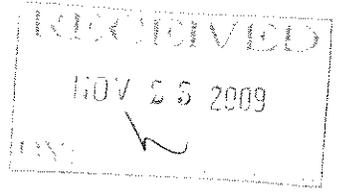


RENTAL HOUSING DEVELOPMENT ASSISTANCE

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



Project Name: Shady Oaks Apartments

Project Address: 4320 South Congress Avenue, Austin, TX Zip Code 78745

Total # units to be assisted: 143 Total # units in project/property: 238

NOTE: All 238 units will have rents affordable to families with incomes below 50% MFI

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

Amount of funds requested: \$3,000,000 Terms: deferred, forgivable

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

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

Foundation Communities, Inc.
Name

3036 S. 1st Street, Suite 200
Street Address

Austin TX, 78704 (512) 447-2026
City State, Zip Telephone #

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

74-2563260
Federal Tax ID Number or SS#

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

Foundation Communities, Inc.
Legal Name of Developer

Walter Brown
Signature of Authorized Officer

Executive Director
Title

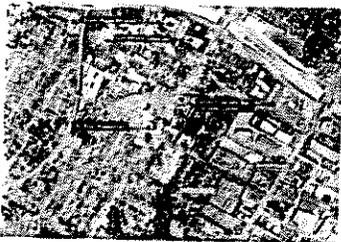
11-23-09 (Revised)
Date

2. For non-profit applicants/developers only, include copies of the following:
 - a. Articles of Incorporation - **ATTACHMENT 1**
 - b. Certificate of Incorporation filed with the State of Texas - **ATTACHMENT 2**
 - c. Federal IRS certification granting non-profit status - **ATTACHMENT 3**
 - d. Names, addresses and phone numbers of current board members - **ATTACHMENT 4**
 - e. Certified financial audit - **ATTACHMENT 5**
 - f. Board resolution - **ATTACHMENT 6**

3. **Project Description** - Foundation Communities is applying for \$3,000,000 in City of Austin G.O. Bond funding to preserve Shady Oaks - 238 units of affordable, multifamily housing located in the heart of South Austin on South Congress Avenue. Shady Oaks is located directly across from Sierra Ridge – a 149-unit apartment community owned by Foundation Communities since 1991. Sierra Ridge is a vibrant family community with an active after-school program and has consistently remained 100% occupied with a waiting list. ***Our goal is to save Shady Oaks from further disrepair and rejuvenate the property as an active and prosperous part of the community.***

WHY SHADY OAKS?

Huge Preservation Opportunity in a Prime Location



- Shady Oaks will preserve 238 units of multi-family housing located on South Congress Avenue and walking distance to the South Congress Transit Center.
- The “Affordable Housing Preservation Study” recently released by the City of Austin recommends prioritization of preservation projects for city funding and partnership.
- Shady Oaks is the last large apartment complex in the SoCo area that has not gentrified or been redeveloped. With nine acres and frontage on South Congress, the site is a redevelopment target.
- Shady Oaks is currently affordable - rents are 20% lower than market because of property’s poor condition.
- Buildings are in great disrepair, but not beyond saving: 1980’s construction and brick exterior.
- A reasonable acquisition price makes it possible to renovate and keep Shady Oaks affordable, but the City’s help is key.

Academic Success Linked to Housing



- St. Elmo Elementary is located just two blocks away and is the assigned school for both our Sierra Ridge Apartments and Shady Oaks Apartments (located across the street from each other).
- St Elmo Elementary recently received a “Recognized” Accountability Rating by the Texas Education Agency even though 92% of students are considered economically disadvantaged.
- Foundation Communities is already a vital partner in the success of St. Elmo Elementary School. Currently 66 kids from Sierra Ridge (19% of the school’s population) attend St Elmo, and then return home to our tutoring and afterschool program. Our kids stay with the school for many years and the teachers work closely with us. Please see **ATTACHMENT 7** for letter of support.
- Overall enrollment at the school has dropped from 490 kids to 350 kids for two reasons: 1) Shady Oaks is only 70% occupied due to the property’s poor condition, and 2) other apartments in the area are too expensive for young families.
- Foundation Communities’ ownership of Shady Oaks will increase enrollment at St. Elmo Elementary from 74 kids to more than 100. More than half the students at St. Elmo Elementary will live at an FC-owned property. A stable home will reduce student turnover.

Housing Units for Families with Greatest Needs



- Shady Oaks will set-aside a minimum of sixty percent of the property (143 units) for families with incomes below 50% Median Family Income (MFI).
- In addition, Shady Oaks will offer reduced rent and targeted supportive services to 24 units (10% of property) for families with incomes below 30% of the median income. Foundation Communities recently received rental vouchers and case management support for ten families with disabilities, and we hope to serve these families at Shady Oaks. We are also working closely with LifeWorks, Caritas of Austin, SafePlace, and Passages to place clients in

housing. (Please see **ATTACHMENT 7** for letters of support.) Shady Oaks will provide an additional supportive housing resource for our partners.

Save Shady Oaks, Save the Neighborhood



- We have known and loved the South Congress neighborhood containing Shady Oaks for more than 20 years through our ownership of Sierra Ridge Apartments. Owning Shady Oaks will give us significant control of St. Elmo Road and heighten our participation in this diverse neighborhood.
- The acquisition of Shady Oaks will allow Foundation Communities to expand our free after-school and summer youth programs providing physical fitness, nutrition, and academic enrichment to children from both properties. Adults living at Shady Oaks will be able to participate in free evening classes such as financial literacy, English as a Second Language and GED coursework thereby increasing opportunity and stability.

- Shady Oaks is currently a crime hotspot which in turn negatively affects the families living at our Sierra Ridge property. Turning around the management and condition of Shady Oaks will significantly reduce criminal activity and provide stability to the neighborhood.
- The South Congress Combined Neighborhood Plan Team supports FC's acquisition and rehabilitation of Shady Oaks.

- Location** - The property is located at 4320 South Congress Avenue. See **ATTACHMENT 8** for a map of the site location.
- Type of Structure** - The development of Shady Oaks apartments includes the acquisition and rehabilitation of a 238-unit multifamily rental community originally constructed in 1983. The property currently contains a leasing office, clothes care center, two pools and a club house. After rehabilitation, Shady Oaks will also include space for after-school and adult education programming, supportive service staff offices, classrooms, a computer lab and a playground.

The unit mix for the property is as follows:

<u>Unit Type</u>	<u># of Units</u>	<u>Square Footage</u>
A1 - 1 bedroom/1 bath	132	627 sq. ft.
A2 - 1 bedroom/1bath	24	629 sq. ft.
B1 - 2 bedroom/2 bath	64	832 sq. ft.
<u>B2 - 2 bedroom/2 bath</u>	<u>18</u>	<u>838 sq. ft.</u>
TOTAL	238	166,192 sq. ft.

- Proposed tenants** - The target population of Shady Oaks are families and individuals who want a quality affordable place to live. Of the 238 units, 60% of the property (143 units) will be set-aside for families with approximate incomes of less than 50% of the AMFI, and the balance will be for tenants with approximate incomes of less than 80% AMFI. For a family of four, those approximate income levels are \$36,650 for 50% AMFI, and \$58,650 for 80% AMFI. We also commit 10% of the property (24 units) for families with incomes below 30% MFI as managed by our Children's HOME Initiative

- (CIII) Program team. Shady Oaks will have 24 units (10% of the property) that are accessible to persons with mobility disabilities. The property will also have 5 units (2% of the property) that are accessible for persons with hearing and/or visual disabilities.
- d. **Occupation** – Shady Oaks is approximately 75% occupied at the time of application submission. There are approximately 50 down units that are uninhabitable at the current time.
 - e. **Opportunity Map of Austin** - Shady Oaks Apartments is located in a “high” opportunity area according to “Map 2: Comprehensive Opportunity Map, City of Austin.” Please see **ATTACHMENT 9** for documentation.
 - f. **VMU, PUD, TOD** - Shady Oaks Apartments is an existing multifamily community that was originally constructed in 1983. The property is included in the VMU overlay as it is located on South Congress which is a designated current core transit corridor. Please see **ATTACHMENT 10** for documentation.
 - g. **Preservation** – The acquisition and rehabilitation of Shady Oaks Apartments by Foundation Communities will result in the preservation of 238 units of housing that are currently affordable, but are poorly managed and in disrepair. Current rents at the property are below published LOW HOME rents. It is the intention of Foundation Communities to improve the property with a significant rehab that will enhance the quality of the housing without raising rents.
 - h. **Existing Structures** – Please see **ATTACHMENT 11: Appraisal District Documentation** for evidence of the year the structure was built – 1983.
 - i. **Section 8** – Section 8 vouchers will be accepted at Shady Oaks.
 - j. **Accessibility** – 10% of total units (24 units) will be designed for persons with mobility impairments using Section 504 and Fair Housing Accessibility as guidelines. 2% of total units (5 units) will be made accessible for persons with hearing and visual impairments.
 - k. **Compatibility with current Neighborhood Plan** – The development of Shady Oaks Apartments involves the acquisition and rehabilitation of an existing apartment complex in the South Congress Combined Neighborhood Planning Area – specifically in the West Congress Neighborhood Planning Area. We have been in communication with Stephanie Voltz – the contact for the South Congress Combined Neighborhood Planning Area. We attended a neighborhood meeting in July and were well-received by the neighborhood. We plan to attend the South Congress Combined Neighborhood Planning meeting on Thursday, September 24th and will hopefully have a letter of support from the neighborhood soon after.
 - l. **Funding Plan** – The total project development cost will be approximately \$12,874,000. Funding includes:

Interim Loan, in the amount of \$6,500,000, to be used for acquisition. We are in the final stages of underwriting and will have a final commitment letter on November 30, 2009. The interim loan will be a participation loan with Community Housing Capital as the lead lender and underwriter. Community Housing Capital is the lending arm of NeighborWorks America - a national nonprofit organization created by Congress to provide financial support, technical assistance, and training for community-based revitalization efforts. Foundation Communities is a charter member of NeighborWorks America. The interim loan will be interest only for 24 months and will be taken out by the permanent loan at the end of the term when the property is stabilized.

City of Austin, in the amount of \$3,000,000, used for acquisition and rehabilitation costs. We propose to use a portion of the city funding to cover the balance of the acquisition cost not covered by the permanent loan (approximately \$1,550,000). The remaining City funding will be used for rehabilitation costs. This application requests the awarded funds from the City to be in the form of a grant or a deferred, forgivable loan.

Federal Home Loan Bank, in the amount of approximately \$500,000. We will be submitting an application for \$500,000 to the FHLB Dallas on 2/16/2010 (only one round per year.) FC has been successful receiving FHLB grant awards for all the past affordable housing projects. Since 2000, we

have received five FHLB grants (for every application we submitted, we were granted an award.) The funding will be used for rehabilitation costs.

NeighborWorks America, in the amount of approximately \$500,000, to be used for rehabilitation costs. Foundation Communities submitted an application for funding in October and will receive notification the week of December 1st. As a NeighborWorks America charter member, Foundation Communities is eligible for capital funding on each of its development projects. We do not foresee any difficulty in securing these funds.

Green Funding, in the amount of \$500,000, to be used for weatherization and green building improvements on the property. Foundation Communities has been working closely with Travis County to qualify income eligible units in our existing portfolio for the Weatherization Assistance Program funding. Through this process we are hopeful of streamlining much of the income eligibility documentation and requirements. In addition, there is currently an amendment to Weatherization Assistance Program for Low Income Persons pending that would streamline the eligibility process and essentially make qualification for Shady Oaks a much easier process. We are hopeful this funding will come through, but are prepared to cover the gap with FC cash reserves if it does not.

Fundraising, in the amount of \$200,000, to primarily be used for the development of a new learning center on the property, but will also help fund hard construction costs. We have just submitted an application to a local foundation in the amount of \$150,000 and were very well-received. We do not expect difficulty in raising the \$200,000 in private funding.

Foundation Communities Equity, in the amount of \$1,674,000 to be used for rehabilitation costs. The Foundation Communities Board of Directors is willing to commit at least \$1 million of our development reserves to Shady Oaks – knowing it could be much higher. Worst case, if none of the other soft funding sources come thru – then we could be at risk for upwards of \$3 million, which would tap us out. The board voted to proceed with the project based on the assumption that we probably will not strike out on ALL the soft funding – and assuming \$3 million from the City. There is always a risk of surprise rehab costs, so FC is on the hook to cover this exposure too. Realistically – we probably will end up with closer to \$2 million invested in Shady Oaks. The board and staff just really believe this is the right project for our mission.

Permanent loan, in the amount of approximately \$6,500,000 to take out the interim loan in 24 months when the property has stabilized. We have several options for permanent financing including a HUD 221(d)(4) loan, a Fannie Mae or Freddie Mac loan based on stabilized operations or mortgage-backed insurance loan. We are in communication with D. Ansley Company, Inc. regarding the HUD 221(d)(4) loan and have assumed this financing as our current permanent financing option. The HUD 221 (d)(4) loans are currently carrying a sub-6% rate with a 40-year amortization.

4. Site Control and Demonstration of Value

Please find attached **ATTACHMENT 12: Purchase and Sale Agreement** and **ATTACHMENT 11: Current Tax Documentation**. We are currently under contract for an acquisition price of \$8,050,000. The Travis Central Appraisal District has established an appraised value of \$7,966,239. The appraisal revealed the as-is value at \$8,070,000 and the stabilized value at \$9,090,000 (please find attached a summary of appraisal in **ATTACHMENT 19**).

5. Zoning

Shady Oaks is an existing apartment complex in operation. Foundation Communities will continue to operate the property as a multi-family community, therefore a change in zoning is not necessary. Please see **ATTACHMENT 13: Zoning Documentation.**

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

Please find attached a letter that indicates the project has been reviewed and meets SMART Housing requirements. Please see **ATTACHMENT 14: SMART Housing Certification.**

7. Development Team

	Name(s) & Any Comments on Role	MBE? (Mark X if Yes)	WBE? (Mark X if Yes)	Non-profit? (Mark X if Yes)
Owner	Central Texas/PC Mutual Housing Corp. (nonprofit affiliate of Foundation Communities, Inc. and subject to change)			X
Developer	Foundation Communities, Inc.			X
Architect	TBD			
Engineer	TBD			
Construction Lender	Community Housing Capital			
Other Lenders	HUD			
Attorney	A. Rick Hightower			
Accountant	Foundation Communities, Inc. (in-house)			
General Contractor	Foundation Communities, Inc.			
Consultant (if Applicable)	D. Ansley Company, Inc.			
Property Management Provider	Foundation Communities, Inc.			X
Social Service Provider:	Foundation Communities, Inc.			X

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.

Shady Oaks is an exciting preservation opportunity because we are ready to proceed. The renovated affordable units will be ready during 2010.

	DATE(S)
Acquisition and/or holding	December 2009
Environmental and/or historic review (AHEC)	November/December 2009

Securing and packaging project financing	<u>September 2009 – 1st Q 2010</u>
Construction Specifications and Cost estimates	<u>December 2009</u>
Construction Bids	<u>December 2009</u>
Construction Start	<u>December 2009</u>
Anticipated Draws (list all)	<u>Acquisition</u> <u>December 2009</u> <u>Rehabilitation</u> <u>December to May 2010</u>
End Construction	<u>July 2010</u>
Start of Rent-up	<u>Occupied building</u>
Completion & Operation	<u>Occupied building</u>

9. Accessible and Adaptable Units

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

_____ Units adaptable for persons with mobility disabilities

24 _____ Units accessible for persons with mobility disabilities

_____ Units adaptable for persons with sight and hearing disabilities

5 _____ Units accessible for persons with sight and hearing disabilities

10. Experience and Qualifications – Rental Development and Property Management

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

b. Completed projects (complete table below):

COMPLETED PROJECTS				
Address	Number of Units	New or Rehab	Type of Property (apartments, SF units, etc.)	Year Completed
Buckingham Place 743-B Yarsa, Austin, TX, 78748	166	Rehab	Duplexes	1991
Cherry Creek 5510-B Fernview, Austin, TX 78745	122	Rehab	Duplexes	1989
Crossroads 8801 McCann, Austin, TX 78757	92	Rehab	Apartments	1990
Daffodil 6009 Daffodil, Austin, TX 78744	40	Rehab	Apartments	1996
Garden Terrace 1015 W. William Cannon, Austin, TX 78745	103	Rehab	SRO	2003 and 2008
Peters Colony 1810 E. Peters Colony Rd.,	160	Rehab	Apartments	1995

Carrollton, TX 75007				
Shadow Brook 2020 S. Cooper, Arlington, TX 76013	403	Rehab	Apartments	1995
Sierra Ridge 201 W. St. Elmo, Austin, TX 78745	149	Rehab	Apartments	1991
Sleepy Hollow 3903 Ichabod Circle, Arlington, TX 76013	128	Rehab	Apartments	1995
Southwest Trails 8405 Old Bee Caves Rd., Austin, TX 78735	160	New	Apartments	2001
Spring Terrace 7101 N. I-35, Austin, TX 78752	142	Rehab	SRO	2006
Skyline Terrace 1212 W. Ben White Blvd. Austin, TX 78704	100	Rehab	SRO	2008
Trails at the Park 815 W. Slaughter Lane, Austin, TX 78748	200	New	Apartments	2000
Vintage Creek 7224 Northeast Drive, Austin, TX 78723	200	Rehab	Apartments	2000
TOTAL UNITS	2,165			

c. Development Experience - Foundation Communities has 20 years of experience contracting for and overseeing the construction and rehabilitation of affordable housing. As the owner and manager of 11 affordable housing properties (1,474 units) in Austin and 3 affordable housing properties (691 units) in North Texas, Foundation Communities has built a strong development team and has worked together on many projects. Twelve of our communities were purchased as existing properties. Each has greatly improved with renovations, green spaces and playscapes, learning centers, landscaping, signage, lighting and green building features (solar panels and rain water harvesting). Two of our properties were new construction projects, Southwest Trails and Trails at the Park, utilizing the Low Income Housing Tax Credit Program (LIHTC).

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

- City of Austin – General Obligation Bond Funding
- City of Austin – Housing Implementation Program (HIP)
- City of Austin – HOME Program
- City of Austin – CDBG Program
- TDHCA – 9% and 4% Housing Tax Credits
- TDHCA – Housing Trust Fund
- TDHCA – SECO Energy Grant Program
- TDHCA – HOME Program
- 501(c)(3) Bond Program
- Federal Home Loan Bank (Affordable Housing Program)
- Resolution Trust Corporation – Affordable Housing Disposition Program
- Multi-family Private Activity Bonds
- City of Arlington – CDBG Program
- Neighborhood Reinvestment Corporation Grant Program

- HUD Section 8 Moderate Rehabilitation SRO Program
- HUD Supportive Housing Program

Housing Development Team - Our Housing Development Team consists of the following FC staff (Please see **ATTACHMENT 15** for resumes):

Walter Moreau, Executive Director, oversees asset management and provides overall organizational leadership. For new developments, oversees and assists with project development and financing. Walter has 20 years of housing development experience.

Sunshine Mathon, Design and Development Director, assists in the programming, design and construction management of all development projects. He has a focus on green building and sustainability issues, such as energy and water conservation, use of recycled content materials and indoor environmental quality.

Sandra Lumley, Property Director, oversees all aspects of property management all units in Austin, ensuring FC's high quality standards. Sandra has extensive knowledge of the compliance requirements for a variety of funding programs at the local, state and Federal level. Sandra has 30 years of housing development experience.

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

Jennifer Hicks, Director of Housing Finance, pursues new development opportunities and identifies and applies for subsidy and conventional financing for multi-family housing. Jennifer has 8 years of housing development experience.

Julian Huerta, Director of Programs, develops and directs all educational and asset-building programs that assist families residing in FC housing communities. Huerta has 15 years of resident service provision experience.

Project Similar in Size and Scope- Foundation Communities' two most recent developments have been the acquisition and rehabilitation of two hotels into single room occupancy for homeless and very low income adults living alone. In July 2006, Foundation Communities completed the rehabilitation of Spring Terrace, a former extended stay hotel, into 140 units of single room occupancy housing. The renovations at Spring Terrace included the creation of more common area space, the addition of a green space, and new paint and flooring. Skyline Terrace, a former Ramada Inn, was completed in February 2008 resulting in 100 more single room occupancy units with supportive service staff space, resident lounges, community kitchen and green space. The average size of an FC property is 155 units. However, we have three apartment communities that are at or above 200 units, including a 403-unit acquisition rehabilitation located in Arlington, Texas. In 2001, we completed the acquisition and rehabilitation of Vintage Creek Apartments – a 200-unit occupied family project located at 7224 Northeast Drive in Austin.

Davis Bacon/Federal Labor Standards - Foundation Communities has had experience with Davis Bacon and Federal Labor Standards on six past developments: Skyline Terrace, Spring Terrace, Southwest Trails, Garden Terrace, Vintage Creek Learning Center and Shadow Brook Learning Center. Jennifer Hicks, Director of Housing Finance, has overseen the Davis Bacon compliance on the above projects and will oversee Davis Bacon compliance, if applicable, on Shady Oaks.

Temporary or Permanent Relocation - The Uniform Relocation Act will not be applicable to Shady Oaks because it is not a federally-assisted property. However, tenant relocation is not necessary as we will complete renovations to individual units during pre-scheduled 8-hour days. When necessary, the construction teams will enter an apartment and rehabilitate specific items. At the end of each day, the apartment is fully functional. We anticipate that we will only need to ask tenants to allow the construction team to enter their units on three or four days throughout the entire renovation process. We will notify residents of upcoming renovations to their unit and then give them the opportunity to choose a convenient date for the renovations to take place. On the scheduled day, the construction team will enter the unit and make all repairs and replacements ensuring that the resident will return home to a fully functional and refurbished unit.

The interior scope of rehabilitation is expected to include updates in kitchens and bathrooms consisting of new countertops, appliances, and cabinets, re-glazed tubs and tile, and updates to heating and air conditioning within the units. Additional exterior renovations, which do not require displacement of residents, will also be integrated into the overall plan for rehabilitation.

Currently there are 24 vacant ground floor units that have been identified for more extensive ADA renovations. Because these units are not occupied, no relocation will be necessary.

Testing and Treatment of Lead-based paint and/or asbestos - Foundation Communities is aware of the guidelines for testing and treatment of lead-based paint and asbestos. The property has already been tested for both lead-based paint and asbestos and the results were negative (reports available).

- d. Property Management - Foundation Communities performs all leasing, maintenance, accounting, compliance and other property management functions for its 11 Austin properties. Foundation Communities earns property management and asset management fees that help support the overall nonprofit mission. The success of Foundation Communities' property management is demonstrated through its high occupancy (usually averaging more than 95 percent), low turnover (under 32 percent), ability to keep all properties performing within their operating budgets, completion of capital repairs of over \$535/unit, and a relatively high percentage of move outs going to homeownership (20 percent).

A majority of Foundation Communities' 14 properties feature a federal source of funding. Specifically, Foundation Communities' staff has experience with the compliance and reporting requirements of the Low Income Housing Tax Credit program, HOME program, and HUD Continuum of Care Funding Programs. The average size of FC properties is 158 units, with the largest project being 403 units.

11. Detailed Project Budget -

DETAILED PROJECT BUDGET				
	Cost	Prior RHDA Funds	RHDA Funds Requested	Description
PREDEVELOPMENT				
Appraisal	\$5,000	\$0	\$0	CBRE
Environmental Review	\$5,000	\$0	\$0	Environmental Support Services
Engineering Survey	\$5,000	\$0	\$0	TBD
Architectural				

TOTAL PREDEVELOPMENT	\$15,000	\$0	\$0	
ACQUISITION				
Site and/or Land				
Structures	\$8,050,000	\$0	\$1,550,000	See purchase contract
Other (specify)				
TOTAL ACQUISITION	\$8,050,000	\$0	\$1,550,000	
CONSTRUCTION				
Infrastructure	\$150,000	\$0	\$0	Wilson Plumbing (sewer line repair)
Site work	\$188,000	\$0	\$0	World Builders, Inc., Wheeler Coatings and Foundation Communities (includes parking lot repairs, landscaping, retaining walls, signage, fencing)
Demolition				
Concrete	\$110,000	\$0	\$0	Capital Foundations, Inc.
Masonry	\$50,000	\$0	\$0	World Builders, Inc.
Rough carpentry				
Finish carpentry				
Waterproofing & Insulation				
Roofing & Sheet Metal	\$110,000	\$0	\$110,000	Tom Cook Company
Plumbing/Hot Water	\$285,600	\$0	\$185,600	Foundation Communities for toilet and hot water heater replacements
HVAC	\$238,000	\$0	\$0	Foundation Communities
Electrical	\$59,500	\$0	\$0	Foundation Communities (lighting upgrades)
Doors/Windows/Glass				
Lath & Plaster/ Drywall & Acoustical	\$119,000	\$0	\$119,000	Foundation Communities (patch ceilings in units)
Tile work				
Soft & Hard Floor	\$404,600	\$0	\$204,600	Colors Unlimited
Paint/Decorating/Blinds/Shades	\$20,000	\$0	\$0	Foundation Communities
Specialties/Special Equipment	\$487,900	\$0	\$0	Foundation Communities (includes countertop resurfacing, fixture upgrades and hardware)
Cabinetry/Appliances	\$666,400	\$0	\$330,800	Foundation Communities (replace cabinetry and appliances)
Pools (resurface one and fill in other)	\$85,000	\$0	\$0	Foundation Communities
Other (ADA Improvements)	\$500,000	\$0	\$500,000	United Renovations
Other (update leasing office)	\$15,000	\$0	\$0	Foundation Communities

Other (renovate clubhouse)	\$250,000	\$0	\$0	Foundation Communities
Developer Fee	\$150,000	\$0	\$0	Foundation Communities
Construction Contingency	\$500,000	\$0	\$0	
TOTAL CONSTRUCTION	\$4,389,000	\$0	\$1,450,000	
SOFT & CARRYING COSTS				
Legal				
Audit/Accounting				
Title/Recording	\$20,000	\$0	\$0	Based on previous projects
Architectural (Inspections)				
Construction Loan Fee/Costs	\$150,000	\$0	\$0	Based on previous projects/loan estimates
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Other: Reserves	\$250,000	\$0	\$0	
TOTAL PROJECT BUDGET	\$12,874,000	\$0	\$3,000,000	

NOTE: The construction budget above was compiled based on bids from third party contractors as indicated above and attached as **ATTACHMENT 18**. Foundation Communities manages the operations of 1,474 multifamily units and therefore has current pricing on many rehabilitation items common in regular unit turnover (appliances, paint/drywall, cabinetry, fixtures, hardware, HVAC, hot water heaters, etc.) as well as capital improvements on the property (landscaping, tree trimming, updates to leasing office, screen replacement, etc.) Foundation Communities conducted an intensive two-day inspection of the property in which each unit on the property was inspected and inventoried for necessary replacements and rehabilitation (in addition to the inspections conducted by the third-party contractors for their estimates.)

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

- Sources and Uses of Funds** – Please see Table A and Table B.
- Leveraging** – Please see Table C.
- Operating Proforma** – Please see **ATTACHMENT 16: Operating Proforma** (updated to reflect 30% MFI units).

TABLE A: SOURCES OF FUNDS SUMMARY					Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs)
	Term	Interest Rate	Amount	Evidence (Deed, Sales Contract)	
Owner Equity	n/a	n/a	\$1,674,000	n/a	Pre, rehab, soft
Private Financing (List Lenders)					
Interim Loan – CHC	24 mos.	7%	\$6,500,000	Close Dec. 2009	acquisition
Perm. Loan – HUD 221(d)(4)	40 year	5.85%	\$6,500,000	Est. Dec. 2011	Permanent debt

Other Sources (List Below)					
Federal Home Loan Bank	n/a	n/a	\$500,000	Apply 1 st Q 2010	rehabilitation
NeighborWorks America	n/a	n/a	\$500,000	Submit app 10/2009	Pre, rehab, soft
Weatherization Funding	n/a	n/a	\$500,000	In process	rehab
Private Fundraising	n/a	n/a	\$200,000	In process	Pre, rehab, soft
Proposed RHDA Funds	99	0%	\$3,000,000	Application	Acquisition, rehab

TABLE B: USES OF FUNDS SUMMARY		
	Total Cost	Cost/Unit
Predevelopment	\$15,000	\$63
Acquisition	\$8,050,000	\$33,824
Hard Costs	\$4,389,000	\$18,441
Soft & Carrying Costs	\$420,000	\$1,765
Other Costs		
Total Project Costs	\$12,874,000	\$54,093

TABLE C: LEVERAGE SUMMARY	
TOTAL RHDA FUNDS	\$3,000,000
TOTAL OTHER FUNDS	\$9,874,000
LEVERAGE (%)	77%

13. Neighborhood Support

The development of Shady Oaks Apartments involves the acquisition and rehabilitation of an existing apartment complex in the South Congress Combined Neighborhood Planning Area – specifically in the West Congress Neighborhood Planning Area. We attended the July meeting of the South Congress Combined Neighborhood Planning Area and were very well received. At their September 24th meeting the South Congress Combined Neighborhood Planning Area voted to support of the project. Please see **ATTACHMENT 20: Neighborhood Support** (includes letter previously submitted).

14. Description of Supportive Services

Foundation Communities will provide free, supportive service programs that will educate, support and improve financial standing for residents of Shady Oaks. Supportive Service programs to be offered to residents of Shady Oaks either on-site or at Sierra Ridge include:

Adult Classes - Foundation Communities believes it is important to offer “at your door” education opportunities to adults living at Shady Oaks. We offer classes for adults on the following topics:

- English as a Second Language
- Money Management (offered in English and Spanish)

- Homebuyer Education
- Computer training

After-School Program - The after-school program will be held in the on-site community learning center and available to all children living on the property. The goal of the Afterschool Program is to provide a safe, structured environment where youth can improve school performance and meet personal development goals. The program will also focus on providing a safe environment for 1st-8th grade children, supporting academic achievement, supporting children's social development and their relationships with adults and peers, and strengthening the community. At all of our properties, FC maintains a strong relationship with nearby schools with teachers and after-school staff working together to help each child succeed.

Summer-Youth Program - The summer-youth program will be available to all children at Shady Oaks and will be held in the on-site community learning center. The goal of the Summer Youth Program is to provide a structured, supervised environment where youth can gain exposure to a variety of summer learning and enrichment activities, develop important social skills, and work toward a brighter future. In addition, the program will:

- provide free access to rewarding, hands-on educational, cultural, artistic, and recreational activities for youth ages 5-14.
- retain educational gains made during the school year.
- provide a structured, supervised time with caring adults who model and reward positive behavior and interaction.
- supply free, nutritious lunches and snacks five days per week.

Children's HOME Initiative - 10% of the units (24 units) at Shady Oaks will be managed by the Children's HOME Initiative team. The CHI program provides low-cost transitional housing for up to 18 months to families who are considered Extremely Low Income (at or below 30% of the area's MIT). By engaging in case management services, families are able to outline their path toward permanent affordable housing and work to achieve an independent and healthy lifestyle.

The following services will be provided for residents participating in the CHI program at Shady Oaks:

- Computer training
- Intensive Case Management
- Individualized Family Support
- Crisis Management
- Financial Literacy
- Debt Management
- Children's Advocacy
- Educational Support
- Career Awareness & Enrichment
- Long-term Goal Development
- Resource Brokering

Supportive Service programs provided by Foundation Communities, but located OFF-SITE include:

Financial Education - A ten-hour personal finance course, offered in English and Spanish, will help Shady Oaks residents evaluate their financial status and set financial goals. The course includes a one-on-one credit counseling session and follow-up.

Financial Coaching - Families of Shady Oaks will have the opportunity to meet individually with a trained volunteer. The volunteer works with the resident on a variety of personal finance issues which may include a credit report review, creating a credit repair plan or a debt reduction plan, establishing a household budget,

exploring ways to reduce expenses, or setting financial goals. Financial Coaching sessions may be a single one hour session up to eight hours of individual sessions, depending on the situation.

Matched Savings Accounts - Individual Development Accounts will be offered to families of Shady Oaks to help them save money for buying a first home, funding post-secondary education or opening or expanding a small business. Account holders earn matching funds (\$1-\$3 for each dollar saved) in special savings accounts. All participants commit to making regular monthly deposits and completing personal finance courses.

Microenterprise - Community Tax Centers provide services to self-employed and small business owners with five employees or fewer (including the owner), helping them to file their taxes and educating them about tax and liability implications and best practices.

College Savings & Financial Assistance - Families may open a Texas 529 College Savings Plan and receive up to \$100 in incentives for their contributions. Trained staff are available at the Community Tax Centers and financial aid events to help students complete the Free Application for Federal Student Aid (FAFSA) to obtain grants and loans for college.

15. Experience and Qualifications (Supportive Services)

Foundation Communities, as the primary supportive service provider at Shady Oaks, has 20 years experience in the provision of supportive services to its residents. At all of our properties, we enable our residents to increase their personal development, education, safety, and health at one convenient location in their neighborhood. Through strategic partnerships, last year FC gave 800 children of working parents a safe place to go when school's out right where they live and helped 85% of students maintain or improve grades. Talented volunteers help us increase adults' earning potential through classes in English as a Second Language, GED preparation, and computer skills, as well as employment counseling and social service referrals. Each year, we also empower more than 100 families to become smart consumers through economic education and at least 50% of them to reduce debt. More than 140 families have earned a 2-to-1 match in special savings accounts to purchase a home, attended college, or started a business. We also provide free income tax preparation for 17,000 low-income workers and retirees with the help of 400 IRS-certified volunteers.

Supportive Service Staff (Please see **ATTACHMENT 17** for staff resumes):

Julian Huerta – Director of Programs, Foundation Communities - provides leadership for all Foundation Communities' resident and community services. He has many years experience in the provision of social and educational services and in program management, evaluation and fundraising. Mr. Huerta holds a Masters Degree in Community and Regional Planning from the University of Texas and has been with FC for ten years.

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

Erika Leos - Adult Education Coordinator, is responsible for teaching the ten-hour financial education course (in both English and Spanish) available to residents of Foundation Communities and a required