The Community Builders, Inc

Substantial Amendment Request

Grant B-09-NN-MA-0003

Submitted: September 27, 2010

This is a request for a substantial amendment to TCB’s NSP2 Grant. The request is to approve 11 additional census tracts, two of which are adjacent to already approved census tracts, and to retain two of the original census tracts. I have attached a sheet which explains the switch requested.

Most of the properties in TCB’s original application are no longer feasible as NSP2 deals. Wyandotte Village in Columbus Ohio was sold. 4027 Ellis, Chicago, Illinois was foreclosed on for the City by Community Investment Corporation. CIC is in final negotiations with a private developer to sell the building and fund the rehab. Parkway House was available through auction. TCB bid on the property but because of the timing of the environmental approval and time lag to access funding, they chose a private developer with immediate cash. Putnam Lane Apartments in Worcester, Massachusetts was in a PUD which expired. The time lag to establish a new PUD is too long to incorporate this project into the NSP2 Program. TCB responded to an RFP on Fairgrounds Area in Rockford, Illinois. The city of Rockford decided to try for a HOPE VI incorporating the adjacent Public Housing with another developer. The proposed sites for Triangle Assemblage in Prince William County Virginia needed to be aggregated, but due to County staff cuts there was no ability to carry out the plan. Cambria Redevelopment in Coatesville, Pennsylvania was sold to Habitat for Humanity utilizing NSP1 funding.

TCB has selected new projects which encompass the District of Columbia and four of the eight states with allocations. Each target area chosen will have the greatest impact to rapidly arrest neighborhood decline due to vacancies, foreclosures and other mitigating factors such as high unemployment. TCB has chosen areas of greatest need in order to target and reconnect neighborhoods within TCB’s defined service areas. This substantial amendment addresses Factor 1, Factor 3, Factor 4 and Factor 5 and Factor 6 of the NOFA for each of the proposed new projects. TCB earned all points under Factor 2 and nothing has changed so we are not resubmitting on that factor. All projects fall under activities B, D and E. TCB is doing the deep targeting required to turn around a neighborhood while ridding the area of destabilizing factors such as large properties in foreclosure with deferred maintenance, large vacant buildings or tracts of vacant land which hold back development efforts and have an overall dampening effect on the neighborhood.

Each project is significant enough in size to produce the needed impact. These proposed projects are typically part of a much larger neighborhood strategy or metropolitan wide plan.
which is being implemented in coordination with the local and state officials and often includes participation by local CDCs. Input from and approval by concerned citizens has been solicited. Due to TCB’s commitment to truly affordable housing and to requirements of other funding elements, 30 to 50 years of affordable rents in the form of deed restrictions is anticipated in each of these projects. The plan is to also create construction, development and property management job opportunities for local residents during and after construction. The TCB strategy has three components.

1. Acquire or assemble vacant property to develop affordable housing in locally determined development initiatives.

2. Redevelop projects with vulnerable populations who are low and moderate income

3. Acquire occupied projects facing foreclosure which house low or moderate-income tenants.

TCB’s proposed projects will use the NSP2 funds for pre-development, acquisition and construction. TCB has a quick start strategy in which the NSP2 funding is utilized during a bridge period as the end financing is being assembled. As the end financing closes, the NSP2 funds will come back as program income to be lent to additional projects. TCB hopes to have three cycles of projects utilizing this model which will leverage over $100 Million dollars in the form of low income housing tax credits, tax exempt bonds, Federal Home Loan Bank AHP program funds, soft seconds and/or private debt or equity. The following is a list of committed funds: Depot Crossing – 9% credits ($3M), Thornwood – 1602 $13M), Northtown Village – 9% credits ($6.5M), Cohoes- 9% credits ($4.2M)

Each project includes significant energy conservation standards. The minimum standard is energy star appliances, high efficiency furnaces, insulation, low flow toilets and shower heads and replacement windows. Most projects strive for some level of LEED certification and may include green roofs and thermal heating or other more significant alternative energy improvements.

TCB expects to achieve the following three outcomes.

1. Expend 50% of the funding for acquisition and rehabilitation of abandoned or foreclosed properties by quarter ending December 30, 2011 and 100% of the funding by December 2012.

2. Expend 50% of funds for the Demolition of blighted structures by the quarter ending December 30, 2011 and 100% of the funding by December 2012.

3. Expend 50% of funding for redevelopment of demolished or vacant land into low to moderate income housing by the quarter ending December 20, 2011 and 100% of funds expended by February 2012.
All units utilizing NSP2 funds will house tenants with incomes at or below 120% of AMI. At least 25% of NSP2 funds will provide units which will house tenants whose incomes are at or below 50% of AMI.

TCB has established a staff position for monitoring. The staff will oversee monitoring of Davis Bacon compliance, section 3 compliance, Buy American compliance as well as MBE/WBE state and local requirements, environmental approvals, national objective compliance, URA and TPFA compliance, contract procurement compliance, the 25% ≤ 50% AMI and 100% ≤ 120%AMI, etc. The position will work in conjunction with our construction management division on the Davis Bacon, section 3, MBE/WBE and Buy American compliance to confirm appropriate meetings happened with contractors, documentation is completed and requirements are included in all contracts and follow up on payroll submissions, site interviews and adherence to requirements. They will be responsible for creating the Section 3 plan and implementing it. Staff will work with our project managers on URA and TPFA and procurement compliance. Staff will work with our environmental staff to ensure environmental approvals have been received. I have attached a position description.

The internal audit function will be handled by an outside consultant with a CPA firm. The firm has been chosen and the contract is in process. Reviews will be done on a quarterly basis. I have attached a brief memo on the consultant position.

TCB has established the tcbinc.org website which is constantly updated with information. TCB has also set up an email address for the ease of citizens at nsp2programs@tcbinc.org and a phone line at 857-221-8710. Citizen inquiries will be responded to in writing within 15 days. Since grant signing, there have been 10 inquiries concerning eligibility under TCB’s NSP2 program. Two were concerning individual homes not abandoned or foreclosed. The program was explained and the citizens were disappointed but understood how the buildings were not eligible. The third inquiry was from a small cdc in Virginia who was referred to the State concerning NSP1 funding for a small project. The final seven were from individuals interested in funding a variety of small buildings in Chicago, North Carolina, New York and Massachusetts. They have all been referred to NSP1 or 2 recipients who might be more able to assist them in their projects. I requested that each call back if they did not receive the appropriate assistance. I have not heard from any of them.

This request for substantial amendment has been posted to TCB’s website on September 27th, 2010. For questions or other comments please contact:

Pam Hallett, NSP2 Program Manager
Phone: 857-221-8654
Email: phallett@tcbinc.org
This workforce housing project is 50 units of new construction adjacent to downtown Provincetown. The project will be built on formerly developed vacant land, and will include 25 one bedrooms, 21 two bedrooms and 4 three bedroom units. 8 units will have rents affordable to tenants at \( \leq 30\% \) of AMI, an additional 33 units will have rents affordable to tenants \( \leq 60\% \) AMI and the remaining 9 units will have rents affordable to tenants \( \leq 80\% \) of AMI. These rents will remain affordable with a deed restriction for 30 years. The prospective tenants are year round residents who have been priced out of properties turned into more lucrative vacation rentals. The land is and will remain owned by the Provincetown municipality. TCB will have a 100 year lease. The project will add to TCB’s Cape Cod work force housing production with projects currently up and operating in Martha’s Vineyard’s Edgartown, Chatham and Sandwich. The project cost is $14,500,000. NSP will provide a loan with 3% interest payable at take out financing if project can support it. The State is expected to fund the project with 9% tax credits and other soft funding to take out the NSP2 funds. The CFR part 50 has been submitted and reviewed by the TA, ICF.

**Factor 1: Need/Extent of the Problem**

**A. Target Geography**

The target census tract for this proposal is clearly identified in the “Affordable/Community Action Plan”\(^1\) prepared for the town. The plan describes the low, moderate and median income renters experiencing a “housing crisis,” driven by the loss of year round rental stock to seasonal residents, the extraordinarily high costs of home ownership, and the lack of year round, living wage jobs, causing valuable community members to leave Provincetown.

**Vacancy**

The vacancy rate for the target census tract, as measured by the USPS, is 1.71% which is slightly more than the town’s vacancy rate of 1.64%. This low rate results from high demand for rental vacation homes.

**Foreclosures**

As of June, 2010, there are approximately 12 active foreclosures in both the target census tract and the town of Provincetown as a whole. While this is not a large number, over the past two years 7% of the residential mortgages within the census tract have started the foreclosure process or been seriously delinquent.\(^2\) According to the town Assessor approximately 50% of the homes in foreclosure over the past few years have been owned by year round residents. Three of the current foreclosures also have business addresses in town.

\(^1\) http://www.provincetown-ma.gov/index.aspx?nid=575
\(^2\) HUD NSP2 Foreclosure Need Data
Employment needs contributing to the decline
As of March 2010, the town’s unemployment rate was 36.5% (not seasonally adjusted). During the summer months, unemployment drops to single digits, reflecting the highly seasonal nature of jobs in Provincetown.

Poverty and Rental Cost Burden
This census tract has a high poverty rate of 16.28%. Almost half of the population are renters, with 45.95% of the renters cost-burdened and 23.27% extremely cost burdened. This greatly exceeds the cost burden for owners in the same census tract, underlining the demand for affordable rental housing in the neighborhood.

Interrelated Factors
The location of the proposed Province Landing development is ideal given its close proximity to Provincetown center, including the commercial and pier districts. Additionally, the project represents an opportunity to expand and leverage the business opportunities available through utilization and sourcing of local entrepreneurial ventures in Provincetown. Given the estimated total development time of the project, it is anticipated that the project will generate 12-14 months of temporary construction jobs, as well as, permanent staffing for maintenance and management when the building is placed into operations.

B. Market conditions and demand factors
Provincetown has a critical shortage of affordable year round rental housing. The conversion of existing rental units into seasonal condominiums represents a serious erosion of the town’s capacity to house its year round workforce. Despite little job growth and low wages, the town has experienced a significant increase in market rents. This is fueled by a continued strong demand for weekly seasonal rentals at rent levels that are unaffordable to the local population. The high demand for vacation rentals provides a financial incentive for landlords to convert rentals from year round to seasonal use.

Projected absorption
The majority of Provincetown is covered under one census tract with 12 active foreclosures and many properties experiencing payment delinquency. Within the census tract, there are 58 vacant residential units. As an approximate metric, combining current vacancies with current foreclosures yields 70 units to be absorbed.

The current residential absorption rate within the census tract is 0.83 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months. Projecting this absorption rate forward over the next three years will result in a demand for 30 units by 2013. At market rates, these vacant and foreclosed units are likely to persist over the next decade.

3 Source: Realty Trac
4 Source: USPS
5 Source: USPS
However, there is strong demand for affordable housing. A Housing Needs Assessment (HNA) completed by a consultant to the town in August 2006 determined that 200 units of affordable housing are needed. Since completion of the study, only a small number of new affordable housing has been built or proposed, excluding the 50 units at Province Landing. This suggests that affordable units, low in supply, would be absorbed very quickly.

Continuous loss of local work force is a chief concern for a town that relies on local labor to fuel its tourism-based economy. Stopping the outflow and displacement of current Provincetown residents is a priority for the town of Provincetown and a driving force behind their efforts to acquire and remediate a site within the target census tract (the site at 90 Shank Painter Road) for development of affordable housing. The 50 units proposed at Province Landing offer new housing opportunities for the families on the brink of displacement and relocation.

Factors influencing Foreclosures
According to the 2006 Housing Needs Assessment Provincetown, Massachusetts\(^6\), prepared by Development Cycles of Amherst, MA, low wages and seasonal employment represent two critical factors affecting Provincetown’s insufficient housing needs. These economic realities are exacerbated by the inability of working residents to find secure, year round housing.

Income characteristics
As mentioned, the poverty rate within the census tract is high, at 16.28% and the percentage of renters who are cost-burdened is 45.95%. Access to quality affordable housing is a problem in the neighborhood and has become more acute with declining employment and low wages.

Relevant social, governmental, educational or economic factors
In Provincetown, there is a wide gap between the incomes of the year round residents and the seasonal visitors. This makes it difficult for the year round residents to afford the high housing costs of the tourism based town. Also, the decline in the local fishing industry and the increasing reliance on a tourism based economy has lowered wages and reduced long term economic security to the year round residents.

Strategy for stabilizing the target census tract
Cape Cod hosts a population of affluent summer residents, but also long term, year-round residents who are being forced from their homes by the escalating cost of living and scarcity of good jobs. To keep its families, local jobs and diversity, some of the Cape’s towns have taken the state’s mandate to create a minimum of 10% affordable housing more aggressively and have used local funds to control sites where housing can be built that is affordable to those who live and work in their towns.

TCB has been the selected developer in a number of Cape and Island locations in the past ten years, including two award winning projects in Edgartown, Martha’s Vineyard (60 units in 2004), Chatham (47 units in 2003), and another 36 units in Sandwich, MA. TCB is also renovating and restructuring its existing affordable rental (110 units) and homeownership (35 units) development in Mashpee, MA, with tax credit funding. This preservation project includes

\(^6\) http://www.docstoc.com/docs/31474098/HOUSING-NEEDS-ASSESSMENT
a food bank, daycare and after school care services, and vital services for the small resort community’s local residents. TCB’s projects are used as examples to other towns on the Cape of how mixed income housing can work successfully for all and more towns are working to find the right housing mix to keep their towns stable and affordable to their own long term residents.

Province Landing is TCB’s most recent Cape project. The 50 units of affordable housing in Provincetown will turn a vacant site into new “green” housing for many of the town’s lower income and physically disabled residents. It will also provide the catalyst to the town’s planned improvements for the road and local neighborhood that lies en route to the downtown area. By supporting the year round residents, TCB will be assisting in preserving the year round economy which will stabilize the census tract and tend to protect the residents from the ebb and flow of working in a resort community. With stable housing, the tenants can turn their energy to finding full time, year round employment.

**Factor 3: Soundness of Approach**

<table>
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<tr>
<th>Province Landing</th>
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<tbody>
<tr>
<td>Provincetown (Barnstable County), MA</td>
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<tr>
<td>90 Shank Painter Road</td>
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<tr>
<td>Units to Acquire: 0</td>
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<tr>
<td>Units to Build: 50</td>
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TCB proposes to develop a 50 unit, mixed income residential community at 90 Shank Painter Road. The new development consists of six separate 2 ½ story, Cape Cod style buildings connected by private walkways and a driveway on a vacant 2.57 acre site. The development project consists of 25 one-bedroom, 21 two-bedroom, and 4 three-bedroom units. The development also includes approximately 2,500 square feet fronting on Shank Painter Road for commercial/retail usage that would be available for community related-uses. Eight units are for individuals and families earning 30% or less of the area median income (AMI) and 33 units are for residents earning between 31% and 80% of AMI. An additional 9 units will be targeted to residents earning between 61% and 80% of AMI. In addition, four of the 50 units are designed and designated for those with disabilities. Continued affordability of the units is guaranteed for the next 50 years for individuals or families with incomes at or below 120% of AMI.

**Consultation, Outreach and Communications**

Over the past 1 ½ to 2 years, TCB has had 15-20 meetings with the Town Manager, local housing specialists, zoning and planning board members, local contractors, employers and developers, residents and social services groups specific to Provincetown and some for the lower Cape overall. There have been public announcements throughout the approval process; on becoming the designated developer and through the Chapter 40B zoning and permitting process. There has been ongoing communication and updates as DHCD applications for funding are completed. There has also been regular correspondence with Cape Cod Commission through regulatory process and for application for county funding. The proposed site manager, who currently manages TCB’s other Cape projects, lives in Provincetown and is very involved in
local activities and causes. The NSP2 funding will be in the form of an interest bearing loan set at FAR to be set at the time of closing.

**Factor 5: Energy Efficiency Improvement and Sustainable Development Factors**

**A. Transit Accessibility:** Province Landing has an excellent bus transit service provided by the Cape Cod Regional Transit Authority. The Regional Transit Authority provides transportation to all major Cape destinations, including entertainment/recreation, grocery/medical, and coastal landmarks, as well as, to other larger Cape Cod towns.

**B. Green Building:** Province Landing will be built to the LEED Silver standard and will incorporate energy conservation measures that meet or exceed the U.S. Environmental Protection Agency Energy Star Home guidelines. TCB uses Massachusetts DHCD’s Sustainability Principles as a baseline guide for the project and seeks to exceed these principles as the comprehensive approach to green design is implemented. Efficient Building systems, appliances, and fixtures will reduce the environmental impact and residents’ cost of living while providing comfortable indoor environments. Particular emphasis has been placed on designing a high performance building envelope and heating system.

**Factor 6: Neighborhood Transformation and Economic Opportunity**

Through this project, the community’s housing needs will be stabilized through 50 new, affordable units created by TCB. These units will immediately meet the serious need of and will support those year round residents who support the community itself in Provincetown’s unique resort town housing market. According to the Provincetown Local Comprehensive Plan approved in 2000, “without support, a large percentage of the year-round population will continue to be shut out of housing markets in Provincetown.” Already the high school is which creates significant destabilization of the community. These proposed units will directly support the target census tract of year-round residents who form the majority of the work force and in turn, achieve a stabilization of economic benefits within the community. The current site is a true hole in the ground, a pit that the town paid to remediate, and an eyesore to the main access road to downtown. Development of the site will be a stimulant to the street and local community and have an overall stabilizing effect. (http://www.provincetown-ma.gov/index.aspx?nid=575)

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Depot Crossing  
125 Minot Road  
Wareham, MA  
Census Tract: 25023545400

This is an eight building project in Wareham, Massachusetts which is going into foreclosure and needs rehabilitation. It’s another example of workforce housing immediately north of the Cape Cod Canal along route 6. The project is occupied by mostly female single head of households. All 32 units have MRVP rental vouchers and we are converting 8 of these to project based section 8 subsidies. All of the units are 2 bedrooms. All tenants will have incomes ≤ 50% AMI. Rents will remain affordable with a deed restriction for 30 years. The purchase price is approximately $2,020,000. The rehab will be approximately $3,600,000. The NSP funding will be a loan with a 3% interest rate payable at closing if the project can afford it. The State has committed 9% tax credits and soft second financing which will replace the NSP2 funding in early 2011. The CFR part 50 has been submitted to the TA, ICF and is now ready for submittal to HUD.

Factor 1: Need/Extent of the Problem

A. Target Geography
Depot Crossing serves a specific population mainly composed of single female head of household families. These families are more vulnerable to unemployment, high poverty rates and loss of housing. The preservation of Depot Crossing represents the opportunity to preserve and stabilize 32 fully occupied units of affordable housing.

Vacancy
According to the USPS, the vacancy rate for the target census tract is 5.67%. This is more than double the vacancy rate for the town of Wareham, which is 2.74%. There is a need to reduce vacancy rates in the target census tract to stabilize the neighborhood.

Foreclosures
As of June 2010, there are approximately 92 residential foreclosures within the town of Wareham. Eleven of these foreclosures are within the target census tract. This corresponds to approximately 12% of the town’s foreclosures within an area that houses approximately 25% of the town’s population.

Employment needs contributing to the decline
The town of Wareham’s unemployment rate has increased from 7.3% in January 2007 to 11.1% in March 2010. Wareham is a gateway to the resort community of Cape Cod. With the economic downturn, the resort community has severely struggled and the opportunities for low-skilled workers have decreased.

Poverty and Rental Cost Burden
As with the majority of TCB’s target geographies, this census tract has a high level of poverty, with a rate of 13.74%. This, combined with other neighborhood factors, contributes to the fairly high level of rental cost burden. Approximately 38% of the population within the target census
tract are renters; 35.33% of whom are cost burdened and 17.41% of whom are severely cost burdened.

**Interrelated Factors**
The town of Wareham is a community not quite matching the resort community of Cape Cod, but also out of reach of the Boston Metro area. The population is composed of working middle to lower-middle class people. The reduction of resort activities on Cape Cod took a high toll on the low-skilled employment opportunities for the residents of Wareham. The reduction in income for many households has created high levels of vacancy and an increase in the cost burden for rental housing, driving the demand for affordable housing higher. Depot Crossing represents the opportunity to preserve affordable housing for Wareham’s most vulnerable and struggling residents.

**B. Market conditions and demand factors**
Situated between Boston and Cape Cod, Wareham has been affected by the economic downturn. The reduction in resort activities on Cape Cod has reduced economic opportunities within the town and in a neighborhood already experiencing a high rental cost burden and high poverty levels, the loss of low-skilled resort service jobs has been distressing. The demand for affordable rental housing has increased for Depot Crossing, which had a long waiting list even before current economic downshifts.

As the economy recovers, Wareham is a potential community for workers displaced by high housing costs on Cape Cod. An influx of new households will accelerate the absorption of vacancies.

**Projected absorption**
Within a mile radius of the Depot Crossing property, there are currently 11 foreclosures.\(^8\) Within the census tract, there are currently 180 vacant units.\(^9\) As an approximate metric, combining current vacancies with current foreclosures yields 191 units to be absorbed.

The current residential absorption rate within the census tract is 2.92 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months.\(^10\) Projecting this absorption rate forward over the next three years will result in a demand for 105 units by 2013. Absent NSP2 funding, 45% of the current vacant and foreclosed homes are likely to remain vacant over the next three years.

**Factors influencing foreclosures**
One of the most crucial factors influencing foreclosures within this census tract is the high level of poverty (13.74%). The economic downturn has significantly reduced the resort activity on Cape Cod, greatly affecting employment in the target census tract. The lack of jobs has made meeting monthly payments unfeasible for many property owners.

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\(^8\) Source: Realty Trac
\(^9\) Source: USPS
\(^10\) Source: USPS
**Income characteristics**
As previously mentioned, the poverty rate is quite high at a rate of 13.74%. The 2009 per capita median income within the census tract is $26,866 which is somewhat lower than for the town of Wareham as a whole, at $28,083.

The majority of employment opportunities within the town of Wareham are low-skilled positions at the low end of the service industry or minimum wage retail jobs at the commercial center. The low level of educational attainment compared to surrounding towns also affects income levels of the residents in the target census tract. In addition, with minimal public transportation options, there is little access to more skilled or diverse jobs in employment centers to the north or west (Boston, Providence).

**Relevant social, governmental, educational or economic factors**
The Depot Crossing tenants exhibit low levels of educational attainment, concentrated poverty, high levels of rental cost burden and are an extremely vulnerable population. The town of Wareham is a true low to middle income town with little access to other cities and towns. It is in a low density sector of the state and distances to other more diverse economic centers are significant and too much of a commuting burden on the average employee.

**Strategy for stabilizing the target census tract**
Depot Crossing serves a specific population within the target census tract, struggling single-parent families with very low incomes, and is currently facing foreclosure. TCB will preserve the property by acquiring and rehabilitating the existing units which will prevent further decline and stabilize the neighborhood. The property currently has a lot of deferred maintenance and no curb appeal. Landscaping and better looking outward appearance will stimulate other property owners to improve their property and help stabilize the neighborhood. The property currently serves people at or below 30% AMI and there are no other resources available to house this at risk population. TCB is currently working with South Shore Housing to stabilize, rehabilitate and revitalize over 300 units of housing on the south shore of Massachusetts and Depot Crossing represents 32 units of the overall plan for the area.

**Factor 3: Soundness of Approach**

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<tr>
<td>Wareham, MA</td>
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<tr>
<td>125 Minot Road</td>
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<tr>
<td>Units to Acquire: 32</td>
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<tr>
<td>Units to Rehabilitate: 32</td>
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The Depot Crossing development consists of eight 2-story, wood-frame buildings on a 4.11 acre lot located at 125 Minot Road in Wareham. Each structure includes four, 2-bedroom units. Minot Road is located at the crossing of Great Road and Depot Road and is less than ½ mile from the Route 6 and Route 28 commercial corridor (aka the Cranberry Highway). The 32 units at Depot Crossing, constructed circa 1964, serve a very poor, vulnerable population and are always in
demand and at full occupancy. Turnover at the development is primarily the result of tenant evictions due to non-payment of rent and vacant units are immediately filled by the property’s extensive waitlist.

The property at Depot Crossing is in fair condition, but lacking in energy efficiency and curb appeal. TCB proposes a full renovation of the complex. The renovation will be a full preservation with no demolition. This will lead to an increase in stability of the affordable housing market in Wareham by providing an up-to-date environment to the low-income demographic of the community with lowered operating costs to greatly improve its economic longevity. Depot Crossing currently houses individuals and families whose income is at or below 30% AMI. Continued affordability of this project is guaranteed for 50 years for individuals and families with an income at or below 50% AMI. The NSP2 funding will be as an interest bearing loan to be repaid from the proceeds of the 9% tax credits and soft second funding committed in July from the State.

Consultation, Outreach, and Communications
The Depot Crossing family development has received considerable municipal support for over 30 years. South Shore Housing, who currently owns the property, has built a strong presence in Southeastern Massachusetts over the past three decades through its many social service programs and the administration of the Section 8 voucher program in the area. The Town of Wareham’s Community Development Authority, the Wareham Housing Authority and the Wareham Board of Selectman have all expressed full support of this project.

Depot Crossing has always exhibited extremely low vacancy rates and currently has a long wait list for its 2-bedroom units. The Wareham Housing Authority also has a waitlist that currently includes over 100 applications. There is ample demand by qualified families to keep the units at Depot Crossing full after the rehabilitation is complete.

Factor 5: Energy Efficiency Improvement and Sustainable Development Factors
A. Transit Accessibility: Currently, there is no access to public transportation in the target census tract or the town of Wareham as a whole. There has been talk about expanding the commuter rail from Boston to the Wareham area, but statewide budget cuts have pushed this project further into the future. The closest commuter rail train station is a half an hour away, and runs on a somewhat limited schedule.

B. Green Building: The renovation will include upgrades to the buildings and mechanical systems that will seek to meet or exceed LEED and Energy Star standards. New, high efficiency mechanical units will be installed in each apartment with individual metering. Tenants will be responsible for usage beyond the allowable limit, with lowered usage expected as a result. New Energy Star appliances will be installed in each kitchen and new, insulated, high R-value windows will be installed throughout.

Factor 6: Neighborhood Transformation and Economic Opportunity
The area has been serviced by South Shore Housing, a 40-year old non-profit organization which developed over 200 affordable units in Southeastern MA and administers family and senior
services and the Section 8 voucher program for the area. It manages over 300 units of housing for the poor, very poor and homeless of the area. However, SSH’s properties suffered deferred maintenance and operating deficits by downturns in the economy against fixed incomes. The organization itself has only recently emerged from its own economic difficulties and restructuring and has not been in a position to support any new developments in several years. TCB’s focus areas for development have included neighborhoods north and south of SSH’s footprint. TCB entered into a development servicing agreement with SSH to cover their servicing area, restructure their failing assets and allow South Shore to work through a recapitalization of their business. Depot Crossing is one of 20 properties in South Shore Housing’s portfolio and is the first of its tax credit developments to reach the end of its compliance period. TCB will be acquiring the Depot Crossing project and rehabbing it. Three other tax credit properties will be developed in 2011-2012.

Cohoes Falls
2 North Mohawk Ave
Cohoes, New York
Census Tracts 36001012800 and 36001012900

Located in Cohoes, New York, Cohoes Falls Apartments is a scattered site project, consisting of a mix of rehabilitation and new construction of affordable housing. Cohoes Falls is composed of seven buildings consisting of 65 units of housing and a vacant lot which is part of the existing property’s mortgage. Additional buildings and parcels will be acquired and incorporated into this redevelopment effort, creating an additional 5 to 17 units of affordable rental housing. The sites span adjacent census tracts, one of which has been approved in TCB’s original NSP2 application (census tracts: 36001012800 is adjacent to census tract 36001012900) The data for both of the tracts is very similar, with slightly elevated levels of poverty in tract 012900, and slightly higher vacancy and cost burdens in tract 012800.

The existing buildings are served under a Project-Based Section 8 contract, which will be extended as part of this recapitalization. Some of the buildings are partially occupied. The majority of tenants will have incomes ≤50% AMI. A regulatory agreement will be used to maintain affordability at the project for 50 years. The entire project will cost over $18,000,000. NSP2 will be providing approximately $10,100,000. The NSP funds will be in the form of a loan with a 3% interest rate payable at take out financing if the project can afford it. The State is expected to provide 9% Low Income Housing Tax Credits and soft second funding to pay back the NSP2 funding. Commitments will be announced by the end of August. The CFR Part 50 for the buildings has been compiled, submitted to the TA and is now ready for submittal to HUD. The testing for the vacant parcels is in process.
Factor 1: Need/Extent of the Problem

A. Target Geography
Cohoes Falls is a distressed Section 8 project which requires substantial capital investment. The project has outlived its useful life and requires repairs and upgrades to meet modern needs. The project presents an opportunity to stabilize seven existing buildings as well as to create additional affordable housing on adjacent parcels. Given the high poverty rates and rental cost burdens, affordable housing is greatly needed in this neighborhood of Cohoes.

Vacancy and Foreclosures
According to the USPS, the vacancy rate for census tract 012800 is 9.68%, slightly higher than the 8.09% vacancy rate for already approved census tract 012900. Both are significantly higher than the 5.9% overall vacancy rate within Cohoes. As of June 2010, there were approximately 26 active residential foreclosures in Cohoes. All of these foreclosures are within a one mile radius of Cohoes Falls Apartments. While the target area is seeing 100% of the city’s foreclosures, the census tracts house only about 42% of the city’s population.

Employment needs contributing to the decline
The city’s unemployment rate has increased from 4.5% in January 2007 to 7.2% in March 2010, following unemployment trends within New York State as a whole. Despite the stabilizing presence of the state government in nearby Albany, the increase in unemployment in Cohoes has meant increased cost burdens and foreclosures.

Poverty and Rental Cost Burden
Both census tracts have high poverty rates, with 20.13% in tract 012800 and 27.7% in tract 012900. The educational attainment (population holding 4-year degrees) is low in both tracts, at 8.21% and 6.01%. The high poverty rate intensifies the rental cost burden. With about three quarters of the population across the two census tracts renting, an average of about 40% are cost burdened and 17% are extremely cost burdened. This underscores the need for affordable rental housing in the neighborhood.

Interrelated Factors
The high poverty rate (23.91% average across the two tracts) combined with the exceptionally high percentage of renters (74.3% average) has exacerbated the rental cost burden and number of foreclosures in the target census tracts. With 70 to 82 new or stabilized units, Cohoes Falls Apartments will provide affordable rental housing to households facing steep cost burdens and lack of quality affordable housing options.

B. Market conditions and demand factors
Once a thriving mill community, the City of Cohoes has suffered from the flight of manufacturing and industrial jobs to other parts of the country and abroad since the 1970s. As a result, Cohoes has a supply of housing in excess of population which has contributed to a high vacancy/abandonment rate among residential properties. Much of the existing housing stock was built for millworkers in the early 20th century, and many of these aging properties require significant rehab and updating as well as environmental remediation.
Projected absorption
Within a one-mile radius of Cohoes Falls, there are currently 29 active foreclosures. Within the census tracts, there are currently 284 vacant units. As an approximate metric, combining current vacancies with current foreclosures yields 313 units to be absorbed.

The current residential absorption rate within census tract 012800 is 12.78 units/month, and within census tract 012900 is 6.89 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months. Averaging across the two census tracts yields an absorption rate of 9.83 unit/month. Projecting this absorption rate forward over the next three years will result in a demand for 353 units by 2013. However, given the persistent high vacancy rates within the census tracts (9.68% and 8.09%), the absorption of vacant units tracked by the USPS is being driven less by new demand and more by mobility within the existing population. Absent NSP2 funding, the current vacancy rates are likely to persist, hampering stabilization efforts.

Factors influencing foreclosures
Residential foreclosures in Cohoes are focused within a one-mile radius of the proposed project. Three of the most critical factors influencing foreclosures within the target census tracts are elevated poverty rates, rising unemployment and high rental cost burdens, particularly for low income households.

Income characteristics
These census tracts represent a concentration of poverty within Cohoes. The 2009 per capita median incomes within the census tracts are $18,163 and $15,603, compared to $23,441 for the city as a whole. Almost half of the households who are cost burdened have incomes below 50% AMI. The low per capita median incomes within the census tracts emphasize the need for affordable housing.

Relevant social, governmental, educational or economic factors
The City of Cohoes has experienced problems endemic to the “rustbelt” cities of the Northeast. With its growth originally fueled by mill and manufacturing jobs, the city saw a drop in prosperity as manufacturing jobs relocated elsewhere. As people follow jobs out of the city, vacancies rise. The existing housing stock, much of which is historic, is costly to upgrade, and environmental hazards such as lead paint increase remediation costs. Cohoes has the advantage of being within commuting distance to Albany, the seat of New York’s state government and home to large employment centers such as universities and hospitals. However, the population of Cohoes struggles with a high rate of poverty and high rental cost burdens. There is a great need for safe, quality affordable housing.

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11 Source: Realty Trac
12 Source: USPS
13 Source: USPS
Strategy for stabilizing the target census tract
The City of Cohoes is working to redevelop its historic waterfront and urban core, of which Cohoes Falls Apartments is a part. The scattered site renovation and new construction at Cohoes Falls will stabilize existing buildings and infill vacant lots, making the entire neighborhood more cohesive. The repositioning of Cohoes Falls will reinforce and assist in the redevelopment of Cohoes.

The surrounding neighborhood has a high vacancy level (8.89% on average across the two target census tracts), and prevention of new vacancies is critical. The preservation of existing affordable housing means that the current low income tenants will not be displaced and can remain in place to create a stabilizing effect on the neighborhood and 65 units will remain occupied.

Factor 3: Soundness of Approach

<table>
<thead>
<tr>
<th>Cohoes Falls</th>
<th>Cohoes, NY</th>
<th>Census Tract: 36001012800, 36001012900</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 North Mohawk Avenue</td>
<td>HUD scores: 18,20 12,18</td>
<td></td>
</tr>
<tr>
<td>Units to Acquire: 65</td>
<td>USPS Vacant units in Tract: 161 123</td>
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</tr>
<tr>
<td>Units to Construct: 5-17</td>
<td>Attributable to this property: 7</td>
<td></td>
</tr>
</tbody>
</table>

Cohoes Falls Apartments is a distressed Section 8 project-based development. There are a total of 65 units in 7 existing buildings, with sites bridging three historic districts at the convergence of the Mohawk and Hudson Rivers. There are additional vacant infill sites, where between 5 and 17 new units of affordable housing will be constructed. Most of the existing buildings are historic millworker housing, and require substantial upgrades. Environmental testing is underway. The majority of tenants will have incomes at or below 50% AMI, with a regulatory agreement to ensure affordability for 50 years.

Consultation, Outreach, and Communications
TCB has been in contact with the City of Cohoes since the project’s inception. Discussions with the City and the Planning Department have focused on zoning issues related to the new construction component of the project. Consultations with the State have been ongoing. The State is expected to commit 9% tax credit financing and soft second money by September. The NSP2 funds will be in the form of an FAR interest bearing loan. The State has committed $500,000 in 9% tax credits.

Factor 5: Energy Efficiency Improvement and Sustainable Development Factors
A. Transit Accessibility: All of the properties in the Cohoes Falls Apartment project are within ¼ mile of one or both of the Capital District Transportation Authority bus lines that serve
Cohoes: routes 82 or 29, both of which link Cohoes to major employment centers. Transfers are available for these buses to connect with all major CDTA routes, as well as the Amtrak station.

**B. Green Building:** TCB will meet or exceed New York State DHCR and/or HUD standards, whichever are more stringent for this project, and the design and rehabilitation methods will follow the LEED process. Baseboard electric heating systems will be replaced by efficient gas boilers, yielding significant savings on utility costs for the residents. The new construction component will be designed to be LEED-Platinum Certified and include a solar component on the roof for generating electricity.

**Factor 6: Neighborhood Transformation and Economic Opportunity**
The preservation of Cohoes Falls Apartments as an improved affordable housing community supports goals in the New York State Consolidated Plan, including improving availability and accessibility by preserving existing affordable housing; providing long-term project-based rental assistance; and reducing lead hazards in existing housing stock. Cohoes Falls will also directly address several goals in the City’s Waterfront Redevelopment Plan, such as augmenting redevelopment already occurring within the City and renovating historic buildings that contribute to the City’s urban fabric.

**Dorchester and Roxbury, MA 02121**
Census Tracts: 25025082000 and 25025081900
This is an eight building project in foreclosure with Mass Housing. It is on the line between Dorchester and Roxbury, Massachusetts. The buildings need substantial rehabilitation. Currently, the buildings have 111 units between them. One building, has 6 one bedroom and 35 two bedroom units. 7 buildings have 44 one bedroom units, 22 three bedroom units and 4 four bedroom units for a total of 70 units. TCB has been in conversation with Mass Housing and the process for purchasing the building is underway. The environmental Phase I is in the process of being procured. NSP will provide a loan of $8,500,000 bearing an interest rate of 3% payable at take out financing if the project can afford it. The funds will be used to purchase and rehabilitate the buildings.

**Factor 1: Need/Extent of the Problem**
**A. Target Geography**
The project is an existing scattered site affordable property, and lies in two census tracts at the border between the Boston neighborhoods of Dorchester and Roxbury. This preservation will preserve much needed affordable housing. While the census tracts differ among some indicators, both show high cost burdens for renters at all income levels, underscoring the need to preserve existing affordable rental housing.
Vacancy
The vacancy rate for the target census tracts, as measured by the USPS, are 7.05% (tract 082000) and 4.82% (tract 081900). While higher than Boston’s average vacancy rate of 2.07%, the average vacancy rate across the target census tracts is 5.94%, reflecting the demand for housing in the Boston metro area.

Foreclosures
As of June 2010, there were approximately 294 active residential foreclosures within a one-mile radius of the project site. This represents a large portion (about 11.2%) of the total housing units within the census tracts.

Employment needs contributing to the decline
The city of Boston as a whole has experienced a jump in the unemployment rate, from 5% in January 2007 to 8.1% in 2010.

Poverty and Rental Cost Burden
The target census tracts differ in their levels of poverty, with 30.71% of the population at or below poverty level in tract 082000 and 12.24% in tract 081900. About 11% of the population within the two census tracts holds four-year college degrees. Both tracts have a high percentage of renters, with an average of about 74% of the population renting. Both tracts have high rental cost burdens, with an average of 39% of renters cost burdened and 21% severely cost burdened. Of those cost burdened households, about half are at or below 50% AMI.

Interrelated Factors
One of the largest neighborhoods in Boston, Dorchester is home to a diverse population. The housing market serves low to moderate income households as well as upper income households in gentrifying areas. Preservation and stabilization of affordable housing in the heart of the community is critical to a population facing large numbers of foreclosures and high rental cost burdens.

B. Market conditions and demand factors
Boston as a whole has fared better than other cities during the economic downturn, due to the presence of large institutions such as universities and hospitals, and a robust biotech industry. However, the city is hampered in its efforts to attract new businesses and industries because of the high cost of housing. Providing affordable housing for both the existing population and newcomers is critical to the city’s continued economic development and national competitiveness.

Projected absorption
Within a one-mile radius, there are currently 294 residential foreclosures. Within the census tracts, there are currently 140 vacant residential units. As an approximate metric, combining current vacancies with current foreclosures yields 434 units to be absorbed.

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14 Source: Policymap
15 Source: Realty Trac
16 Source: USPS
The current residential absorption rate within tract 082000 is 1.33 units/month, and within tract 081900 is 0.42 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months. Averaged across the two census tracts, the current residential absorption rate is 0.88 units/month. Projecting this absorption rate forward over the next three years will result in a demand for 32 units by 2013. This represents only 7.37% of the current foreclosed and vacant homes. Without NSP2 funding, vacancies and destabilization will persist or worsen.

Preservation of the project would help to stabilize the surrounding neighborhood by ensuring that the 111 unit, scattered site project does not become an additional vacant, destabilizing force. The project’s continued affordability further ensures that current residents will not be displaced into a community with high rental cost burdens for low income families.

Factors influencing foreclosures
One of the most critical factors influencing foreclosure within these census tracts is the high cost burden for renters and owners, driven by both the high cost of housing in the Boston metro area and an elevated rate of poverty. Among renters, 39% are cost burdened and 21% are extremely cost burdened. Homeowners represent about a quarter of the population, and about 35% are cost burdened, while about 27% are extremely cost burdened. These communities were a primary target for predatory lenders throughout the last ten years.

Income characteristics
The median per capita income in tract 082000 is $17,543 (just below 30% AMI), and in tract 081900 is $22,214 (just above 30% AMI).

Relevant social, governmental, educational or economic factors
The city of Boston has targeted census tract 082000 within its own NSP Application. The census tract meets the city’s requirements for their three-part plan:
- Acquisition and rehabilitation of REOs by responsible owners who will reinvest, not speculate,
- Targeted neighborhood stabilization investment
- Reinvestment in non-REO properties in high foreclosure areas.

The proposed preservation complements the city’s plan, which focuses primarily on single-family homes.

Strategy for stabilizing the target census tract
The complementary NSP activities of the city of Boston and TCB will accelerate the stabilization of the target census tracts. This centrally located neighborhood is facing high numbers of foreclosures and vacancies, and its stabilization is critical to the area’s recovery and long-term strength. Absent preservation, the closure of seven buildings would cause the number of vacancies in the two census tracts to almost double. This preservation will prevent these 111 units from becoming vacant. Additionally, maintaining affordable units in a cost-burdened

17 Source: USPS
18 http://www.mass.gov/?pageID=ehedterminal&L=3&L0=Home&L1=Community+Development&L2=Grant+and+Funding+Programs&sid=Ehed&b=terminalcontent&f=dhcd_cd_nsp_nsp&csid=Ehed
neighborhood will prevent the displacement of the existing building’s population. Finally, the scattered site layout means that its preservation will have a large stabilizing impact on the neighborhood as a whole.

**Factor 3: Soundness of Approach**

<table>
<thead>
<tr>
<th>Dorchester (Suffolk County), &amp; Roxbury, MA</th>
<th>Census Tract: 25025082000</th>
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<td>HUD scores:</td>
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<td>USPS Vacant units in Tract: 78</td>
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<td>Units to Rehabilitate: 111</td>
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<td>Census Tract: 25025081900</td>
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<td>HUD scores:</td>
<td>17 16</td>
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<tr>
<td>USPS Vacant units in Tract: 62</td>
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</tbody>
</table>

TCB proposes to rehabilitate and preserve a distressed and foreclosed property in Dorchester and Roxbury, MA. The scattered property consists of 8 buildings with about 111 units. The unit mix of this property has 50 one-bedroom, 35 two-bedroom, 22 three-bedroom and 4 four-bedroom units.

**Consultation, Outreach and Communications**

TCB has a long history of working closely with Mass Housing Finance Agency (Mass Housing) in developing and preserving affordable housing. Since 2008, we have closed 6 preservation transactions with Mass Housing as the lender, including the recapitalization of a 220-unit scattered site property in Dorchester and Roxbury closed in April 2010. This project is currently held by Mass Housing Authority and the neighborhood is of particular importance due to a large number of distressed and troubled properties. The stabilization of the neighborhood is also one of the priorities of the city of Boston. NSP2 funding will provide a loan at FAR interest rates set at closing.

**Factor 5: Energy Efficiency Improvement and Sustainable Development Factors**

**A. Transit Accessibility:** The project has excellent bus and train transportation options serviced by the Massachusetts Bay Transportation Authority (MBTA). The properties are within three blocks of two bus stops with routes to local shopping places and train stations in Dorchester. They are about one mile from the Jackson Square MBTA orange line, which takes riders to downtown Boston Downtown and connects to other major commercial and employment centers.

**B. Green Building:** As part of the substantial rehabilitation scope of work for this property, TCB will need to replace most of the boilers and HVAC units with energy efficient systems, upgrade windows and exterior doors, add insulation and curb appeal. TCB will evaluate the building to determine the operating efficiency.
TCB uses Massachusetts DHCD’s Sustainability Principles as a baseline guide for the project and seeks to exceed these principles in its comprehensive approach to green design. Efficient building systems, appliances and fixtures will reduce the environmental impact and residents’ cost of living while providing comfortable indoor environments. Particular emphasis will be placed on designing a high performance building envelope and heating system.

**Factor 6: Neighborhood Transformation and Economic Opportunity**

According to the Boston’s comprehensive plan for the period of July 2008 through June 2013, foreclosures in Boston have risen exponentially from a low of 25 in 2004 to 704 by the end of 2007. Because of the importance of the issue, the city issued a special report on foreclosures. According to “Foreclosure Trends in 2007” report, 70% of the foreclosure deeds and petitioned properties were identified in four neighborhoods. Dorchester and Roxbury were the neighborhoods with highest number of petitions in 2007, with 708 and 446 foreclosure petitions respectively. The higher crime rate compared to other neighborhoods in Boston and large number of vacant and foreclosed properties has been destabilizing the community as a whole. The rehabilitation and preservation of this property will maintain affordable housing and add safety and value to the neighborhood.

**Mashpee Village Apartments**

**Mashpee, MA 02649**

Census Tracts: 25001015000

Mashpee Village is a seven building project of 145 units of family housing. 25% of the units house tenants with incomes below 50% of AMI. The project is a tax credit project. Rents are set by a deed restriction for 40 years. Currently the tenant population breaks down this way: 124 units are below 50% AMI, 10 units fall between 50-60% AMI, 4 units are over 60% AMI, 2 units are over 80% AMI, the 5 remaining units are vacant.

The project has a serious septic tank problem. Property management spends thousands of dollars a month pumping out the septic system to allow the system to function. They are in the process of being cited by the health department for this serious code violation. The limited partnership has no ability to fund the repair which will likely be in the area of $3M. The building is in danger of being vacated. In addition to a new septic system, new kitchens with energy star appliances and new water efficient bathrooms will be installed, new roofs with 40R insulation, electrical system upgrade, new 90% efficient furnaces and new landscaping. The project is eligible under the definition of abandoned – code enforcement: uninhabitable and no corrective action within 90 days of notification. NSP will provide a loan of approximately $6,000,000 with an interest rate of 3% payable at take out financing if the project can afford it.

Factor 1: Need/Extent of the Problem

A. Target Geography
The target property is in Mashpee, Massachusetts, on Cape Cod just south of the canal. Mashpee Village is in a quiet residential neighborhood immediately abutting other residential properties, undeveloped open space and a golf course. Mashpee Village qualifies under Massachusetts Department of Housing and Community Development’s (DHCD) definition of an “opportunity area” and lies in census tract 25001015000. The census tract shows high cost burdens for renters at all income levels and high demand for affordable housing, underscoring the need to preserve existing affordable rental housing.

Vacancy
Currently the vacancy rate for the target census tracts, as measured by the USPS, is zero. In a 2000 survey of housing waiting lists, The Cape Cod Times identified 300 families in Mashpee waiting for subsidized housing. This project has a waiting list of 188 families.

Foreclosures
Currently, there are about 304 active foreclosures in Mashpee, MA. As of June 2010, there were approximately 13 active residential foreclosures within a one-mile radius of the project site. The foreclosure rating is 19.

Employment needs contributing to the decline
The town of Mashpee is experiencing unemployment of 11.1% as of March 2010 compared to 9.3% statewide unemployment rate. The town unemployment has increased from 5.4% in Jan 2007 to 11.1% in March 2010.

Poverty and Rental Cost Burden
The target census has a poverty rate of 6.74%. With about 19% of the population renting, the percentage of renters cost burdened is high at 40.96% and extremely cost burdened is 18.88%. Of those cost burdened households, about 66.48% are at or below 50% AMI.

Interrelated Factors
According to the market study prepared by Bonz and Company in February, 2010, the property has a significant rent advantage over the surrounding community. The rent advantage ranges from 17% for a one bedroom unit to nearly 45% for a four bedroom.

B. Market conditions and demand factors
Only 4% of the town’s housing stock qualifies as affordable. There is a compelling need for affordable housing on Cape Cod, and a special need to maintain affordable housing with easy access to population centers and economic activity. Mashpee Village is a key affordable housing resource on the Cape. According to HUD, 33.9% of the Mashpee’s residents qualified as low or moderate income in 2000. As part of a market study conducted by Bonz and company in Feb 2010, Mashpee Village has a waiting list of approximately 188 households, 130%.

23 Source: Realty Trac
Projected absorption
Within a one-mile radius of Mashpee Village Apartments there are currently 13 residential foreclosures. This may appear to be a low number, however because the census tract has several areas of undeveloped forest and open space this number of foreclosures is more significant than might initially be thought. The current residential absorption rate within tract 015000 is 1.33 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months. Projecting this absorption rate forward over the next three years will result in a demand for 32 units by 2013. Without NSP2 this project will probably become vacant which will only slow down the absorption rate by increasing the number of units to be absorbed.

The preservation of Mashpee Village would help to stabilize the surrounding neighborhood by ensuring that the 145 unit property does not become an additional destabilizing force. Mashpee’s continued affordability further ensures that current residents will not be displaced into a community with already high rental cost burdens for low income families.

Factors influencing foreclosures
One of the most critical factors influencing foreclosure within these census tracts is the high cost burden for renters and owners, driven by both the high cost of housing in the Cape Cod area and an elevated rate of poverty. Among renters, 40.96% are cost burdened and 18.88% are extremely cost burdened. Homeowners represent about 81% of the population, and about 24.5% are cost burdened, while about 9% are extremely cost burdened.

Income characteristics
The median per capita income in tract 015000 is $28,754 which appears high compared to TCB’s other census tracts. This average income must be skewed due to the presence of owners with significantly higher incomes who have second homes in the area. This fact tends to blur the actual data.

Relevant social, governmental, educational or economic factors
The preservation of Mashpee Village is consistent with the Commonwealth’s Sustainable Development Principles. The apartment complex is located in a mature community with a wide range of commercial, recreational, educational, public and residential uses. The close proximity to Mashpee’s business district makes the preservation of affordable housing more attractive. Mashpee has been designated an “opportunity area” by DHCD.

Strategy for stabilizing the target census tract
TCB’s proposal seeks to stabilize an important piece of the neighborhood by preventing 145 units from becoming vacant and further destabilizing the area. TCB intends to rehab and maintain an attractive and compact development close to local resources. Considering the fact that only 4% of the town’s housing stock is affordable and a current waiting list of 188 households for affordable housing, the preservation of the project is of high importance to the town. Mashpee Village consists of 145 affordable units contributing 73% of Mashpee’s

24 Source: Realty Trac
25 Source: USPS
affordable stock. Preserving these affordable units in a cost-burdened neighborhood will prevent the displacement of the existing building’s population. Finally, rehabilitation of large property, 7 buildings will have a significant stabilizing impact on the neighborhood as a whole.

**Factor 3: Soundness of Approach**

<table>
<thead>
<tr>
<th>Mashpee Village Apartments (Phase II)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mashpee (Barnstable County), MA</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Units to Acquire: 145</td>
</tr>
<tr>
<td>Units to Rehabilitate: 145</td>
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</tbody>
</table>

TCB proposes to rehabilitate and preserve Mashpee Village apartments in Mashpee, MA. Mashpee Village consists of 145 family housing units, including 130 LIHTC, representing 73% of Mashpee’s 198 affordable housing units. The preservation of these units is seen as a key part of the town’s comprehensive planning efforts. Mashpee Village is also included in the town of Mashpee’s Affordable Housing and Planned Production Plan as part of their strategy for reaching their goal of 10% affordable units. Mashpee Village qualifies under DHCD’s definition of an “opportunity area”. The property currently has over 25% of residents below 30% AMI. The property is committed to a 40 year term of affordability.

**Consultation, Outreach and Communications**

TCB has a long history of working closely with Massachusetts Housing Finance Agency (Mass Housing) in developing and preserving affordable housing. Since 2008, we have closed 6 preservation transactions with Mass Housing as the lender, including the recapitalization of a 220-unit scattered site property in Dorchester and Roxbury that closed in April 2010. TCB has engaged residents and elected officials to discuss the proposed revitalization of Mashpee Village and the response has been very supportive. Mashpee Village is included in the town of Mashpee’s Affordable Housing and Planned Production Plan as part of their strategy for reaching their goal of 10% affordable units. Further, the town of Mashpee Village has provided financial support through the use of Community Preservation Act funds. The town granted $90,535 in funds to support the Mashpee Village renovations.

**Factor 5: Energy Efficiency Improvement and Sustainable Development Factors**

A. **Transit Accessibility:** Mashpee Village is conveniently located off of Route 151, a major roadway just 7 minutes from Mashpee’s primary business district at Mashpee Commons. One can call to reserve a seat on the B-line bus, the town’s bus line, for pickup at the site.

B. **Green Building:** As part of the substantial rehabilitation scope of work for this property, TCB will improve water and energy savings of the existing units. TCB is proposing the use of new domestic heating systems with 93% efficiency. The scope also includes R-40 insulation in the roof area, R-19 insulation in the walls, a continuous air filtration barrier around the insulated perimeter updated electrical system and lighting fixtures, energy star appliances, and updated plumbing fixtures with water saving features.
TCB uses Massachusetts DHCD’s Sustainability Principles as a baseline guide for the project and seeks to exceed these principles in its comprehensive approach to green design. Efficient building systems, appliances and fixtures will reduce the environmental impact and residents’ cost of living while providing comfortable indoor environments. Particular emphasis will be placed on designing a high performance building envelope and heating system.

**Factor 6: Neighborhood Transformation and Economic Opportunity**

Mashpee Village is located in an area which has experienced a higher than average level of foreclosure or threatened foreclosure activity (Currently there are 304 active foreclosures in Mashpee, MA). We believe that our investment in revitalizing Mashpee Village will contribute to strengthening property values in the area, and to stabilizing the adjacent residential areas by preventing the vacation of the 145 units.

**MID- ATLANTIC**

Holmead
3435 Holmead Place, NW
Washington, DC 20010
Census Tract: 11001002900

Holmead is a 101 unit six story building located in Columbia Heights in Washington DC. The unit mix is composed of 40 studios, 56 one bedrooms and 5 two bedroom units. The building is currently occupied and the tenants are believed to have incomes ≤ 50% AMI. The owners are 60 days behind on mortgage payments. An appraisal has been ordered. The plan is to purchase and operate the property on an interim basis performing minor rehab to bring the building up to safe housing standards. An end financing program will be crafted with the idea of repaying the NSP2 loan bearing an interest rate of 3% payable at takeout financing, assuming the project can afford it, within 3 years with funding from the City.

**Factor one: Need/Extent of the problem**

**A. Target Geography**

Considering the many indicators described below, such as vacancy, foreclosures and market demand, it is clear that this census tract has been disproportionately affected by the foreclosure crisis, and has a strong need for large-scale stabilization efforts to preserve both the quality and affordability of the neighborhood. Holmead represents an opportunity to stabilize 101 affordable units within the struggling and rental cost-burdened neighborhood along the 14th Street Corridor in Columbia Heights.

**Vacancy**

The vacancy rate for the target census tract, as measured by the USPS, is almost 4 times as high as the Washington, DC’s overall vacancy rate (7.94% and 2.03%, respectively). Even in a strong
housing market like Washington, DC, this disparity underscores the importance of reducing vacancy rates to stabilize the neighborhood.

**Foreclosures**
As is found in most, if not all of TCB’s target census tract, this census tract is experiencing much higher rates of foreclosure than the rest of the city. As of June, 2010, there are approximately 1,250 active foreclosures in Washington, DC. Of these, 122 are within a 1-mile radius of TCB’s proposed project. This represents 9.9% of the city’s foreclosures, although census tract 0029.00 houses only 0.7% of the city’s population.

**Employment needs contributing to the decline**
Washington, DC, with the consistent presence of the Federal government, has experienced less impact on employment than other parts of the country. Nevertheless, the district’s unemployment rate has nearly doubled from January 2007 to March 2010, from 5.9% to 10.9%.

**Poverty and Rental Cost Burden**
This census tract has a high level of poverty, with a poverty rate of 19.59%. Educational attainment (population holding four-year college degrees) is only 6.76%. Along with gentrification pressures, these factors contribute to a high degree of rental cost burden. With almost 60% of the population renting, 42.26% are cost-burdened and 22.33% are extremely cost burdened, greatly exceeding the cost burden for owners in the same census tract. This underlines the demand for affordable rental housing in the neighborhood.

**Interrelated Factors**
While the Washington, DC metropolitan area is faring better than other cities in the current downturn, there remain neighborhoods such as the 14th Street Corridor within Columbia Heights, in which disproportionately high rates of poverty and low educational attainment make the population less resilient to changes in employment. In turn, reductions in income create high levels of vacancy and increase the cost burden for rental housing, driving the demand for affordable housing higher. Holmead is a prominent building in a neighborhood consisting mainly of smaller housing stock. With 101 units, Holmead represents 6.2% of the housing units within the census tract, and is well-positioned to meet affordable housing needs and have a significant impact on neighborhood stabilization.

**B. Market conditions and demand factors**
With its large federal workforce, Washington, DC is generally considered a stable market. In this particular census tract, we see a neighborhood which was enjoying some revitalization and even struggling with some gentrification prior to the foreclosure crisis. The economic crisis has stalled out recovery efforts, driving unemployment, vacancies and foreclosures up in a neighborhood which was already burdened with high rental costs.

**Projected absorption**

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26 Source: Realty Trac
27 Sources: M/PF-TWR Multi-Housing Outlook, Marcus & Millichap Apartment Research
Within a mile radius of the Holmead property (approximately, census tract 0029.00), there are currently 122 active foreclosures. 28 Within the census tract, there are currently 124 vacant units. 29 As an approximate metric, combining current vacancies with current foreclosures yields 246 units to be absorbed.

The current residential absorption rate within the census tract is 0.83 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last year, from first quarter 2009 to first quarter 2010. Projecting this absorption rate forward over the next three years yields a demand for 30 units. This means that the current vacant and foreclosed properties will likely remain vacant over the long run, absent NSP2 funding.

Other factors affecting absorption rate are more difficult to measure. Alleviation of current overcrowding (multiple families within a single unit) will increase the absorption rate, but only if the units are available at affordable rents. Given the existing rental cost burden and poverty level, providing more affordable units will not only alleviate overcrowding, but will more quickly fill and stabilize vacancies caused by foreclosures.

Factors influencing foreclosures
One of the most critical factors influencing foreclosure within this census tract is the high rental cost burden (42.26), driven in part by gentrification pressures and in part by high levels of poverty (19.59%). Growing unemployment, particularly for those holding low-skill jobs, has further exacerbated foreclosures. Lending activities have also affected foreclosures: just 81 mortgages were issued in 2008, compared with 213 at the height of the market in 2006. 30 There is also some indication that the housing stock may be over-valued. The percentage of homeowners who are cost-burdened is a reasonable proxy for excessive home valuations that translate directly into unsupportable monthly mortgage payments. Within this census tract, 29.27% of owners are cost-burdened, suggesting that over-valuation plays a part in the foreclosure crisis.

Income characteristics
As mentioned, the poverty rate within the census tract is quite high, at 19.59%. This represents a concentration of poverty within the city. The 2009 per capita median income within the census tract is $21,990; 43% lower than for the city as a whole at $38,709. 42.26% of the renters are cost-burdened, and it can be assumed that the majority of these cost-burdened households are below 50% AMI. 31 Access to quality affordable housing was a problem in the neighborhood before the downturn, and has become more acute with declining employment.

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28 Source: Realty Trac  
29 Source: USPS  
30 Source: PolicyMap  
31 Assumption for AMI level is based on a comparison between per capita median income in the census tract and HUD’s AMI for a single person household.
Relevant social, governmental, educational or economic factors
The neighborhood exhibits low educational attainment, concentrated poverty and high levels of rental cost burden. These problems are aggravated by a lack of quality affordable housing.

Strategy for stabilizing the target census tract
The 14th Street Corridor in Columbia Heights neighborhood of Washington, DC is largely composed of small-scale multifamily housing stock, limited to a few units. As a result, the large apartment buildings sprinkled throughout the neighborhood are quite prominent. Arresting the decline of one such building, Holmead with 6.2% of the census tract’s housing stock, would create a large center of stability for the neighborhood as a whole. This is the first feature of our neighborhood strategy.

The proposed activity, acquisition and renovation of a multi-family housing property, falls under NSP2-eligible activity B. The second feature of our strategy is reducing the overcrowding of the rental units at Holmead. Though Holmead is technically market housing, “unrestricted housing” is a better characterization. The units are small, with a majority of one-bedroom apartments. The majority of the units have two or more “heads of household.” Individual “heads of household” typically earn less than 50% of the AMI for Washington, DC. Though listed as market, the residents are overwhelmingly low income. Our goal is to acquire the building and relieve the overcrowding by relocating some of the units with multiple heads of household.

The third feature of our strategy is putting NSP2 income restrictions on the property to ensure that low and moderate income households can remain in the community. Columbia Heights, where Holmead is located, is a neighborhood that is attractive to developers and owners that are looking for true market renters. Acquiring Holmead and putting long term rent restrictions on the property will assure that low and moderate income household will have the option of remaining in this bustling neighborhood. Specifically, Holmead will serve a combination of individuals/families with an income at or below 50% AMI and individuals/families with an income at or below 120% AMI and will be rent restricted for at least 30 years.

Factor Three: Soundness of Approach

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<tr>
<th>Holmead</th>
<th>Washington, DC</th>
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<th>11001002900</th>
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<tbody>
<tr>
<td>3435 Holmead Place</td>
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<tr>
<td>Units to Acquire:</td>
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<tr>
<td>Units to Rehabilitate:</td>
<td>101</td>
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</tbody>
</table>

The Holmead Place Apartment Building consists of 101 units located in the Columbia Heights neighborhood in the northwest quadrant of Washington, DC. The brick building was built in 1951 and is in need of a major overhaul. The building has 5 two-bedroom units, 56 one-bedroom units and 40 efficiency units. The current occupancy rate is 97%. The property is serviced by an elevator, has a laundry facility and provides 44 parking spaces in its 2-story underground garage.
The approximate lot size is 9,399 square feet and the approximate building size is 46,625 square feet. This project represents an opportunity to help stabilize the community by preserving affordable rental housing in one of the hottest real estate markets in Washington, DC.

**Consultation, Outreach and Communication**
Discussions with the City have been ongoing. The City will probably provide the first mortgage financing to take out the NSP2 loan on the property. TCB has had ongoing meetings with the tenants who are supportive of the plan. The NSP2 loan will carry an FAR interest rate to be set at closing.

**Factor 5: Energy Efficiency Improvement and Sustainable Development Factors**

**A. Transit Accessibility:** The property is conveniently located near public transportation. It is located 0.4 mile from the nearest Columbia Heights Metro station and takes about 5 to 10 min drive to downtown DC.

**B. Green Building:** The District was one of the first jurisdictions in the country to require builders to adhere to standards of the US Green Building Council. The building was built in 1951 and has had little in the way of upgrades since. TCB intervention will transform the property from energy-inefficient to LEED-certified.

**Factor 6: Neighborhood Transformation and Economic Opportunity**
In 1999, the city announced a revitalization initiative for the neighborhood focused around the Columbia Heights Metro Station that opened that year. The opening of the metro station served as a catalyst for the return of economic development and residents. Within 5 years, it has gentrified considerably, with a number of businesses, including a Giant Food supermarket and a commercial and entertainment complex called Tivoli Square, and middle-class residents settling in the neighborhood.

The census tract with the above mentioned property has about 42% of renters who are cost burdened which is significantly higher as compared to that of the city. This shows the necessity for affordable housing to the low income people living in this place and also aids the revitalization initiative taken by the city.

The location of the building is in a historically Latino immigrant enclave and its preservation has local neighborhood support due to the political impact the building has on the area. According to the DC Latino Civil Rights Task Force a major threat to the Latino Community has been affordable housing and that gentrification and displacement in Latino neighborhoods has been a main factor. With TCB’s proposal to preserve Holmead Place as affordable housing, this threat will be significantly reduced and a move towards stabilization of the problem and the community as a whole will ensue.
Lofts at 47
Intersection of 47th Street and Cottage Grove Avenue
Chicago, IL
Census Tract: 17031382000

Lofts at 47 is a project located at 47th Street on Chicago’s south side and continues TCB’s redevelopment of the neighborhood between 32nd Street and 48th Street along Cottage Grove. The several of the parcels are vacant and this new construction project is being done in conjunction with the City of Chicago. The city has come to an agreement on price with the owner and will purchase the land. TCB will demo the building currently on site. It is vacant, in terrible condition and contains 16 units. Alderman Preckwinkle demands the building be demolished because it is a blight and has downgraded the neighborhood for years. TCB will purchase the land from the city. The project will have 72 residential units which will be rented to tenants with mixed incomes. The mix will be 18 units with unrestricted market rents which may house tenants at above 120% of AMI, 30 units of tax credit restricted rents < 60% AMI and 24 units for Public Housing Tenants < 50% AMI. A deed restriction will maintain rents at this level for 30 years. The total budget is $29,130,147. The PHA is providing some capital funding. The City is providing $1.4 M HOME funds, a 4% bond and significant TIF funding to replace the NSP2 funding by June 2011. NSP will provide a loan of approximately $10,000,000 at a 3% interest rate payable at take out financing if the project can afford it. Approximately $2.5M in NSP2 funds will be left in the deal. The environmental phase I consultant has been procured.

Factor 1: Need/Extent of the Problem
A. Target Geography
Considering factors such as high level of poverty, large number of foreclosures and higher vacancy rate, there is a significant need for neighborhood stabilization of the target census tract. TCB’s efforts to improve the quality and affordability of the target property would help the large percentage of cost burdened renters and would contribute to the revitalization initiative started by Fourth Ward Alderman Toni Preckwinkle and the Quad Communities Development Corporation.

Vacancy
With a vacancy rate of 10.31%, the census tract has 125 residential vacant units as measured by the USPS. This vacancy rate is almost twice that of the Chicago city rate of 5.57%. Higher vacancies will adversely affect the property values in the neighborhood and lead to population loss and out migration. In addition, there are some direct costs borne by the city due to vacant properties as a summation of municipal costs and costs of rehabilitation.

Foreclosures
This census tract is experiencing much higher rates of foreclosure than the rest of the city. As of June 2010, there are approximately 14,954 active foreclosures in Chicago, IL. Of these, 468 are within a one-mile radius of the proposed project. This represents 3.1% of the city’s foreclosures, while the census tract represents only 0.09% of the city’s population.
Employment needs contributing to the decline
As of March 2010, the unemployment rate of the city was the same as that of the state unemployment at 11.7%. This rate is higher than the 9.5% national average.

Poverty and Rental Cost Burden
This census tract has a high poverty rate of 29.08% which greatly affects the rental cost burden of the people living in the target census tract. As evident from the percentage of renters cost burdened at 40.05% and extremely cost burdened at 15.5%, there is an immediate need for affordable housing for a large percentage of people living in the target census tract.

Interrelated Factors
The large number of foreclosures, the high vacancy and poverty rate, and the high rental cost burden appear to have affected the housing market of Chicago. The neighborhoods in Chicago are undergoing large scale revitalization by eliminating vacant lands, preventing foreclosures and providing affordable housing to low and moderate income households. The plans to develop this property support the city’s initiative to provide affordable housing and prevent foreclosures.

B. Market conditions and demand factors
Residential real estate sales fell some 33 percent from 2005 to 2008 as the overheated market cooled. The burden fell disproportionately on moderate income households resulting in a rising number of vacant and foreclosed homes in many neighborhoods. There were 14,250 foreclosure filings in Chicago in 2007, an increase of 46% over 2006 and 105% over 2000. The highest concentrations were in low income and minority communities. Rising unemployment, foreclosures and condo conversions have increased the demand for affordable housing, especially rental housing.

According to the 2009-2013 Comprehensive Plan of the City of Chicago, the shortage of affordable apartments is expected to get worse. According to a study by the Real Estate Center at DePaul University, if recent trends in the Cook County housing market continue, the supply of affordable rental units will decline by 38,000 from 2005-2020. Over the same period, it is expected that demand for affordable rentals will rise by 34,000 to more than 500,000 units. The net result in 2020 will be more than 185,000 households, seeking, but unable to find, rental housing in Cook County.

Projected absorption
Within a mile radius of the property (census tract 3820.00), there are currently 486 active foreclosures. Within the census tract, there are currently 125 vacant units. As an approximate metric, combining current vacancies with current foreclosures yields 593 units to be absorbed.

32 http://www.cityofchicago.org/content/dam/city/progs/general/affordablechicagofiles/2009-2013_Affordable_Housing_Plan.pdf
33 Source: Realty Trac
34 Source: USPS
The current residential absorption rate within the census tract is 3.67 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months. Projecting this absorption rate forward over the next three years will result in a demand for 132 units by 2013. Even with a relatively strong absorption rate, only 22% of the current inventory is projected to be absorbed by the market, absent NSP2 funding.

**Factors influencing foreclosures**
Some of the critical factors influencing foreclosures within the census tract are the high rate of poverty (29.08%) and the high percentage of renters cost burdened (40.05%). Lending activities have also affected the foreclosures: 45 mortgages were issued in 2008 as compared to 83 mortgages in the height of the market in 2006. The other factor that may have affected foreclosures is low educational attainment (the percentage with four year degree is 9.43%) which limits higher paid employment opportunities.

**Income characteristics**
As mentioned, the poverty rate within the census tract is high, at 29.08%. This represents a concentration of poverty within the city: the 2009 per capita median income within the census tract is 29.32% lower than the city as a whole ($16,930 and $23,953 respectively). 40.05% of the renters are cost-burdened, and it can be assumed that the majority of these cost-burdened households are below 50% AMI. Access to quality affordable housing was a problem in the neighborhood before the downturn, and has become more acute with declining employment.

**Relevant social, governmental, educational or economic factors**
The neighborhood extending from 31st Street all the way down to the University of Chicago is experiencing a major revitalization. The Lofts at 47 is located directly within this larger area and will add to the large-scale neighborhood stabilization.

**Strategy for stabilizing the target census tract**
The Lofts at 47 is a continuation of the redevelopment of the Southside neighborhood of Chicago. It is within the same area as two of Chicago’s major HOPE VI developments; Oakwood Shores and Lake Park Crescent. The rehabilitation of the Lofts at 47 will provide a vital residential and commercial asset to the Southside neighborhood of Chicago and will add to the major revitalization efforts already taking place.

**Factor 3: Soundness of Approach**

<table>
<thead>
<tr>
<th>Lofts at 47 Chicago, IL</th>
<th>Census Tract: 17031382000</th>
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<tbody>
<tr>
<td>47th and Cottage Grove Avenue</td>
<td>HUD scores: 18 19</td>
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<td>Units to Acquire: 0</td>
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<tr>
<td>Units to Rehabilitate: 127</td>
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</table>

35 Source: USPS
36 Assumption for AMI level is based on a comparison between per capita median income in the census tract and HUD’s AMI for a single person household.
Lofts at 47 requires an acquisition and combination of three private parcels with two publicly owned parcels located on the 4700 Block of S. Cottage Grove Avenue and 4700 Block of S. Evans Avenue. Approximately 30,859 square feet in size, the building has been vacant for over a decade. The parcel was appraised at the fair market value for mixed use. This section of Cottage Grove is filled with vacant lots and deteriorated buildings. The site will be developed in two phases. Phases I and II will consist of 127 residential housing units and approximately 46,000 square feet of rentable commercial space in two, 5-story structures. The units will target individuals/families with incomes at or below 120% AMI and will be guaranteed at this level for no less than 30 years. The commercial units are developed by Skilken and TROY Enterprises.

Consultation, Outreach and Communications
TCB is working closely with the Department of Planning and Development and the Community Development Commission of the City of Chicago to purchase and redevelop the entire site. The North Kenwood Oakland Conservation Community Council and 43rd Street TIF Advisory Committee strongly support this project. The project would anchor a new TIF district. The project was presented to the community at meetings held in May and July 2006 and has been the topic of ongoing meetings with the local alderman and the local CDC since mid-2009.

Factor 5: Energy Efficiency Improvement and Sustainable Development Factors
A. Transit Accessibility: The property is located on the No. 4 Cottage Grove Chicago Transit Authority bus route with express service to the downtown loop during rush hour. It is also located about 0.6 miles from the 47th Street Station of the Metra.

B. Green Building: The building will be built with a 75% green roof, as required under the Chicago Green Homes program supporting affordable housing with sustainable design features. The project will be LEED certified. The City’s TIF funding requires substantial green elements so these will all be incorporated. It will also be designed and constructed to be certified under a green building/energy efficiency program such as Energy Star.

Factor 6: Neighborhood Transformation and Economic Opportunity
This development provides a highly visible opportunity for well designed mixed income housing in a mixed use building. It is strategically located within six blocks of Chicago’s lakefront and is flanked on the north and south by two of Chicago’s major HOPE VI developments, Oakwood Shores and Lake Park Crescent. Recent targeted investment (including major HOPE VI developments) and engagement by the University of Chicago and the Illinois Institute of Technology in neighborhood educational institutions and housing redevelopment has begun to reverse the area’s long decline, but the market is still fragile. The project is estimated to generate 100 permanent jobs in retail and office sectors and will expand the tax base by returning a tax exempt property to the tax rolls.
The Northtown Village Senior Building is a part of the King Drive District in East Chicago, Indiana and was in TCB’s original application. One of the census tracts for Northtown Village Senior Building was originally negotiated out of TCB’s application and included in the State of Indiana’s consortium application which was not funded. (census tracts: 18089031000 is adjacent to census tract 18089030200 which was already approved in the original TCB NSP2 Application.) The data for both the tracts is very similar, with the exception of the residential vacancy rate. The State of Indiana has created a redevelopment plan for the City which includes this senior building. The site plan was not completed at the time of the application. Now that the building has been sited, it is in the adjacent census tract. The property is comprised of 10 lots with three vacant buildings, all will be demolished, there is one residential unit. The project will be a four story building with 56 one bedroom units for the elderly. All tenants will have incomes \leq 50\% \text{AMI}. A deed restriction will maintain rents at this affordability level for 30 years. NSP will provide a loan of approximately $10,000,000 with a 3\% interest rate payable at take out financing if the project can afford it. The State has committed 9\% tax credits and soft second financing to take out most of the NSP2 funding by mid 2011. A tier I environmental review has been approved by HUD for the city. A phase II and soil borings are complete. A cfr part 50 is ready for submittal to HUD.

In the original approved census track there are 30 units of housing which need to be demolished to clean the site for the next phase of the redevelopment. This will be paid for with the demolition allocation in TCB’s grant agreement.

**Factor 1: Need/Extent of the Problem**

**A. Target Geography**

North Harbor’s Main and Broadway District are in the process of revitalization. New homes are under construction, older homes are being rehabbed, parks are being rebuilt, charter schools are opening and community programs are being created to improve safety and increase employment rates. The Northtown Village Senior Building will provide housing to the elderly population of the area who are currently living in substandard housing.

**Vacancy and Foreclosures**

According to the USPS, the vacancy rate for census tract 031000 is 22.34\%, higher than the 15.89\% vacancy rate for already approved census tract 030200. Both are higher than the 14.4\% overall vacancy rate of the City of East Chicago. As of June 2010, there were approximately 102 foreclosures in East Chicago. Of those 102 foreclosures, 69 are within a one-mile radius of the proposed project (which bridges the two census tracts). This represents about 68\% of the city’s foreclosures, even though the census tracts house only about 11\% of the city’s population.
Employment needs contributing to the decline
The city’s unemployment rate has increased from 8.6% in January 2007 to 14% in March 2010. Historically, East Chicago was one of Northwest Indiana’s major industrial cities, specializing in steel. In the past decades, there has been a substantial loss in manufacturing jobs, greatly increasing unemployment.

Poverty and Rental Cost Burden
Both census tracts have extremely high poverty rates, with 37.43% in tract 031000 and 41.78% in tract 030200. The educational attainment (population holding 4-year degrees) is low in both tracts, at 1.19% and 2.68%. The extremely high poverty rate intensifies the rental cost burden. With about three quarters of the population renting, an average of 35.61% are cost burdened and 15.33% are extremely cost burdened. This highlights the great need for affordable rental housing in the neighborhood.

Interrelated Factors
The extremely high poverty rate (39.61% average across the two tracts) combined with the exceptionally high percentage of renters (74.39 average) has exacerbated the rental cost burden and number of foreclosures in the target census tracts. With 56 units, the Northtown Village Senior Building will provide affordable rental housing to the elderly, one of the most vulnerable populations of residents in the area.

B. Market conditions and demand factors
The target area is currently undergoing immense revitalization efforts. The North Harbor Revitalization Initiative, a program created by the City of East Chicago, is working to bring back civic pride to an area that has been ignored for many years. By improving the quality of life for community residents and attracting new families, businesses, visitors and investors to the area, the program is acting as a catalyst for economic development throughout Northwest Indiana.

Projected absorption
Within a one-mile radius of Northtown Village, there are currently 69 active foreclosures. With the census tracts, there are currently 262 vacant units. As an approximate metric, combining current vacancies with current foreclosures yields 331 units to be absorbed.

The current residential absorption rate within the census tract is 1.25 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months. Projecting this absorption rate forward over the next three years will result in a demand for 45 units by 2013. Absent NSP2 funding, the current vacant and foreclosed units would persist for many years.

Factors influencing foreclosures
The number of foreclosures within a one-mile radius of the target census tracts is extremely high. Two of the most critical factors influencing foreclosures within the target census tract are the extremely high poverty rate and high rental cost burden.

37 Source: Realty Trac
38 Source: USPS
39 Source: USPS
Income characteristics
These census tracts represent an extreme concentration of poverty within the City of East Chicago. The 2009 per capita median incomes within the census tracts are is $9,744 and $8,351, compared to $14,368 for the city as a whole. Almost half of the household who are cost burdened by have incomes below 50% AMI. The exceptionally low per capita median incomes within the census tracts emphasize the need for affordable housing.

Relevant social, governmental, educational or economic factors
Significant portions of the work that TCB is undertaking in East Chicago tie directly to the 2006 “Marquette Plan,” which is Indiana’s Lakeshore Reinvestment Strategy sponsored by the cities of East Chicago, Gary, Hammond, Portage and Whiting, and the Indiana Department of Natural Resources, under the sponsorship of U.S. Representative Peter J. Visclosky.40 It is a comprehensive plan for the Lake Michigan Shoreline, stretching from the Illinois state line to the eastern boundary of Portage. A regional partnership has been created to facilitate the local implementation of Marquette Plan strategies and apply the overall goals of restoring the shoreline of Lake Michigan.

Strategy for stabilizing the target census tract
The Northtown Village Senior Building is part of the 3rd phase of rental development in East Chicago’s on-going North Harbor Revitalization Initiative. The development will add to the already begun development of North Harbor’s Main & Broadway District; the community’s mixed-use center. The development will house individuals/families with income at or below 120% AMI and have guaranteed affordability for at least 30 years. Northtown Village will add much needed elderly housing to an area where new homes are being constructed, old homes and parks are being rehabilitated, and community programs are being created, ultimately adding to the stabilization of the target area. It will also serve as an immediate replacement to the substandard public housing high rise that is scheduled to come down in the near future.

Factor 3: Soundness of Approach

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<tr>
<th>Northtown Village, Senior Building</th>
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<tr>
<td>East Chicago, IN</td>
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<td>Units to Construct: 56</td>
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</table>

This site, as stated above, is the 3rd phase of the five or six phase North Harbor Revitalization Initiative to reposition the City of East Chicago on the shores of Lake Michigan. Thus far, the

revitalization has included significant investment from the State of Indiana and casino revenues from the City. With the addition of NSP2 funds, the revitalization can be expedited.

Consultation, Outreach, and Communications
Since 2006, TCB and its partner, Hispanic Housing Development Corporation (HHDC), have been the master developers for the revitalization of the North Harbor. Together they have been acting as consultants to the City of East Chicago, guiding community reinvestment and public policy to support a sustainable community in the North Harbor. TCB, HHDC and the City worked with residents, community leaders, the local merchants’ association, and major employers to create the Main & Broadway Strategy. Since 2006, more than fifteen community workshops, three open houses, nine focus groups, and dozens of stakeholders meetings have been held. The designs for park and streetscape improvements, now under construction, have come from these workshops. Focus groups helped spur new ordinances passed to improve community safety and shaped single family floor plans.

Factor 5: Energy Efficiency Improvement and Sustainable Development Factors
A. Transit Accessibility: East Chicago Transit runs three bus lines that stop one-block from the Northtown Village Senior Building at the intersection of Main Street and Broadway. This bus service is free and connects residents to the South Shore Commuter Line, which runs to downtown Chicago and other various amenities. Each bus is ADA accessible to people with disabilities, equipped with lifts, ramps and a kneeling feature which can lower the bus for easier boarding.

B. Green Building: The Senior Building will be designed and constructed to be LEED and Energy Star certified under a green building/energy efficiency program. Energy Star and other energy conservation appliances will be used throughout the development. In addition, the Senior Building is part of a larger community revitalization strategy being designed to satisfy LEED ND standards. Moreover, it is part of an award-winning comprehensive regional sustainable development strategy, The Marquette Plan, which focuses on reinvesting in lakeshore communities in Northwest Indiana.

Factor 6: Neighborhood Transformation and Economic Opportunity
A historic and ethnically diverse community along Lake Michigan, the North Harbor once thrived as the epicenter for more than 70,000 steelworkers, serving the housing, commercial and cultural needs of these workers and their families. In previous decades, a loss of manufacturing jobs, poor urban planning, and an overconcentration of subsidized housing has led to disinvestment, a steep decline in property values, and large tracts of vacant land. Currently, the City of East Chicago, TCB and the Hispanic Housing Development Corporation (HHDC) have already begun to rebuild the North Harbor’s Main and Broadway District. New homes are under construction, older homes are being rehabbed, parks are being rebuilt, charter schools are opening and community programs are being created to improve safety and employment rates.

Significant portions of the work that TCB is undertaking in East Chicago tie directly to the 2006 “Marquette Plan,” which is Indiana’s Lakeshore Reinvestment Strategy sponsored by the cities
of East Chicago, Gary, Hammond, Portage and Whiting, and the Indiana Department of Natural Resources, under the sponsorship of U.S. Representative Peter J. Visclosky.

The Northtown Village Senior Building will provide housing to the elderly population of the area who are currently living in substandard housing. The development will promote stabilization by preventing aging residents from leaving the neighborhood due to limited housing options. Northtown Village will serve as the only new source of elderly housing and will be an immediate replacement for the public housing high rise that is scheduled to be demolished. North Harbor would like to see a preservation of a multi-generational population. The building is located two-blocks from a community center and overlooks a park designed for the youth of the area by the elderly.

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**Thornwood House**  
**1 Thornwood Mall**  
**University Park, IL 60466**  
Census Tract: 17197883603

Thornwood House is a building which houses elderly and disabled tenants in a south suburb of Chicago, University Village. 40% of the 183 one bedroom and studio units currently have project based rental assistance which will be negotiated to remain. All tenants will have incomes \( \leq 50\% \) AMI. A deed restriction will maintain rents at this affordability level.

The property needs significant rehabilitation and is in HUD NSP2 defined foreclosure. The motivated owner is very interested in selling the property. NSP will provide a loan of approximately $6,500,000 with a 3% interest rate payable at take out financing if the project can afford it. The Illinois Housing Development Authority’s Board approved approximately $13 Million in 1602 funding on August 19th, 2010. TCB is required to expend 30% of the 1602 funds by December 30, 2010. A cfr part 50 has been approved by the TA and is ready for submittal to HUD.

**Factor 1: Need/ Extent of the Problem**  
**A. Target Geography**  
In considering the many indicators depicted below, especially the alarmingly high foreclosure rate, it is evident that this census tract has been excessively affected by the foreclosure crisis. TCB has recognized this area as having a strong need for stabilization. The Thornwood House
provides an opportunity to preserve and stabilize affordable housing for a specific population of elderly and disabled residents.

**Vacancy**
The vacancy rate for the target census tract, according to the USPS data, is 4.58%. This is less than the overall vacancy rate of University Park, IL which is 6.13%. This shows that the Thornwood House Property is being utilized and should be rehabilitated to reduce the risk of vacancy in the future.

**Foreclosures**
This census tract is experiencing a high number of foreclosures in relation to the city of University Park as a whole. As of June 2010, there are approximately 93 foreclosures in University Park; 58 of which are within a one-mile radius of the Thornwood House development. This represents an extremely large segment of the city’s foreclosures at approximately 62%.

**Poverty, Unemployment and Rental Cost Burden**
This census tract has an extremely high level of poverty, the rate of which is 52.6%. The city’s unemployment rate has practically doubled from January 2007 to March 2010, from 5.6% to 11.7%. Approximately 35% of the population in the census tract rent, 51.97% of whom are cost burdened and 20.51% of whom are extremely-cost burdened. This far exceeds the percentages of owners who are cost-burdened and extremely cost-burdened, at rates of 26.51% and 7.29%, respectively. The high level of poverty may be accounted for by many of the elderly and mentally and physically disabled residents, currently residing at Thornwood House. For this reason, it is necessary to rehabilitate the building in order to preserve their access to affordable housing.

**Interrelated Factors**
The City of University Park struggles with high rates of poverty and rental cost burden due, in part, to the lack of employment opportunities. The demand for affordable housing, especially within the vulnerable population of the disabled and the elderly is very high. Rehabilitation of the Thornwood House will provide ideal, affordable housing opportunities for this specific demographic.

**B. Market conditions and demand factors**
With its lack of employment opportunities and extremely high poverty rate, University Park is in need of stabilization. The economic crisis has enhanced these problems and demand for affordable housing has been increased, especially within the vulnerable target population of elderly and disabled.

**Projected absorption**
Within a mile radius of the Thornwood House, there are currently 58 active foreclosures. Within the census tract, there are currently 47 vacant units. As an approximate metric,

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41 Source: Realty Trac  
42 Source: Realty Trac
combining current vacancies with current foreclosures yields 105 units to be absorbed. By rehabbing and stabilizing this 183 unit project, the surrounding area will be stabilized.

The current residential absorption rate within the census tract is 2.25 units/month. This is based on data from the USPS, tracking the number of vacant units that were reoccupied over the last 12 months. Projecting this absorption rate forward over the next three years will result in a demand for 81 units by 2013 without NSP2 funding. Though it is a fairly high absorption rate, the building needs to be preserved to protect the vulnerable population of disabled residents.

Factors influencing foreclosures
As stated above, the number of foreclosures within the census tract is alarmingly high with 62% of the foreclosures of University Park as a whole. The extremely high poverty rate within this census tract (52.6%) is a major contributing factor influencing foreclosures. The data also shows that over-valuation of the housing stock may be a contributing factor. The rate of owners who are cost burdened is 26.51%, suggesting that monthly mortgage payments are unfeasible for a fair percentage of homeowners in the census tract. Also, by acquiring and rehabilitating the Thornwood House Property, TCB is preventing foreclosure of an additional 183 units.

Income characteristics
As previously mentioned, the poverty rate within this census tract is extremely high. The 52.6% poverty rate may be attributed in part to the limited income received by the elderly and disabled residents who reside within Thornwood House. It is necessary to provide affordable housing to these residents who have very limited means and opportunities to increase their unsubstantial income.

Relevant social, governmental, educational or economic factors
This census tract has a high poverty rate and a high percentage of renters who are cost burdened. A main demographic contributing to these statistics are the elderly and disabled living in the Thornwood House. It is necessary to preserve and rehabilitate the building in order to stabilize the neighborhood and prevent these people from being forced out. Governor’s State University provides educational opportunities for the residents of University Park.

Strategy for stabilizing the target census tract
The Thornwood House in University Park, IL provides much needed affordable housing to a specific demographic. By acquiring, rehabilitating and maintaining quality, affordable rental housing stock for the elderly and mentally and physically disabled, it reduces the struggle of these people and their families while promoting the stability of the neighborhood. The building provides housing to vulnerable residents, who in their current condition have very few choices for proper housing. Thornwood House makes up about 11.6% of the total housing units in all of University Park. This is a significant percentage of units that needs to be restored in order to preserve the stability of the community.

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43 Source: USPS
44 Source: USPS
Factor 3: Soundness of Approach

| Thornwood House |
|-----------------|-----------------|------------------|
| University Park, IL | Census Tract: 171978836.03 | |
| One Thornwood Mall | HUD scores: 18 18 | |
| Units to Acquire: 183 | USPS Vacant units in Tract: 47 | |
| Units to Rehabilitate: 183 | Attributable to this property: 32 | |

Thornwood House is an existing 183-unit building with an uninsured mortgage issued under the HUD Section 236 program in University Park, Illinois, in Will County. The project provides much-needed affordable housing to a vulnerable population of disabled and elderly residents. TCB will acquire, refinance, and substantially rehabilitate the property, and will include significant energy-efficiency upgrades to the property. Thornwood House will house elderly and disabled residents whose incomes are at or below 50% AMI and continued affordability of this project is guaranteed for 31 years for this target percentage of AMI. The rehabilitation will consist of the replacement of windows, plumbing, HVAC system and kitchens and bathrooms in the units and considerable work on the façade of the building. Project funding is coming from 1602 funding from the Illinois Housing Development Authority.

Consultation, Outreach and Communications
The current owner of the Thornwood House been in close contact with University Park city officials in the past and maintains a current relationship. TCB has scheduled a meeting with University Park city officials for later in July and the City Manager and Mayor are well aware of the building and it is anticipated that they will be supportive of the proposal. The NSP funding will be in the form of an interest bearing loan to be set at closing.

Factor 5: Energy Efficiency Improvement and Sustainable Development Factors
A. Transit Accessibility: The University Park Metra station, very accessible from the building, provides rail access to Chicago approximately every hour. The property is also served by PACE paratransit service with a stop one block from the building.

B. Green Building: During rehabilitation, the Thornwood House will be outfitted with Energy Star rated appliances. Green building construction techniques will be used whenever feasible and a new geothermal system is being considered for the property, as well.

Factor 6: Neighborhood Transformation and Economic Opportunity
The Thornwood House, which provides affordable housing to the elderly and disabled population of University Park, IL, is currently in foreclosure and needs to be purchased to avoid destabilization of the neighborhood. Preventing the foreclosure and rehabilitation the building will save the vulnerable population and help stabilize the adjacent residential properties in the census tract.

The building was initially designed to be completely elderly but has become housing for mainly mentally and physically disabled persons of all ages. By preserving affordable elderly and disabled housing, it prevents aging and disabled residents from being forced from their
neighborhoods and contributes to the cohesiveness of the community. It allows the resident population to stay in place, even as they age, and economically speaking provides a demographic that spends money within the community.

**Factor 3.a.2: Uses of Funds and Firm Commitments**

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount of Funds</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohoes Falls</td>
<td>$4,625,000</td>
<td>9% LIHTC, AHP &amp; Historic 1st</td>
</tr>
<tr>
<td>Depot Crossing</td>
<td>$4,610,406</td>
<td>9% LIHTC and MHP loan</td>
</tr>
<tr>
<td>Northtown Village</td>
<td>$7,996,205</td>
<td>9% LIHTC</td>
</tr>
<tr>
<td>Thornwood House</td>
<td>$13,000,000</td>
<td>1602</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$30,231,611</strong></td>
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</tr>
</tbody>
</table>

**Factor 4: Rubric for addressing Vacant Properties**

<table>
<thead>
<tr>
<th>Project</th>
<th>1.5 x Sum of Vacant Properties to be Addressed</th>
<th># Vacancies in Census Tracts(s)</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>Depot Crossing</td>
<td>1.50</td>
<td>180.00</td>
<td>0.01</td>
</tr>
<tr>
<td>Dorchester and Roxbury, MA</td>
<td>6.00</td>
<td>153.00</td>
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<tr>
<td>Cohoes Falls</td>
<td>10.50</td>
<td>284.00</td>
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<tr>
<td>Holmead</td>
<td>4.50</td>
<td>124.00</td>
<td>0.04</td>
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<tr>
<td>Lofts at 47</td>
<td>24.00</td>
<td>125.00</td>
<td>0.19</td>
</tr>
<tr>
<td>Thornwood House</td>
<td>48.00</td>
<td>47.00</td>
<td>1.02</td>
</tr>
<tr>
<td>Northtown Village</td>
<td>31.00</td>
<td>166.00</td>
<td>0.19</td>
</tr>
<tr>
<td><strong>Sum:</strong></td>
<td><strong>125.50</strong></td>
<td><strong>1079.00</strong></td>
<td><strong>0.12</strong></td>
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**State Allocations and Proposed Commitments on Projects**

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<tr>
<th>State</th>
<th>Allocation</th>
<th>Proposed Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>$12,494,512</td>
<td>$29,900,000</td>
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<tr>
<td>New York</td>
<td>$5,521,006</td>
<td>$10,000,000</td>
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<tr>
<td>Pennsylvania</td>
<td>$11,205,459</td>
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<tr>
<td>Virginia</td>
<td>$4,687,500</td>
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<tr>
<td>North Carolina</td>
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<tr>
<td>Washington DC</td>
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<td>$4,000,000</td>
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<tr>
<td>Ohio</td>
<td>$16,065,453</td>
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<tr>
<td>Indiana</td>
<td>$14,062,500</td>
<td>$10,000,000</td>
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<tr>
<td>Illinois</td>
<td>$8,611,047</td>
<td>$16,500,000</td>
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<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$78,617,631</strong></td>
<td><strong>$70,400,000</strong></td>
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