



RENTAL HOUSING DEVELOPMENT ASSISTANCE
Project Proposal Application - CHDO

Project Name:
BNDC Multi-Family Housing Program

Project Address: 1705 Rosewood & 2412 Bryan
Street Zip Code 78702

No. of units: 4 Type of project (check all that apply): [] Acquisition [] Rehabilitation [X] New construction

Amount of funds requested: \$185,000 225,000 Terms: 0%/20 years & \$40,000 for givable loan

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

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

Blackshear Neighborhood Development Corporation

Name

2202 East 8th Street

Street Address

Austin, Texas 78702 (512) 476-2222

City State, Zip Telephone #

Robert E. Porter Same 236-0541

Contact Person Contact's Telephone # Fax #476-2235

74-2281135

Federal Tax ID Number or SS#

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

The Blackshear Neighborhood Development Corp.

Legal Name of Developer

Signature of Authorized Officer

President Robert E. Porter

Updated 1/9/07 Date

Title Project Director

RECEIVED
SEP 27 2006
BY: _____



RENTAL HOUSING DEVELOPMENT ASSISTANCE
Project Proposal Application - CHDO

Project Name:
BNDC Multi-Family Housing Program

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

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

Blackshear Neighborhood Development Corporation

Name _____

Street Address 2202 East 8th Street Jimmy L. Butler

City _____ State, Zip _____ Telephone # _____

Austin, Texas 78702

City _____ State, Zip _____ Telephone # (512) 476-2222

Contact Person Robert E. Porter 2202 East 8th Street Same

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The Blackshear Neighborhood Development Corp.

Legal Name of Developer

Jimmy L. Butler
Signature of Authorized Officer

President

05-02-06
Date

Title

2. **Include copies of the following:**

- a. Articles of Incorporation
- b. Certificate of Incorporation filed with the State of Texas
- c. Federal IRS certification granting non-profit status
- d. Names, addresses and phone numbers of current board members
- e. Certified financial audit for most recent year
- f. Board resolution approving the proposed project and authorizing the request for funding

3. **Project Description** – In two pages or less, describe the project including the information listed below: (see attachment #1)

- a. In addition to providing an Itemized Development Budget through your response to Question 11, summarize the key financials of the project, clearly indicating total project cost, the amount and intended use of AHFC funds requested, amount and provider of other funding and the stage of those commitments.
- b. Location by street address and include an area map with properties indicated.
- c. Type of structure (multi-family or single-family), square footage, number and size of units. This is a multi-family project consisting of two duplexes with three bedrooms and two baths. The estimated total square footage is 13,000 feet.
- d. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built. N/A
- e. Proposed tenants including number and type of individuals to be served, and yearly income relative to 30%, 50%, 60% or 80% MFI (see Attachment 1 to RHDA Program Guidelines). If the project will serve families with special needs, describe the population to be served and the outreach or referral plan that will be used to publicize the availability of housing and/or supportive services. This project will serve families with incomes at or below 80% of MFI (\$56,900).
- f. Units reserved for Section 8 families. All four units will be available for Section 8 tenants.
- g. Units accessible and adaptable for persons with mobility, sight or hearing disabilities. N/A
- h. Whether the project is occupied at the time of proposal submission. The properties are vacant lots.
- j. Supportive services to be provided such as chemical dependency counseling, education and training, employment referral, health services, tenant counseling, etc.. N/A.
- k. Compatibility with current Neighborhood Plan (if applicable). This project is compatible with the neighborhood plan.

4. **Site Control and Demonstration of Value**

Revised 1/15/06 Pg.

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- b. Location by street address and include an area map with properties indicated.
- c. Type of structure (multi-family or single-family), square footage, number and size of units. This is a multi-family project consisting of two duplexes with three bedrooms and two baths. The estimated total square footage is 4,400 feet.
- d. If there are existing structures, provide documentation from the taxing authority or other third-party source indicating the year the structure was built. The sites are currently vacant. The lot located at 1705 Rosewood is owned by the Blackshear Neighborhood development Corporation. And, we are purchasing the two lots at 2412-14 Bryan from the city of Austin for an amount equal to \$40,000. This acquisition costs will be structured in the form of a forgivable loan.
- e. Proposed tenants including number and type of individuals to be served, and yearly income relative to 30%, 50%, 60% or 80% MFI (see Attachment 1 to RHDA Program Guidelines). If the project will serve families with special needs, describe the population to be served and the outreach or referral plan that will be used to publicize the availability of housing and/or supportive services. This project will serve families with incomes at or below 60% of MFI (\$42,650).
- f. Units reserved for Section 8 families. All four units will be available for Section 8 tenants.
- g. Units accessible and adaptable for persons with mobility, sight or hearing disabilities. N/A
- h. Whether the project is occupied at the time of proposal submission. The properties are vacant lots.
- j. Supportive services to be provided such as chemical dependency counseling, education and training, employment referral, health services, tenant counseling, etc.. N/A.
- k. Compatibility with current Neighborhood Plan (if applicable). This project is compatible with the neighborhood plan.

4. **Site Control and Demonstration of Value**

Include evidence of site control such as warranty deed or current earnest money contract, and provide a real estate appraisal or current tax documentation that substantiates the value of the project. The appraisal or other documentation must indicate that the value of the project is at least 80% of the total debt including any new debt incurred if this loan were to be made. The lot at 1705 Rosewood is owned by the Blackshear Neighborhood Development Corporation (see deed attachment #2). We are in the process of trying to acquire the lot at 1143 Poquito and the lots at 2412-14 are owned by the city of Austin. They have some concerns about erosion problems. We have discussed these concerns and they have recommended that we combine the two lots and build only on the northern most one. We have met with our architect and this does not present a problem.

RHDA Application Amendment: BNDC 4-Unit Project
Project Description
Revised May 2007

Key Financials: The project will construct four new units in two duplexes on two scattered sites. The Blackshear Neighborhood Development Corporation (BNDC) already owns one lot and the City of Austin currently owns the other lot. The City-owned lot will be sold to BNDC for \$40,000, and paid for with loan funds from the City at the time the loan is closed. Construction plans for one duplex on the BNDC lot are 90% complete. The current revised fund request is for \$315,000 from the Austin Housing Finance Corporation (AHFC) and \$155,000 from Mercy Loan Fund to assist with acquisition, predevelopment, construction and soft costs. This will increase the previously approved total RHDA assistance for all four by \$90,000, or \$22,500 per unit.

There are four reasons for the requested increase. Construction costs have increased significantly during the two years this project has been developed; from an estimated \$70 to \$80 per square foot. The private funds will be lent at a higher interest rate and shorter term than previously anticipated. The project was originally proposed with two units receiving Section 8 rents, yet is now envisioned with only one having Section 8 rents. This factor significantly reduces revenue. Finally, site constraints will not permit both duplexes to have all 3-bedroom, 2-bath units. Instead, one duplex will have two 2 bedroom, 1 bath units and the other will have 3-bedroom, two-bath units. This further reduces rent revenue.

For these reasons, BNDC is requesting a loan increase and that the loan from AHFC have deferred payments that are forgivable at the end of 20 years.

Location & Area Map: See Attachment No. 2.

Type of Structure: All units will be duplexes with two 2-bedroom, 1-bath units in one duplex and two 3-bedroom, 2-bath units in the other duplex. See Attachment No. 3 for addresses, square footage and rental rate.

Persons Served: The Project will target 2 families with incomes at or below 60% of Austin's MFI and 2 families at or below 50% of the Austin MFI. No units will be reserved for special needs or Section 8 families. However, one unit will be targeted for Section 8 families. One unit will be accessible for persons with mobility disabilities. All four units will be adaptable for persons with mobility, sight and hearing disabilities. No supportive services are planned.

Compatibility with Neighborhood Plans: The Project is within the Central East Austin Neighborhood Plan (CEANP) area. The CEANP has the specific goal of creating affordable housing. The housing also meets the design guidelines of the CEANP.

Site Control: See Attachment No. 4

Zoning: See Attachments 5 a-e.

Tenant Relocation: There is no tenant relocation.

11. Detailed Project Budget

Use the following table to provide a complete project budget. Add line item categories as necessary.

| DETAILED PROJECT BUDGET | | |
|--------------------------------------|------------------|--|
| | Cost | Description |
| PREDEVELOPMENT | | |
| Appraisal | \$700 | |
| Environmental Review | \$0 | |
| Engineering | \$0 | |
| Survey | \$0 | |
| Architectural | \$9,000 | Site Plan & Construction Documents for 2 duplexes |
| TOTAL PREDEVELOPMENT | \$9,700 | |
| ACQUISITION | | |
| Site and/or Land | \$40,000 | For BNDC to acquire one AHFC lot at 2412 Bryan St. |
| Structures | \$0 | |
| Other (specify) | \$40,000 | BNDC owned lot at 1705 Rosewood Ave. |
| TOTAL ACQUISITION | \$80,000 | |
| CONSTRUCTION | | |
| | \$400,000 | Cost calculated at \$80 per square foot |
| Infrastructure | | |
| Site work | | |
| Demolition | | |
| Concrete | | |
| Masonry | | |
| Rough carpentry | | |
| Finish carpentry | | |
| Waterproofing & Insulation | | |
| Roofing & Sheet Metal | | |
| Plumbing/Hot Water | | |
| HVAC | | |
| Electrical | | |
| Doors/Windows/Glass | | |
| Lath & Plaster/ Drywall & Acoustical | | |
| Tile work | | |
| Soft & Hard Floor | | |
| Paint/Decorating/Blinds/Shades | | |
| Specialties/Special Equipment | | |
| Cabinetry/Appliances | | |
| Carpet | | |
| Other (Please specify) | | |
| Construction Contingency | \$20,000 | |
| TOTAL CONSTRUCTION | \$420,000 | |
| SOFT & CARRYING COSTS | | |
| Legal | \$0 | |
| Audit/Accounting | \$500 | Portion of total for annual for 2007-08 |
| Title/Recording | \$400 | |
| Architectural (Inspections) | \$0 | |
| Construction Interest | \$3,000 | |
| Construction Period Insurance | \$0 | |

| | | |
|-----------------------------|------------------|----------------------------|
| Construction Period Taxes | \$0 | |
| Relocation | \$0 | |
| Marketing | \$0 | |
| Consulting fee | \$15,000 | Developer/Consultant's fee |
| Other: Loan Application Fee | \$3,000 | 2% of \$150,000 |
| TOTAL PROJECT BUDGET | \$531,600 | |

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

| TABLE A: SOURCES OF FUNDS SUMMARY | | | | | Intended Use of Fund (Predevelopment, Acquisition, Construction, Soft Costs) |
|--|----------|---------------|-----------|---------------------------------|---|
| | Term | Interest Rate | Amount | Evidence (Deed, Sales Contract) | |
| Owner Equity | | | \$61,600 | Deed, Receipts | Land, Contingency, Appraisal, Audit |
| | | | | | |
| Private Financing (List Lenders Below) | | | | | |
| Mercy Housing | 20 years | 7% | \$6,000 | | Loan Fee & Interest |
| | | | \$9,000 | | Predevelopment |
| | | | \$15,000 | | Soft Costs |
| | | | \$125,000 | | Construction |
| Other Sources (List Below) | | | | | |
| | | | | | |
| Proposed RHDA Funds | 20 year | 0% | \$315,000 | | Construction |

| TABLE B: USES OF FUNDS SUMMARY | | |
|---------------------------------------|------------------|------------------|
| | Total Cost | Cost/Unit |
| Predevelopment | \$9,700 | \$2,425 |
| Acquisition/Land | \$80,000 | \$20,000 |
| Hard Costs | \$400,000 | \$100,000 |
| Soft & Carrying Costs | \$21,900 | \$5,475 |
| Other Costs | \$20,000 | \$5,000 |
| Total Project Costs | \$531,600 | \$132,900 |

| TABLE C: LEVERAGE SUMMARY | |
|----------------------------------|------------------|
| TOTAL RHDA FUNDS | \$315,000 |
| TOTAL OTHER | \$216,600 |

BLACKSHEAR NDC - Proforma 4-unit project

INCOME:

| Rent Sch. | Units | Rent | Yr. Rent |
|----------------------------|-------|------|---------------|
| 1bd/1 | 0 | 0 | - |
| 2bd/1 | 0 | 0 | - |
| 2bd/1 | 2 | 500 | 12,000 |
| 2bd/2 | 0 | 0 | - |
| 3bd/1 | 0 | 0 | - |
| 3bd/2 | 2 | 825 | 19,800 |
| 4bd/2 | 0 | 0 | - |
| Gross Rental Income | | | 31,800 |
| less vacancy | | | 5.0% |
| Other Income | | | |

*2/1 units ave. at \$500 per month: \$350 to \$650

*3/2 units 1 ave. at \$500 [\$300 to \$850] & one as Section 8 at \$1,000 per month

| Assumptions | |
|-----------------------------|-------|
| Yr. increase in income/rent | 1.00% |
| Yr. increase in expenses | 2.25% |
| Total Units | 4 |

| Financing / Terms / Debt Service | |
|--------------------------------------|------------|
| 1st Lien @ 7% for 20 yrs.: | \$ 155,000 |
| RHDA forgivable loan @ 0% for 20 yrs | \$ 40,000 |
| RHDA forgivable loan | \$ 275,000 |
| Total yearly debt service: | \$ 14,424 |

| | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 | YR 6 | YR 7 | YR 8 | YR 9 | YR 10 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Gross Rental Income | 31,800 | 32,118 | 32,439 | 32,764 | 33,091 | 33,422 | 33,756 | 34,094 | 34,435 | 34,779 |
| less vacancy | 1,590 | 1,606 | 1,622 | 1,638 | 1,655 | 1,671 | 1,688 | 1,705 | 1,722 | 1,739 |
| EFFECTIVE GROSS INCOME (EGI) | 30,210 | 30,512 | 30,817 | 31,125 | 31,437 | 31,751 | 32,069 | 32,389 | 32,713 | 33,040 |

OPERATING EXPENSES:

| | | | | | | | | | | | |
|-----------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Utilities | 7 unit/mo. | 336 | 344 | 351 | 359 | 367 | 376 | 384 | 393 | 401 | 410 |
| Insurance | 50 unit/mo. | 2,400 | 2,454 | 2,509 | 2,566 | 2,623 | 2,682 | 2,743 | 2,804 | 2,868 | 2,932 |
| Maint. & Repairs | 50 unit/mo. | 2,400 | 2,454 | 2,509 | 2,566 | 2,623 | 2,682 | 2,743 | 2,804 | 2,868 | 2,932 |
| Property Taxes | 50% / year | 5,000 | 5,113 | 5,228 | 5,345 | 5,465 | 5,588 | 5,714 | 5,843 | 5,974 | 6,109 |
| Management Fee | 6.0% gr. rents | 1,908 | 1,927 | 1,946 | 1,966 | 1,985 | 2,005 | 2,025 | 2,046 | 2,066 | 2,087 |
| Pest Control | 5 unit/mo. | 240 | 245 | 251 | 257 | 262 | 268 | 274 | 280 | 287 | 293 |
| Advertising | 1 unit/mo. | 48 | 49 | 50 | 51 | 52 | 54 | 55 | 56 | 57 | 59 |
| Replacement Reserve | 25 unit/mo. | 1,200 | 1,227 | 1,255 | 1,283 | 1,312 | 1,341 | 1,371 | 1,402 | 1,434 | 1,466 |
| Subtotal Operating Expenses | | 13,532 | 13,813 | 14,099 | 14,392 | 14,691 | 14,997 | 15,310 | 15,629 | 15,955 | 16,288 |
| Resident Services | 0 unit/mo. | | | | | | | | | | |
| TOTAL EXPENSES | | 13,532 | 13,813 | 14,099 | 14,392 | 14,691 | 14,997 | 15,310 | 15,629 | 15,955 | 16,288 |
| NET OPERATING INCOME (NOI) | | 16,678 | 16,699 | 16,718 | 16,733 | 16,745 | 16,754 | 16,759 | 16,760 | 16,758 | 16,752 |

LESS DEBT SERVICE:

1st Lien - \$155,000 @ 7% / 20 yrs.
 RHDA - \$315,000 deferred/forgivable @ 0% / 20 yrs.

TOTAL DEBT SERVICE (DS)

| | | | | | | | | | | | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 |
| CASH FLOW (CF) | 14,424 |
| DCR (NOI / DS) | 2,254 | 2,275 | 2,294 | 2,309 | 2,321 | 2,330 | 2,335 | 2,336 | 2,334 | 2,328 | 2,328 |
| ROI (CF/EQ) | 1.16 |
| | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% |

SOURCES:

| | |
|--------------|----------------|
| 1st Lien | 155,000 |
| RHDA loan | 315,000 |
| Equity | 61,600 |
| Total | 531,600 |

USES:

| | |
|--------------|----------------|
| Pre-devel. | 9,700 |
| Land | 80,000 |
| Construction | 420,000 |
| Soft costs | 21,900 |
| Total | 531,600 |

Long-Term Projections

| | |
|--|----------|
| Affordability Period (based on contract): | 20 years |
| Avg. yearly Debt Coverage Ratio for Affordability Period: | 1.16 |
| Avg. yearly Return on Investment for Affordability Period: | 3.8% |

| | YR 11 | YR 12 | YR 13 | YR 14 | YR 15 | YR 16 | YR 17 | YR 18 | YR 19 | YR 20 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 35,127 | 35,478 | 35,833 | 36,191 | 36,553 | 36,919 | 37,288 | 37,661 | 38,037 | 38,418 |
| | 1,756 | 1,774 | 1,792 | 1,810 | 1,828 | 1,846 | 1,864 | 1,883 | 1,902 | 1,921 |
| | 33,371 | 33,704 | 34,041 | 34,382 | 34,726 | 35,073 | 35,424 | 35,778 | 36,136 | 36,497 |
| 420 | 429 | 429 | 439 | 449 | 459 | 469 | 480 | 490 | 502 | 513 |
| 2,998 | 3,066 | 3,135 | 3,205 | 3,277 | 3,351 | 3,426 | 3,503 | 3,582 | 3,663 | 3,663 |
| 2,998 | 3,066 | 3,135 | 3,205 | 3,277 | 3,351 | 3,426 | 3,503 | 3,582 | 3,663 | 3,663 |
| 6,246 | 6,387 | 6,530 | 6,677 | 6,827 | 6,981 | 7,138 | 7,299 | 7,463 | 7,631 | 7,631 |
| 2,108 | 2,129 | 2,150 | 2,171 | 2,193 | 2,215 | 2,237 | 2,260 | 2,282 | 2,305 | 2,305 |
| 300 | 307 | 313 | 321 | 328 | 335 | 343 | 350 | 358 | 366 | 366 |
| 60 | 61 | 63 | 64 | 66 | 67 | 69 | 70 | 72 | 73 | 73 |
| 1,499 | 1,533 | 1,567 | 1,603 | 1,639 | 1,675 | 1,713 | 1,752 | 1,791 | 1,831 | 1,831 |
| 16,628 | 16,976 | 17,332 | 17,695 | 18,066 | 18,445 | 18,832 | 19,228 | 19,632 | 20,045 | 20,045 |
| 16,628 | 16,976 | 17,332 | 17,695 | 18,066 | 18,445 | 18,832 | 19,228 | 19,632 | 20,045 | 20,045 |
| 16,742 | 16,728 | 16,710 | 16,687 | 16,660 | 16,628 | 16,592 | 16,550 | 16,504 | 16,452 | 16,452 |
| 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 |
| 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 | 14,424 |
| 2,318 | 2,304 | 2,286 | 2,263 | 2,236 | 2,204 | 2,168 | 2,126 | 2,080 | 2,028 | 2,028 |
| 1.16 | 1.15 | 1.16 | 1.16 | 1.16 | 1.15 | 1.15 | 1.15 | 1.14 | 1.14 | 1.14 |
| 4% | 4% | 4% | 4% | 4% | 4% | 4% | 4% | 3% | 3% | 3% |

Development Narrative:

Affordable housing has been and continues to be a growing problem in the city of Austin. This problem is even more evident in the Blackshear neighborhood. Once a thriving community of families with convenient shopping, the area has experienced steady decline over the last twenty years. A large portion of the housing stock in the area is substandard. Based on the 2000 census, Blackshear has a total of 555 housing units of which 64 percent is in need of some repair or replacement. The city of Austin's Consolidated Plan has identified the Blackshear neighborhood as a priority area in need of affordable housing.

The Blackshear neighborhood has a population of approximately 5,460 households. It is located just east of downtown and is home to Huston-Tillotson University. The Blackshear neighborhood has a large African-American and Hispanic population. Based on the 2000 census the African-American population is approximately 43 percent of the total for area. The Hispanic population is approximately 57 percent of the total for the area.

The average household income in the Blackshear community is far below 80 percent of the area median. Many families cannot afford to buy or rent a home.

The Blackshear Neighborhood Development Corporation is proposing to construct a total of four (4) units of affordable multi-family housing. This project will consist of two duplexes. All four units will consist of three bedrooms and two baths. The total square footage is estimated to be 4,400 feet. These units will target families with incomes at or below 60 percent of area median. The estimated total development cost is \$393,900. The cost of construction is based on approximately \$72/square foot, which is comparable with current developments in the area.

Blackshear has a long history in developing Single-Family Affordable housing and this will be our first Multi-Family rental project. We currently have on staff a part-time Director. We will use a portion of this grant to increase his time, which will enable us to complete the project.

5. **Zoning**

Include a letter from the City of Austin's Development Review and Inspection Department (DRID) verifying that the current zoning of the site for the proposed project is compatible with the anticipated use, or include documentation verifying that a request to change current zoning has been submitted to DRID. Should the project receive funding approval, appropriate zoning must be in place prior to execution of loan documents. **See attachment #3.**

6. **Tenant Relocation N/A.**

If the project is occupied at the time of proposal submission, include a Tenant Relocation Plan. The developer is responsible for providing tenant relocation assistance should the proposed project require or result in the temporary or permanent displacement of current tenants. The Plan must include, at a minimum, the following:

- a. Total number of households in the project and number to be permanently or temporarily displaced.
- b. Description of households to be displaced (include family size and ages of individuals).
- c. Circumstances under which the displacement is necessary.
- d. Description of the assistance to be provided and a schedule for assistance.
- e. Source(s) of funds to be used for relocation assistance.
- f. Procedures by which those who are displaced will be advised of their rights and available assistance.

7. **Development Team**

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

| | Name(s) & Any Comments on Role | MBE? (Mark X if Yes) | WBE? (Mark X if Yes) | Non- profit? (Mark X if Yes) |
|------------------------------|--|---|---|---|
| Owner | BNDC | X | X | X |
| Developer | BNDC | X | X | X |
| Architect | Hatch Partnership | | | |
| Engineer | | | | |
| Construction Lender | The Enterprise Foundation and/or Mercy Housing | | | |
| Other Lenders | | | | |
| Attorney | Legal Aid of Central Texas | | | X |
| Accountant | Robnett & Company PC | X | | |
| General Contractor | By bid process | | | |
| Consultant (if Applicable) | Robert E. Porter | X | | |
| Property Management Provider | Mesa Mortgage | | X | |
| Other: | | | | |

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

| | DATE(S) |
|--|------------------------------------|
| Acquisition and/or holding | August, 2006 |
| Environmental and/or historic review (AHFC) | September, 2006 |
| Securing and packaging project financing | October, 2006 |
| Construction Specifications and Cost estimates | January, 2007 |
| Construction Bids | February, 2007 |
| Construction Start | March, 2007 |
| Anticipated Draws (list all) | March, May, July & September, 2007 |
| End Construction | October, 2007 |
| Start of Rent-up | October, 2007 |
| Completion & Operation | November, 2007 |

9. Accessible and Adaptable Units

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

- ___ 1 ___ Units adaptable for persons with mobility disabilities
- ___ 1 ___ Units accessible for persons with mobility disabilities
- ___ 1 ___ Units adaptable for persons with sight and hearing disabilities
- ___ 1 ___ Units accessible for persons with sign and hearing disabilities

10. Experience and Qualifications – Rental Development and Property Management

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

b. Completed projects (complete table below):

| COMPLETED PROJECTS | | | | |
|---------------------------------|-----------------|--------------|---|----------------|
| Address | Number of Units | New or Rehab | Type of Property (apartments, SF units, etc.) | Year Completed |
| 1600 Gregory Street | 1 | New | SF | 2004 |
| 1701 Rosewood Avenue | 1 | New | SF | 2005 |
| 1705 Rosewood Avenue | 1 | New | SF | 2005 |
| 1178 Salina | 1 | New | SF | 2005 |
| 1901 E. 11 th Street | 1 | New | SF | 2005 |

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

dimensions. If this is the applicant's first project of this type, please provide a detailed description of the experience of the other members of the development team with similar projects.

Over the last 15 years, BNDC has developed over thirty new construction affordable housing units consisting of both single-family and multi-family projects. This year alone, we have completed and sold a total of six new construction single-family affordable housing units. Because this project will only consist of four units, Davis-Bacon will not apply. We have not had to adhere to the Davis-Bacon requirements because our projects have been small size, consisting single-family and duplex developments. All of our projects have involved the development of vacant property, therefore, the relocation requirements did not apply. Non of our projects involved testing for lead-based paint and or asbestos because they were new construction.

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

Property management will be provided by Mesa Mortgage. They are currently providing property management services for our existing rental properties and also mortgage servicing of our least -to- own single - family residential properties.

11. Detailed Project Budget - Use the following table to provide a complete project budget. Add line item categories as necessary.

| DETAILED PROJECT BUDGET | | |
|--------------------------------------|-----------------|-----------------------------------|
| | Cost | Description |
| PREDEVELOPMENT | | |
| Appraisal | \$750 | \$250/@3 (Vacant Lots) |
| Environmental Review | \$0 | |
| Engineering | \$0 | |
| Survey | \$0 | |
| Architectural | \$9,600 | Specs & Plans |
| TOTAL PREDEVELOPMENT | \$10,350 | |
| ACQUISITION | | |
| Site and/or Land | \$40,000 | Reimbursement to BNDC for 1 (lot) |
| Structures | \$0 | |
| Other (specify) | \$0 | |
| TOTAL ACQUISITION | \$40,000 | |
| CONSTRUCTION | | |
| Infrastructure | | |
| Site work | | |
| Demolition | | |
| Concrete | | |
| Masonry | | |
| Rough carpentry | | |
| Finish carpentry | | |
| Waterproofing & Insulation | | |
| Roofing & Sheet Metal | | |
| Plumbing/Hot Water | | |
| HVAC | | |
| Electrical | | |
| Doors/Windows/Glass | | |
| Lath & Plaster/ Drywall & Acoustical | | |
| Tile work | | |
| Soft & Hard Floor | | |
| Paint/Decorating/Blinds/Shades | | |

| | | |
|----------------------------------|------------------|-------------------------------------|
| Specialties/Special Equipment | | |
| Cabinetry/Appliances | | |
| Carpet | | |
| Other (Please specify) | | |
| Construction Contingency | \$28,800 | |
| TOTAL CONSTRUCTION | \$316,800 | |
| SOFT & CARRYING COSTS | | |
| Legal | \$0 | Legal Aid of Central Texas |
| Audit/Accounting | \$500 | Portion of total agency cost |
| Title/Recording | \$250 | |
| Architectural (Inspections) | \$0 | Included in Architectural fee above |
| Construction Interest | | |
| Construction Period Insurance | \$0 | Contractor's responsibility |
| Construction Period Taxes | \$0 | |
| Relocation | \$0 | None |
| Marketing | \$0 | None have existing waiting list |
| Davis-Bacon Monitoring | \$0 | Staff |
| Other: (Specify) | \$26,000 | Developer's Fee |
| TOTAL PROJECT BUDGET | \$393,900 | |

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

- a. **Sources and Uses of Funds** – Complete Tables A & B below, identifying all sources and uses of funds to implement project and include evidence of funds anticipated (financial statements, letters of commitments, etc.).
- b. **Leveraging** – Complete Table C below. Include evidence of other funds leveraged by AHFC funds to implement the project such as owner equity and commitments from private and/or other public resources.
- c. **Operating Pro Forma** – Complete Table D below, preparing a minimum five (5) year financial Operating Pro Forma which realistically reflects the operation of the project relative to current and anticipated revenues, expenses and debt. The Pro Forma must indicate the anticipated debt coverage ratio (DCR) calculated as follows: net operating income (NOI)/debt service (DS) = DCR.

| TABLE A: SOURCES OF FUNDS SUMMARY | | | | | Intended Use of Fund (Predevelopment, Acquisition, Construction, Soft Costs) |
|--|---------|---------------|-----------|---------------------------------|--|
| | Term | Interest Rate | Amount | Evidence (Deed, Sales Contract) | |
| Owner Equity | | | \$53,900 | Deed | Acquisition |
| Private Financing (List Lenders Below) | | | | | |
| The Enterprise Foundation/Mercy | | | | | |
| Housing | 20 yrs. | 6% | \$115,000 | Review | Construction |
| Other Sources (List Below) | | | | | |
| Proposed RHDA Funds | 20 yrs. | 0% | \$225,000 | App. Review | Constr./Soft Costs |

TABLE B: USES OF FUNDS SUMMARY

| | Total Cost | Cost/Unit |
|----------------------------|------------------|---------------|
| Predevelopment | \$10,350 | \$2,590 |
| Acquisition | \$40,000 | \$10,000 |
| Hard Costs | \$316,800 | \$79,200 |
| Soft & Carrying Costs | \$26,750 | \$6,698 |
| Other Costs | \$0 | \$0 |
| Total Project Costs | \$393,900 | 98,475 |

TABLE C: LEVERAGE SUMMARY

| | |
|--------------------------|-----------|
| TOTAL RHDA FUNDS | \$225,000 |
| TOTAL OTHER FUNDS | \$168,900 |

TABLE D: OPERATING PROFORMA

| Number of Units of a given Unit Size | Unit Size | Monthly Income | Annual Income |
|---|-----------|----------------|-----------------|
| | | | |
| | | | |
| | | | |
| | | | |
| FULL OCCUPANCY ANNUAL INCOME | | | |
| Less Vacancy Loss (Indicate % and Amount of Loss | | | \$1008 |
| GROSS ANNUAL INCOME | | | \$34,992 |

| | |
|--------------------------------------|--------|
| Inflation Factor for Income | 2.50 % |
| Inflation Factor for Expenses | 4.25% |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------------|----------|--------|--------|--------|--------|
| Gross Annual Income | \$34,992 | | | | |
| EXPENSES | | | | | |
| Utilities | | | | | |
| Insurance | | | | | |
| Maintenance/Repair | | | | | |
| Property Taxes | | | | | |
| Management | | | | | |
| Marketing | | | | | |
| Maintenance Reserve | | | | | |
| Other (specify) | | | | | |
| Other (specify) | | | | | |
| TOTAL EXPENSES | | | | | |
| NET OPERATING INCOME (NOI) | | | | | |
| Sources of Funds & | | | | | |

BLACKSHEAR NDC - Proforma 4-unit project

INCOME:

| Rent Sch. | Units | Rent | Yr. Rent |
|-----------|-------|------|----------|
| 1bd/1 | 0 | 0 | - |
| 2bd/1 | 0 | 0 | - |
| 2bd/1 | 0 | 0 | - |
| 2bd/2 | 0 | 0 | - |
| 3bd/1 | 0 | 0 | - |
| 3bd/2 | 4 | 850 | 40,800 |
| 4bd/2 | 0 | 0 | - |

Gross Rental Income 40,800
 less vacancy 5.0%
 Other Income

EFFECTIVE GROSS INCOME (EGI)

| Assumptions | Yr. increase in income/rent | Yr. increase in expenses | Total Units |
|-------------|-----------------------------|--------------------------|-------------|
| | 2.50% | 4.25% | 4 |

Financing / Terms / Debt Service

| | |
|------------------------------|------------|
| 1st Lien @ 6% for 30 yrs.: | \$ 115,000 |
| RHDA loan @ 0% for 20 yrs.: | \$ 185,000 |
| Addnl. RHDA loan forgivable: | \$ 40,000 |
| Total yearly debt service: | \$ 17,605 |

| | YR 1 | YR 2 | YR 3 | YR 4 | YR 5 | YR 6 | YR 7 | YR 8 | YR 9 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gross Rental Income | 40,800 | 41,820 | 42,866 | 43,937 | 45,036 | 46,161 | 47,315 | 48,498 | 49,711 |
| less vacancy | 2,040 | 2,091 | 2,143 | 2,197 | 2,252 | 2,308 | 2,366 | 2,425 | 2,486 |
| Other Income | 1,500 | 1,564 | 1,630 | 1,699 | 1,772 | 1,847 | 1,926 | 2,007 | 2,093 |
| EFFECTIVE GROSS INCOME (EGI) | 40,260 | 41,293 | 42,352 | 43,440 | 44,556 | 45,700 | 46,875 | 48,081 | 49,318 |
| Utilities | 4,320 | 4,504 | 4,695 | 4,895 | 5,103 | 5,319 | 5,545 | 5,781 | 6,027 |
| Insurance | 2,160 | 2,252 | 2,348 | 2,447 | 2,551 | 2,660 | 2,773 | 2,891 | 3,013 |
| Maint. & Repairs | 2,880 | 3,002 | 3,130 | 3,263 | 3,402 | 3,546 | 3,697 | 3,854 | 4,018 |
| Property Taxes | 5,000 | 5,213 | 5,434 | 5,665 | 5,906 | 6,157 | 6,418 | 6,691 | 6,976 |
| Management Fee | 2,448 | 2,509 | 2,572 | 2,636 | 2,702 | 2,770 | 2,839 | 2,910 | 2,983 |
| Pest Control | 480 | 500 | 522 | 544 | 567 | 591 | 616 | 642 | 670 |
| Advertising | 240 | 250 | 261 | 272 | 283 | 296 | 308 | 321 | 335 |
| Replacement Reserve | 2,400 | 2,502 | 2,608 | 2,719 | 2,835 | 2,955 | 3,081 | 3,212 | 3,348 |
| Subtotal Operating Expenses | 19,928 | 20,732 | 21,569 | 22,441 | 23,349 | 24,294 | 25,278 | 26,302 | 27,369 |
| Resident Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENSES | 19,928 | 20,732 | 21,569 | 22,441 | 23,349 | 24,294 | 25,278 | 26,302 | 27,369 |
| NET OPERATING INCOME (NOI) | 20,332 | 20,561 | 20,783 | 20,999 | 21,207 | 21,407 | 21,598 | 21,779 | 21,949 |
| LESS DEBT SERVICE: | | | | | | | | | |
| 1st Lien - 115,000 @ 6% fl 30 yrs. | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 |
| RHDA Loan (225,000) Pmts 185,000 @ 0% fl 20 yrs. | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 |
| TOTAL DEBT SERVICE (DS) | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 |
| CASH FLOW (CF) | 2,727 | 2,956 | 3,178 | 3,394 | 3,602 | 3,802 | 3,993 | 4,174 | 4,344 |
| DCR (NOI / DS) | 1.15 | 1.17 | 1.18 | 1.19 | 1.20 | 1.22 | 1.23 | 1.24 | 1.25 |
| ROI (CF/EQ) | 5% | 5% | 6% | 6% | 7% | 7% | 7% | 8% | 8% |

OPERATING EXPENSES:

Utilities 90 unit/mo.
 Insurance 45 unit/mo.
 Maint. & Repairs 60 unit/mo.
 Property Taxes 50% / year
 Management Fee 6.0% gr. rents
 Pest Control 10 unit/mo.
 Advertising 5 unit/mo.
 Replacement Reserve 50 unit/mo.
 Subtotal Operating Expenses
 Resident Services 0 unit/mo.

SOURCES:

| | |
|--------------|----------------|
| 1st Lien | 115,000 |
| RHDA loan | 225,000 |
| Equity | 53,900 |
| Total | 393,900 |

USES:

| | |
|--------------|----------------|
| Pre-devel. | 10,350 |
| Land | 40,000 |
| Construction | 316,800 |
| Soft costs | 26,750 |
| Total | 393,900 |

Long-Term Projections

| | |
|--|----------|
| Affordability Period (based on contract): | 20 years |
| Avg. yearly Debt Coverage Ratio for Affordability Period: | 1.21 |
| Avg. yearly Return on Investment for Affordability Period: | 6.8% |

| | YR 10 | YR 11 | YR 12 | YR 13 | YR 14 | YR 15 | YR 16 | YR 17 | YR 18 | YR 19 | YR 20 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 50,954 | 52,227 | 53,533 | 54,871 | 56,243 | 57,649 | 59,091 | 60,568 | 62,082 | 63,634 | 65,225 |
| | 2,548 | 2,611 | 2,677 | 2,744 | 2,812 | 2,882 | 2,955 | 3,028 | 3,104 | 3,182 | 3,261 |
| | 2,182 | 2,274 | 2,371 | 2,472 | 2,577 | 2,686 | 2,800 | 2,919 | 3,044 | 3,173 | 3,308 |
| | 50,588 | 51,890 | 53,227 | 54,600 | 56,008 | 57,453 | 58,937 | 60,459 | 62,022 | 63,625 | 65,271 |
| | 6,283 | 6,550 | 6,828 | 7,119 | 7,421 | 7,737 | 8,065 | 8,408 | 8,766 | 9,138 | 9,526 |
| | 3,142 | 3,275 | 3,414 | 3,559 | 3,711 | 3,868 | 4,033 | 4,204 | 4,383 | 4,569 | 4,763 |
| | 4,189 | 4,367 | 4,552 | 4,746 | 4,947 | 5,158 | 5,377 | 5,605 | 5,844 | 6,092 | 6,351 |
| | 7,272 | 7,581 | 7,903 | 8,239 | 8,589 | 8,954 | 9,335 | 9,732 | 10,145 | 10,576 | 11,026 |
| | 3,057 | 3,134 | 3,212 | 3,292 | 3,375 | 3,459 | 3,545 | 3,634 | 3,725 | 3,818 | 3,913 |
| | 698 | 728 | 759 | 791 | 825 | 860 | 896 | 934 | 974 | 1,015 | 1,058 |
| | 349 | 364 | 379 | 395 | 412 | 430 | 448 | 467 | 487 | 508 | 529 |
| | 3,491 | 3,639 | 3,794 | 3,955 | 4,123 | 4,298 | 4,481 | 4,671 | 4,870 | 5,077 | 5,292 |
| | 28,480 | 29,637 | 30,842 | 32,096 | 33,403 | 34,763 | 36,180 | 37,656 | 39,193 | 40,793 | 42,460 |
| | 28,480 | 29,637 | 30,842 | 32,096 | 33,403 | 34,763 | 36,180 | 37,656 | 39,193 | 40,793 | 42,460 |
| | 22,107 | 22,253 | 22,386 | 22,503 | 22,605 | 22,690 | 22,756 | 22,803 | 22,829 | 22,832 | 22,811 |
| | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 |
| | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 |
| | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 | 17,605 |
| | 4,502 | 4,648 | 4,781 | 4,898 | 5,000 | 5,085 | 5,151 | 5,198 | 5,224 | 5,227 | 5,206 |
| | 1.26 | 1.26 | 1.27 | 1.28 | 1.28 | 1.29 | 1.29 | 1.30 | 1.30 | 1.30 | 1.30 |
| | 8% | 9% | 9% | 9% | 9% | 9% | 10% | 10% | 10% | 10% | 10% |