

5 - POPULATION TARGETING AND FINANCIAL NARRATIVE

1. Indicate whether the target population includes special needs populations such as people with disabilities, veterans, the elderly, or youth.

The New Parkridge project is the demolition of existing public housing and the new construction of replacement units through HUD's Rental Assistance Demonstration (RAD) Program. The RAD program provides that all current residents have the right to return to the site.

The New Parkridge will provide 10% of the units as barrier free and all units will be visitable. The focus of the housing will be families although we expect some elderly residents, particularly, in the one-bedroom apartments. While perhaps not a "special needs" population, we anticipate that our resident families will benefit from the availability of social service programs provided on-site and at the adjacent Parkridge Community Center. With the partnership of Eastern Michigan University, it is our intention to offer some aspects of the Family Empowerment Program at New Parkridge. The program has been very successful at Hamilton Crossing in helping families find employment, providing educational programming for kids and healthy eating and exercising opportunities for adults. The program has successfully raised funds to support a match for resident savings program, or Individual Development Account. The Kresge Foundation has expressed interest in expanding their support of this program.

This approach meets the County's requirement for supportive housing as:

- Services will be available to residents experiencing mental illness, other chronic health conditions, including substance abuse issues, and/or multiple barriers to employment and housing stability.
- Because all units have project based rental assistance, residents will pay no more than 30% of their income towards rent.
- The Family Empowerment Program has been successful at Hamilton Crossing by bringing services to the site. The large community room, and the on-site social worker will allow this model to expand to the New Parkridge site.
- The participation in a social service program will not be mandatory for the returning residents as the RAD Program does not allow any changes to their lease requirements.
- All tenants will be required to sign twelve month leases and, as long as they are compliant with their lease, will be able to remain at the New Parkridge.
- Washtenaw County is blessed with a wealth of social services providers and their continued partnership will be critical to providing good services to the New Parkridge residents.

While all units will have project based rental assistance, 30% of the units will be targeted to families or individuals with incomes of 30% of AMI or less and at least 20% of the units will be targeted to families or individuals with incomes of 50% or less.

2. Describe any requirements of other funding sources in the development budget that will impact implementation of this proposal.

We are applying for 9% Low Income Housing Tax Credits (LIHTC) in MSHDA's February round. While the project scores fairly well, we will reapply in the August round if we are not successful. This impacts the timing of the project.

Great Lakes Capital Fund has provided a letter of interest in purchasing the tax credits. In addition, Capital Fund Services, Inc. would provide first lien financing in the form of a Fannie Mae forward loan. Key Bank has provided a letter of interest in providing the construction financing. These financial partners participated in the Hamilton Crossing project previously. Letters from each of these funding sources are included in Section 6 of this application.

3. Indicate whether project based vouchers are secured or applied for.

The Ypsilanti Housing Commission has applied to HUD's Rental Assistance Demonstration program (RAD). Through the RAD program, the current ACC payments that the YHC receives will be converted to project-based rental assistance. The rents set out in our proforma are based upon the RAD program's formula – which is based upon the average subsidy the YHC has received over the last three years. The PBRA will be managed by the Multifamily Office of the Detroit HUD field office.

4. Indicate the terms requested for the HOME funds.

The requested terms for the HOME funds are based upon ensuring that they don't reduce tax credit basis. We would propose that the funds be provided to the Ypsilanti Washtenaw Housing Corporation, a 501(c)(3), that is the sole member of the general partner as a grant or a forgivable loan with a thirty year term and 0% interest. The YWHC would then either provide them to the partnership as GP capital or as a soft loan with 0% interest. We are amenable to other structures that are mutually satisfactory.

5. Indicate whether a PILOT is secured or will be applied for and what the PILOT terms are.

The City of Ypsilanti has approved a PILOT for the New Parkridge site equal to 10% of shelter rents minus utilities. The PILOT is paid as a first priority from cashflow. This

ordinance will have its second reading at the February 4, 2014 City Council meeting. The first reading approval and the Ordinance is attached.

6. Describe any property, materials, or labor that will be donated.

The project proforma does not include any assumptions of donated property, materials or labor.

6 – PROJECT DEVELOPMENT BUDGET WITH SOURCES AND USES

The project development budget is attached. The sources of financing and their status are described below:

LIHTC equity – Great Lakes Capital Fund has provided a letter regarding the purchase of the tax credits, providing 90 cents per tax credit dollar for total equity of \$13,498,650. This source is contingent upon receipt of an allocation of 9% tax credits. The project is applying for credits in MSHDA's February round and scores well. It is, however, a very competitive process and the development team is prepared to apply for credits again in the August round, if needed and then, if still not successful, will consider a 4% LIHTC structure if necessary. Great Lakes Capital provided the LIHTC equity for the YHC's Hamilton Crossing Phase 1 redevelopment.

First lien debt – Capital Fund Services, Inc. has provided a letter of interest in providing first lien financing. The loan amount will be \$1,843,000 with an interest rate of 5.75% and a thirty year amortization and term.

Construction financing - Key Bank has provided a letter of interest in providing a \$12 million construction loan to the project. Key Bank was the construction lender on the YHC's Hamilton Crossing Phase 2 redevelopment.

Capital Funds – the budget includes \$96,375 in HUD Rental Housing Funds. These funds were made available to the YHC and are intended to be used solely for the redevelopment of public housing. These funds have been used to pay predevelopment expenses.

Interim income – the budget includes \$473,462 in rental subsidy that will be received during the construction period. These funds will be used to offset costs of housing residents offsite during that twelve month period.

NEW PARKRIDGE LDHA LP

PROJECT BUDGET

A. Development Budget

USES OF FUNDS		
Hard Costs	Total	Per Unit
Acquisition	100	1
Construction	10,276,570	119,495
Construction Contingency 10.00%	1,027,657	11,950
Total Hard Costs	11,304,327	131,446
Soft Costs	Total	Per Unit
Site Planning	100,000	1,163
Construction Management	50,000	581
Developer Permits & Fees	75,000	872
Architect Design	400,000	4,651
Architect Supervision	65,000	756
Engineering	50,000	581
Survey	25,000	291
Physical Needs Assessment	8,000	93
Soils	15,000	174
Environmental	60,000	698
Construction Insurance	25,000	291
Appraisal	7,500	87
Cost Certification/Accounting	35,000	407
Market Study	8,000	93
Rent Comp study	6,000	70
Title & Recording	35,000	407
Marketing	15,000	174
Taxes during Construction	-	-
Relocation	840,000	9,767
Soft cost Contingency	153,252	1,782
Development Fee 12.32%	1,800,000	20,930
Total Soft Costs	3,772,752	43,869
Financial and Tax Credit Costs	Total	Per Unit
1st Mortgage Fees	46,090	536
1st Mortgage Legal	25,000	291
Const Loan Legal/Origination	134,987	1,570
Borrower Legal	175,000	2,035
RAD	25,000	291
Const Interest	388,086	4,513
Debt/Equity Inspections	20,000	233
Tax/Insurance Escrow -	20,000	233
Other Closing costs	30,000	349
Tax Credit Fee	90,000	1,047
MSHDA Compliance Fees	43,350	504
Total Financial & Tax Credit Costs	997,513	11,599
Reserves	Total	Per Unit
Rent Up Reserve	75,000	872
Operating Reserve	262,495	3,052
Total Reserves	337,495	3,924
TOTAL PROJECT COST	16,412,087	190,838

SOURCES OF FUNDS	Total	Per Unit
1st Mortgage	1,843,600	21,437
HOME	500,000	5,814
Capital Funds	96,375	1,121
Subsidy Income for temporarily relocated units	473,462	5,505
LIHTC Equity	13,498,650	156,961
TOTAL SOURCES OF FUNDS	16,412,087	190,838

#6-2