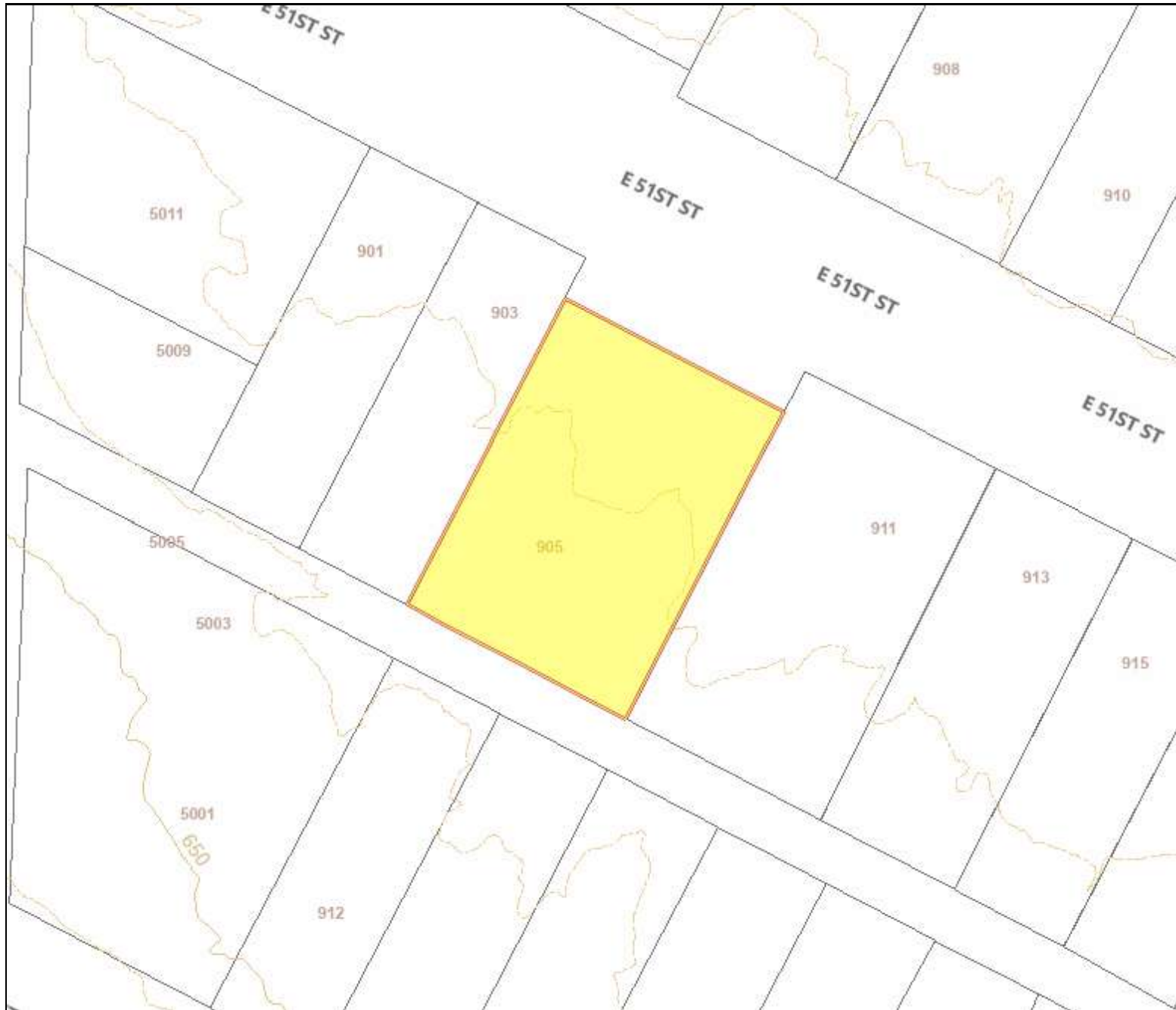
31 October 2023



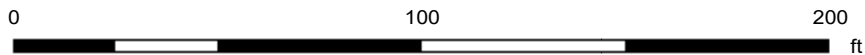
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City of Austin Regulatory Floodplains

Legend



The City of Austin Watershed Protection Department produced this product for informational purposes. It is not intended for or suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative locations of property boundaries. No warranty is made by the City of Austin regarding specific accuracy or completeness. Final determination of the floodplain status for a property must be based on a topographic survey by a Texas registered professional. For regulatory purposes, 100-Year floodplain elevations must be determined from an engineering model created in accordance with the Drainage Criteria Manual and approved by the City of Austin.



Thursday, November 2, 2023



Zoning Verification Letter

A request for a Zoning Verification Letter has been submitted to the City.

MEMORANDUM OF UNDERSTANDING

(800 Gardner – “Johnny Limon Village” Single Family Development)

This Memorandum of Understanding (this “**Agreement**”) dated and effective as of March 21, 2023, is by and between Austin Housing Finance Corporation, a Texas public nonprofit corporation created under Chapter 394 of the Texas Local Government Code (“**AHFC**”), and Guadalupe Neighborhood Development Corporation, a Texas nonprofit corporation (“**GNDC**”). For purposes of this Agreement, AHFC and GNDC are each a “Party” and are collectively the “Parties.”

WHEREAS, GNDC will develop, finance, construct, manage, lease, and sell a single family residential ownership development (the “**Development**”), described below, on 1.673 acres of land donated by AHFC to GNDC:

“Johnny Limon Village” Single Family Development, a development of 30 single family homes located approximately at 800 Gardner Road, Austin, Texas (Travis County), to be constructed and sold in 4 phases (each a “**Phase**” and collectively the “**Phases**”).

NOW THEREFORE, for good and valuable consideration, the Parties hereby agree as follows:

1. **Summary of Single Family Development.** AHFC owns 1.673 acres of land (the “**Land**”) in fee simple at approximately 800 Gardner Road. Upon satisfaction of the conditions set forth below in **Section 2**, AHFC will convey the Land to the GNDC CLT (as defined below), without consideration, for the development and construction of the Development. The Land is described in Exhibit A hereto.

At no costs to AHFC, AHFC will contribute the Land to one or more GNDC community land trusts (collectively the “**CLT**”). GNDC will then construct 30 single family homes within the Land utilizing a condominium regime. The homes will be sold to eligible buyers and the related land will be leased by the GNDC CLT to the homebuyers for a term of 99 years. The homes will consist of the following unit and income mix:

Number of Bedrooms	< 60% AMI	60% - 80% AMI	Total
1 Bedroom	2	0	2
2 Bedrooms	2	4	6
3 Bedrooms	4	11	15
4 Bedrooms	1	6	7
Total	9	21	30

2. **Condition to Conveyance of Land.** Prior to AHFC’s conveyance of the Land to GNDC, (1) the Senior Construction Loan (as defined below) and the OHDA Loan, if awarded, must be closed (or firmly committed to the satisfaction of AHFC), (2) all other financing sources necessary to construct all 4 Phases of the Development must be closed (or firmly committed to the satisfaction of AHFC), and (3) all City of Austin, State of Texas, and all other required governmental approvals must have been granted in order to begin construction of Phase I of the Development. AHFC may impose additional, reasonable conditions to the donation of the Land to GNDC.

3. **GNDC to Obtain Necessary Approvals.** GNDC (and the GNDC CLT, as applicable) will obtain all governmental and other approvals, consents, and permits required under all applicable laws and by the lender of the Senior Construction Loan and, if applicable, AHFC as lender of the OHDA Loan, necessary to subdivide the Land, and develop, finance, construct, lease, and sell the homes comprising the Development.

4. **Financing of Development.** GNDC will be responsible for obtaining all financing necessary to develop and construct the Development. It is expected that GNDC will provide such financing by securing one or more construction loans (“**Senior Construction Loan**”) and applying for an Ownership Housing Development Assistance Loan (“**OHDA Loan**”) from AHFC¹. GNDC will be responsible for raising any additional funds necessary to finance the construction of the Development. Senior Construction Loans, and the OHDA Loan, if awarded, will finance all 4 Phases of the Development. The OHDA Loan, if awarded, will be subordinate to all Senior Construction Loans. The estimated sources and uses of funds are set forth in **Exhibit B** hereto. GNDC will notify AHFC of any material changes to the sources and uses of funds. The final sources and uses are subject to AHFC’s approval. An OHDA loan, if awarded, will be utilized as “gap” financing and will be reduced if additional funds are identified, if costs decrease, or both. GNDC will obtain one or more commitments for Senior Construction Loans. AHFC will have the right to review and comment on Senior Construction Loan commitments prior to the finalization thereof.

5. **Construction of Development.** Upon closing of a Senior Construction Loan and the OHDA Loan, if awarded, and other necessary financing sources, and receipt of all governmental and other approvals necessary to commence construction of Phase 1, GNDC will proceed promptly to construct the Phase 1 of single family homes. The Development will be constructed in 4 Phases as follows:

Phase I:	8 homes; to be completed by	December 31, 2024
Phase II:	8 homes; to be completed by	March 30, 2025
Phase III:	7 homes; to be completed by	February 28, 2026
Phase IV:	7 homes; to be completed by	May 30, 2026

As each Phase is completed, the related homes will be sold to eligible buyers. The timetable for the development and construction of the Development is set forth in **Exhibit C** hereto.

¹ The OHDA Loan is subject to approval by the AHFC Board of Directors.

6. **Leasing of GNDC Land and Sale of Homes to Homebuyers.** The GNDC CLT will lease the land for each condominium home for 99 years to eligible homebuyers for between \$25 and \$100 per month (\$300 to \$1,200 per year). The homes will be sold only to eligible borrowers in accordance with the affordability restrictions set forth in the OHDA loan documents, if awarded, and any other applicable restrictions. The Lease documents will include restrictive covenants which limit the resale price of the home. The restriction limits the allowable appreciation that is part of the sales price of a home to between 1.5% and 2% of the initial sales price for a maximum period of 30 years. GNDC will have a right of first refusal (“**ROFR**”) to purchase the home upon its resale and expects to be the buyer when a home is sold. Following its purchase, GNDC will sell the home to another income-eligible homebuyer. If GNDC does not exercise the ROFR, AHFC (or the City of Austin) may exercise the ROFR.

7. **Tax Exemption of GNDC Land.** GNDC will apply for a CLT designation from the Austin City Council with respect to the Development. The City Council will have the opportunity to designate both GNDC and the property comprising the Development as a CLT. If designated as a CLT, this will permit Travis Central Appraisal District (TCAD) to determine that GNDC has met the applicable exemption requirements under Section 373B of Texas Local Government Code. It is expected that TCAD will grant a 100% exemption from all ad valorem taxes on the Land while it is being developed and will assess taxes based on the annual Lease income. This designation is expected to occur during the development process and prior to the sale of a home in a particular Phase.

8. **Buyer Application and Eligibility.** For the homeownership units, GNDC will accept applications from anyone who is interested in purchasing an affordable home. Buyers must be eligible based on the income limit restrictions in effect at the time a sales contract is executed; the applicable income limit will be 80% of median income as adjusted for family size. Eligibility also depends on the buyer meeting the application requirements for securing a conventional mortgage loan. Eligibility will depend in part on meeting a minimum FICO credit score, currently 620, and specific debt to income ratios that are required, and determined by, the mortgage lender. The goal is for buyers to be able to get a mortgage that does not exceed 35% of their gross income. GNDC will also prioritize applicants who have ties to the neighborhoods where it develops housing and neighborhoods currently experiencing discernable displacement of residents with low-to-moderate income.

9. **Developer Fee.** The Developer will be compensated by a Developer Fee mutually agreed to by AHFC and GNDC, which will be consistent with the OHDA Loan rules. The Developer Fee will be based on net proceeds after all soft costs, predevelopment costs, including GNDC overhead, and construction costs are calculated.

10. **Excess Development Proceeds.** All proceeds from the sale of the homes in excess of construction costs, soft costs, predevelopment costs, GNDC overhead, and the Developer Fee must be used to pay down the OHDA loan, if awarded.

11. **Closing Costs.** GNDC will pay all closing costs at closing on the Senior Construction Loans and OHDA Loan. AHFC is not responsible for providing any funds to pay

closing costs. GNDC will pay, or reimburse AHFC for, AHFC's outside counsel fees and expenses at closing, if any.

12. **No Obligation of AHFC to Provide Debt or Equity Funds or Guarantees.** Except for the OHDA loan, if awarded, AHFC has no obligation to provide any debt or equity funds with respect to the Development or provide any guaranty with respect to the Development.

13. **Construction of Development.** Eastside Construction Company, LLC is expected to serve as general contractor for the construction of the Development. However, GNDC may retain another qualified general contractor with AHFC's written consent.

Civiltude is serving as civil engineer for the Development, and Spring Architects is serving as the architect for the Development. However, GNDC may retain another qualified civil engineer or qualified architect with AHFC's written consent.

14. **Termination.** This Agreement will terminate in the following circumstances:

- (a) if the Parties mutually agree to terminate this Agreement; or
- (b) if GNDC breaches its obligations under this Agreement and fails to cure such breach within 30 days of the occurrence of such breach, or such longer period permitted by AHFC, and AHFC determines to terminate this Agreement; or
- (c) if AHFC breaches its obligations under this Agreement and fails to cure such breach within 30 days of the occurrence of such breach (or such longer period permitted by AHFC), and GNDC determines terminate this Agreement.
- (d) at AHFC's sole discretion, if GNDC does not close on the Senior Construction Loan and does not satisfy the other requirements of **Section 2**, above, on or before **June 28, 2024** without good cause.

In addition to the foregoing, if GNDC fails, without good cause, to complete construction of a Phase within 2 years of the completion date set forth in **Section 5** above, and AHFC in its sole discretion determines to not extend such date, AHFC may terminate this Agreement and, if directed by AHFC, GNDC will promptly subdivide and convey, at its sole expense, to AHFC, without any consideration, any portion of the Land for which construction of the related Phase has not begun.

15. **Restrictions Running with the Land.** AHFC will attach affordable housing restrictions as part of the conveyance of the Land to GNDC or the GNDC CLT.

16. **Miscellaneous.**

- (a) This Agreement may only be amended with the written consent of AHFC and GNDC.

(b) Each Party hereto is prohibited from assigning any of its interests, benefits or responsibilities hereunder to any affiliate or any third party, without the prior written consent of the other Party.

(c) The Parties agree to execute such documents and do such things as may be necessary or appropriate to facilitate the consummation of this Agreement.

(d) This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all Parties hereto, notwithstanding that all the Parties shall not have signed the same counterpart.

(e) THIS AGREEMENT IS GOVERNED AND MUST CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES.

(f) In case any one or more of the provisions contained in this Agreement for any reason are held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

(g) The Parties hereto submit exclusively to the jurisdiction of the state courts of Austin, Travis County, Texas, and venue for any cause of action arising hereunder lies exclusively in the state courts of Austin, Travis County, Texas.

(h) The subject headings contained in this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation hereof.

{Remainder of Page Intentionally Left Blank}

This Memorandum of Understanding is executed and effective as of the date above shown.

AUSTIN HOUSING FINANCE CORPORATION

By: 

Rosie Truelove
Treasurer

{signature follows}

GUADALUPE NEIGHBORHOOD
DEVELOPMENT CORPORATION,
a Texas nonprofit corporation

By: Mark C. Rogers
Mark C. Rogers
Executive Director

EXHIBIT A
LAND DESCRIPTION

(1.673 Acres)

Lot 2, Block A, 1.673 acres, a Subdivision of 8.477 acres of the Jesse C. Tannehill Survey No. 29, City of Austin, Travis County, Texas.

EXHIBIT B

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES		USES	
Senior Construction Loan	\$6,500,000	Land	\$1,032,651
OHDA Loan*	5,434,560	Predevelopment	297,660
AHFC Land Donation	1,032,651	Site Work	1,350,000
GNDC	163,100	Infrastructure	0
GNDC Deferred Fee/Grants	209,265	Hard Costs	9,891,765
		Soft Costs	100,000
		Developer Fee	667,500
Total	\$13,339,576	Total	\$13,339,576

*The OHDA Loan is anticipated to be funded in 4 Phases, estimated as follows:

1. January 2024 \$1,358,640
2. June 2024 \$1,358,640
3. January 2025 \$1,358,640
4. June 2025 \$1,358,640

EXHIBIT C

TIMETABLE

June 2022	Civiltude engaged for civil engineering- site Permit & construction administration. \$116,600
July 2022	Spring Architects engaged for architectural design work. \$154,000.
July – September 2022	Subdivision & Site Plan applications submitted
August – September 2022	Conceptual home designs completed
April 2023	Contractor selection for site work. Site Development Permit (also Multi-family building permit)
May 2023	Sitework construction start
May 2023 – Sept. 2023	GNDC house designs completed. Building permit application.
January 2024	Building permit approval for Phase I homes
January 2024	Closing of Senior Construction Loan and OHDA Loan
March 2024	Construction begins on Phase I homes (Eight homes)
September 2024	Construction begins on Phase II homes (Eight homes)
December 2024	Construction completed on Phase I
January 2025	Phase I sales completed
March 2025	Construction begins on Phase III homes (Seven homes)
March 2025	Construction completed on Phase II
July 2025	Phase II sales completed
September 2025	Construction begins on Phase IV homes (Seven homes)
February 2026	Construction completed on Phase III
March 2026	Phase III sales completed
May 2026	Construction completed on Phase IV
June-July 2026	Phase IV sales completed

Phase I ESA

GNDC is working with the Austin Brownfields Revitalization Office on a Phase I ESA.