



A C WHARTON, JR. - Mayor
GEORGE M. LITTLE - Chief Administrative Officer

DIVISION OF HOUSING & COMMUNITY DEVELOPMENT
ROBERT LIPSCOMB - Director

September 11, 2012

Mr. Mike Frick
Memphis Market President, Bank of America
Board Chairman, Memphis & Shelby County Community Redevelopment Agency
(CRA)
6060 Poplar Avenue, Suite 100
Memphis, TN 38119

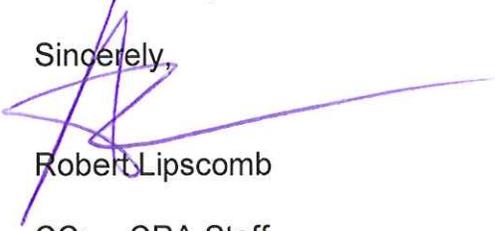
Re: Request for Fee Waiver for Heritage Trails Redevelopment Plan

Dear Mr. Frick:

I am writing to request approval of a waiver of the \$2,500.00 application fee for the Heritage Trails Application for Tax Increment Financing Assistance. The applicants for the project are the Memphis Housing Authority and the City of Memphis Division of Housing and Community Development. Both MHA and HCD are governmental agencies whose primary concern is the public benefit that this project will have within the area being targeted.

Thank you for your consideration of this request and if you need additional information, please do not hesitate to contact me at 576-7308.

Sincerely,



Robert Lipscomb

CC: CRA Staff

**MEMPHIS/SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY (CRA)
APPLICATION FOR
TAX INCREMENT FINANCING ASSISTANCE**

A. Applicant

City of Memphis Division of Housing and Community Development/Memphis Housing Authority	901-576-7301 901-544-1102
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Applicant (Developer's Name)	Telephone/FAX/E-mail
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701 North Main Street, 700 Adams	Memphis, TN 38107 Memphis, TN 38105
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Street Address	City/State/Zip
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621-6000361
621-6001584

Applicant's IRS Number

Robert Lipscomb, Director/Executive Director	901-576-7301 901-544-1102
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Name and Title of Responsible Officer	Telephone/FAX/E-mail
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701 North Main Street 700 Adams Avenue	Memphis, TN 38107 Memphis, TN 38105
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Street Address	City/State/Zip
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Marcus Ward Gregory Perry	901-576-7376 901-544-1862
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Attorney for or Authorized Representative of Applicant	Telephone/FAX/E-mail
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701 North Main Street 700 Adams Avenue	Memphis, TN 38107 Memphis, TN 38105
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Street Address	City/State/Zip
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B. Development Team

List other development team participants, such as attorneys, consultants, bond counsels, architects, engineers, etc., affiliated with the applicant on this project, together with their address and telephone number.

The Memphis Housing Authority (MHA) and City of Memphis Division of Housing and Community Development has extensive experience and understanding in implementing neighborhood redevelopment planning and development projects . To assist in the development of the Heritage Trail project, MHA selected Memphis Triangle, LLC, a team that combines the development skills, strengths of and extraordinary experience of Pennrose Properties, Duvernay + Brooks, and Community Capital.

Pennrose is one of America's foremost developers of HOPE VI, mixed-income and mixed-use housing developments and brings extraordinary depth of experience in the creation of affordable housing. Duvernay + Brooks, LLC is a developer-partner on over \$160 million of affordable and mixed-income projects including Memphis' Uptown HOPE VI development. D+B, a certified Women-Owned Business, is also a national leader in advising clients on the structuring of financing for affordable and mixed income housing, specializing in public housing revitalization. Community Capital is a Memphis-based affordable housing consulting firm that creates viable financing structures for affordable housing and community development projects. Since its formation in 1999, Community Capital has been involved with the financial structuring of more than 15 tax credit projects, totaling more than 3,000 units exceeding \$160 million.

Memphis Triangle LLC has assembled an extraordinary HOPE VI development team for the development of the new Heritage Trail Community. Detail on the entire development team for the Heritage Trail project is provided below.

Contact Name: Mark Straub, Senior Development Officer
Dian Torres, Associate Developer
Firm Name: Pennrose Properties, LLC
Address: 3750 Hughes Avenue,
Chattanooga, TN 37410
Telephone: (423) 634-8955
Facsimile: (423) 634-1121
Email: mstraub@pennrose.com
Email: dtorres@pennrose.com

Contact Name: Brian Heeger or Segun Obasanjo
Firm Name: Duvernay + Brooks, LLC
Address: 210 Eleventh Ave., Ste. 404,
New York, NY 10001
Telephone: (646) 230-0551 x. 16 or (646) 230-0551 x 15
Facsimile: (646) 230-0552
Cell: (917) 647-9619 or (646) 753-2862
Email: bheeger@DuvernayBrooks.com
Email: oobasanjo@duvernaybrooks.com

Contact Name: Archie Willis, President
Marcus Newman, Financial Analyst
Firm Name: Community Capital
Address: 1708 Monroe Avenue,
Memphis, TN 38104
Telephone: (901) 543-9866
Facsimile: (901) 544-7965
Email: awillis@community-capital.com
Email: mneuman@community-capital.com

Name: Looney Ricks Kiss + Self Tucker Architects
(LRK/STA)
Address: 175 Toyota Plaza, Suite 600,
Memphis, TN 38103
Telephone: (901) 521-1440
Facsimile: (901) 525-2760
Contact Person: Rob Norcross, AIA, LEED AP
Email: rnorcross@lrk.com

Contact Person: Jimmie E. Tucker, AIA, LEED AP
Address: 505 Tennessee Street Suite 101
Memphis, TN 38103
Telephone: 901.261.1505
Facsimile: 901.261.1515
Email: JTucker@SelfTucker.com

Name: Integra Realty Resources
Address: 700 Colonial Road, Suite 102
Memphis, TN 38117
Telephone: (901) 866-4934
Facsimile: (901) 767-4918
Contact Person: Michelle Alexander
Email: malexander@irr.com

Name: Tetra Tech
Address: 65 Union Avenue, Suite 340
Memphis, TN 38103
Telephone: (901) 523-9500
Facsimile: (901) 523-9502
Contact Person: Bob Kurtz
Email: Bob.Kurtz@tetrattech.com

Firm Name: Capstone Building Corporation (Capstone)
Address: 3415 Independence Drive
Birmingham, AL 35209
Telephone: (205) 803-5226
Facsimile: (205) 803-5230
Contact Name: Michael Mummert
Email: mmummert@capstonebuilding.com

Name: Barge Waggoner Sumner & Cannon, Inc. (BWSC)
Address: 60 Germantown Court, Suite 100
Memphis, TN 38018
Telephone: (901) 755-7166
Facsimile: (901) 755-7844
Contact Person: Charles Goforth, Vice President
Email: cagoforth@bwsc.net

Name: T. Elias & Associates
Address: 419 Linkville Road
Johnstown, PA 15906
Telephone: 814.535.5271
Facsimile: 814.535.4691
Contact Person: Tom Elias, Principal
Email: telias@aol.com

Name: BLOC Global Services
Address: FINANCIAL CENTER
505 20th Street North, Suite 900
Birmingham, AL 35203
Telephone: (205) 328-4435
Facsimile: (205) 328-4436
Contact Person: Herschell Hamilton
Email: hhamilton@blocglobal.com

Name: Alco Management, Inc.
Address: 35 Union Avenue, Suite 200
Memphis, TN 38103
Telephone: (901) 544-1723
Facsimile: (901) 544-1724
Contact Person: Berkeley Burbank
Email: bburbank@alcomgt.com

C. Women and Minority Owned-Firms

List all the women and minority-owned firms associated with the applicant/developer or members of the development team.

The Memphis Housing Authority (MHA) has both an extensive and successful history of utilizing Women- and Minority-Owned Businesses (M/WBE's) in its development efforts. This project will be no different, and will also accomplish its goals and those of the City through aggressive hiring of Women- and Minority-Owned Firms.

MHA's Development Team, Memphis Triangle, is aware of the importance of the Heritage Trail Redevelopment project to the City and the need to stimulate the Memphis Market. That is why we have brought together the best minority and women-owned firms of Memphis to create what is a predominantly Memphis-based development team. Many firms commit to the utilization of M/WBE firms in their proposals; however our team has a proven track record implementing these efforts. We have been very effective in reaching out to local and minority firms for inclusion into the project.

The team will satisfy all local, state, and federal procurement policies relating to the utilization of M/WBEs and local enterprises associated with the revitalization effort and beyond and will commit to fulfill all goals set forth as feasible. We will require all contractors to include an M/WBE/Section 3 and Local Preference Plan as a bid document.

Below is a listing of M/WBE firms and/or locally owned currently on the project:

<u>Team Member</u>	<u>Role</u>	<u>Business Type</u>	<u>Locally-Owned</u>
Duvernay + Brooks	Co-Developer	WBE	
Community Capital	Co-Developer	MBE	Yes
Self Tucker Architects	Architect	MBE	Yes
Formation Methods, LLC	Construction Management	MBE	
Looney Ricks Kiss Architects	Architect		Yes

The MBE and WBE members of our team will assist in the identification of additional, appropriate certified M/WBE firms. It has been the experience of the team that it is not enough to sign a contract, but to also help develop the M/WBE so that it can increase its capacity and fulfill its contract obligations. Lastly, all firms utilized in the project will be required to provide sub-tiering contract opportunities to other certified M/WBE firms.

D. Location and Site Plan

Provide a plan map of the boundaries and the site plan of the proposed project.

Please see attached map of proposed street improvements, investment areas, new or improved parks and existing parks.

E. Project Description

Provide a description of the proposed project, including prospective tenants, project phasing, location, and purpose.

The Redevelopment Plan provides for the framework to incentivize the reinvestment and redevelopment of the Area in order to support Downtown and the existing neighborhood, improve housing conditions for those with the fewest means, improve infrastructure and land in order to support new investment, and sustain the needed parks and open spaces to promote quality of life.

The projects are described in detail in the accompanying redevelopment plan, but a summary is outlined below. The locations are generally shown on the attached map referenced above. There are several projects throughout the proposed CRA neighborhood, including two public housing revitalization projects (one currently funded with HOPE VI funds and another in the planning stages through a Choice Neighborhoods Planning grant), planned public infrastructure improvements including enhanced lighting, landscaping, utilities, street and sidewalk improvements, creation of affordable housing, and improvements to public facilities. Undertaking these projects provides a means to transform the entire district into a Cultural Heritage Tourism Zone that connects many of Memphis' assets, including history, heritage, culture, arts, and music.

Major projects currently underway or envisioned include the Cleaborn Pointe at Heritage Trail HOPE VI redevelopment project (formerly Cleaborn Homes public housing project) which will provide 400 homes for public housing, low-income and market-rate families. Demolition has been completed and construction of the first phase, consisting of 84 units of senior housing, began in January 2012. Three future phases, slated for construction between 2012 and 2014 will provide much-needed housing for families within close proximity to transportation and jobs in the Downtown area.

Planning is currently underway as part of the Vance Avenue Choice Neighborhoods Planning Grant to envision the housing, services, neighborhood retail and other services needed to support the residents of Foote Homes public housing. Expected outcomes of the planning process include identifying the number and types of housing required to redevelop Foote Homes including on-site redevelopment and off-site renovation or new construction within the Area.

The so-called South of Forum study area includes redevelopment of housing south of Linden Avenue (now Dr. M.L. King Jr. Boulevard) near the FedEx Forum sports arena. Over the past

several years efforts have been made to acquire and demolish sub-standard housing. Neither a defined plan for housing nor a developer has been identified for redeveloping the area.

Other proposed housing developments have either stalled or been cancelled due to economic conditions, however one development moving forward is the ArtSpace project which proposes to convert an existing warehouse to low-cost artist living quarters with studio space. Located within the South Main Arts and Historic District, this is expected to move forward in 2013.

The Redevelopment Plan calls for renovation, redevelopment and infill housing within the Area including the 400-unit Heritage Trail HOPE VI project, the potential redevelopment of the Foote Homes property, and between 500 and 800 units of mixed finance housing within the Downtown, South Main, and infill housing sites.

As a regional (and international) tourism, medical and business destination, the Area sees thousands of visitors who walk, drive and experience the Area each year. The proper hotel accommodations, convenience retail, way-finding signage and street environment are fundamental to providing the visitor with a safe and enjoyable experience while in Memphis. Considerable future tourism, convention and business travel, and the creation of jobs with companies who rely upon tourism are dependent upon the Area remaining stable or improving.

The construction of FedExForum in 2004 was the catalyst for the construction of the Westin Hotel and associated parking structure; however, several hotels proposed for the area south of the arena have not yet been realized. The presence of hotel development would provide opportunities for growth of hospitality and restaurant industry jobs that would support the needs of business travelers, visitors to Beale Street, sporting events and festivals, and to those seeking medical support at the nearby Medical Center.

The Redevelopment Plan for the Area takes into account the overall trend of declining industrial use property in the Downtown and Mississippi Riverfront area. Industry departing for other parts of the region (particularly in the Airport area or Southeast Memphis) or beyond typically leaves behind underutilized buildings or vacant property. A number of these properties have environmental issues which inhibit their reuse for other industrial or non-industrial purposes. Essential to reclaiming this property is to address liability and allocate responsibility for cleanup of contaminated sites, remove out-moded buildings, and provide adequate utilities and street connections to make the properties suitable for redevelopment. Where attracting new business uses is possible, redevelopment efforts should focus where there is potential to provide jobs to neighborhood residents. In areas such as South Main, developers are either adaptively reusing or replacing industrial buildings for residential uses such as urban loft condominiums or mixed-use developments. The potential for adaptive reuse of appropriate buildings should be encouraged to bolster the diversity of uses and efficient use of existing structures.

One of the criteria for a Redevelopment Area plan is the presence of an inadequate street layout for redevelopment. The absence of public streets have resulted in so-called "super blocks" that are neither pedestrian friendly or easily adaptable to new development patterns and do not conform to

the current Unified Development Code standards for block perimeter. New streets are needed to break up larger blocks into appropriately sized urban sites, as illustrated in the plan. The plan calls for six (6) miles of new street connections be made in order to support the orderly development of large tracts of land.

An overall pattern of major and minor streets traverse the Area. Major streets oriented north-south include Riverside Drive, Front Street, Main Street, Second Street, Third Street, Danny Thomas Boulevard, and Manassas Street/Walnut Street. Major streets oriented east-west include Poplar Avenue, Jefferson Avenue, Madison Avenue, Union Avenue, Linden Avenue/Dr. M.L. King Jr. Boulevard, Vance Avenue, G.E. Patterson Avenue, Georgia Avenue, and E.H. Crumb Boulevard. Given the importance of these streets to the overall character of the Area each of these major streets should be improved with adequate lighting, landscaping, signage and other streetscape improvements. Additional minor streets such as Florida Street and others that act as gateways into the Area should be similarly improved. The plan calls for up to 27 miles of streets to receive streetscape improvements and essential repairs throughout the Area.

Sidewalks are provided through much of the Area, however many sections have deteriorated and in need of repair or replacement. In a few locations sidewalks are missing and should be installed. Handicapped ramps at street corners are being installed by the City in many locations and should be included in any future development and streetscape improvements. Bicycle facilities (bike lanes, cycle tracks, signage and signals) are being aggressively pursued throughout the City of Memphis and the region, however the only facilities currently in place are "sharrow" markings on Front Street in the South Main area, with bicycle lanes planned for portions of Linden Avenue (Dr. M.L. King Jr. Boulevard) from Danny Thomas Boulevard to Sommerville Street, and Florida Street south of Georgia Avenue. These facilities are disconnected from the rest of the bicycle network and so additional bicycle facilities should be installed making interconnected bicycling routes.

The Area is also one of the oldest portions of the city, and as a result has among the oldest and least adequate infrastructure and utility services. Any redevelopment of this area will likely require the removal, replacement or upgrading of sub-surface utilities (sewer, water, gas, etc.) to support modern day building standards. Also, where possible, electrical, telephone/data and cable TV service should be placed underground for protection as well as to beautify the Area by removing overhead wires on utility poles. Storm water drainage channels, such as Desoto Bayou and Gayoso Bayou, must continue to be maintained and could possibly benefit from new surface management ponds or even restoration to their original states.

Essential to establishing a high quality of life in the area for residents is adequate provisions for parks, recreation and other green spaces. The opportunities for children and families to walk just a few minutes to a neighborhood park to play, walk the dog, meet neighbors, or conduct community gatherings are limited. Children are left, therefore, with limited opportunities for healthy play and exercise, or to build essential social skills. Instead of participating in healthy and engaged activities, children are seen playing in the street, walking the neighborhood, or participating in disorganized groups which are often leading to mischief or ultimately crime.

The Area has few adequate park spaces within close proximity of residential uses. General use and active recreation parks in the Area include L.E. Brown Park and the fields at the schools in the area such as Georgia Avenue Elementary, Vance Middle School, and Booker T. Washington High School but these are not often used or off-limits to residents. Passive recreation parks such as Church Park, Army/Navy Parks, Morris Park and Forrest Park provide opportunities for casual recreation but are underutilized, ill-equipped or remote. In the case of Morris Park, it also hosts loitering and criminal activity. One major regional park is in the Area; Tom Lee Park is utilized primarily as a major festival park with little provision for active recreation for local residents and so is of little benefit to the Area. Within the Downtown CBD, several park spaces exist primarily for general civic and recreational use, such as Court Square, Confederate Park and Jefferson Davis Park, and are remote from anyone but those living in the luxury apartments and condominiums Downtown.

It is a typical best practice of desirable and healthy neighborhoods to contain passive green spaces within an approximately 2-minute walk (530 ft.) and active recreation areas within an approximately 5-minute walk (1320 ft.) of most residences. Based upon these metrics, many existing and potential residential areas are beyond those distances, so park space should be included in new residential development areas. Upgrades to existing or adding new playgrounds are suggested in several locations so as to provide adequate recreation within a few minutes' walk of a greater number of families than ever before. 17 acres of new parks and green spaces are illustrated in the Redevelopment Plan. (*CRA Act Section 14 (f)*)

F. Site Control

List all properties needed for this project, their current ownership, their status of occupancy, and proposed method of acquisition and relocation, if necessary.

Cleaborn Homes is the property needed for the first phases of the project (HOPE VI site) and is currently owned by the Memphis Housing Authority. Some off-site development (outside of the footprint of Cleaborn and Foote Homes) is anticipated. The project team is in discussions with the City, park district, and other stakeholders regarding potential acquisitions.

Relocation of existing homeowners and renters is expected to be minimal in the redevelopment area with the possible exception of residents of the Foote Homes public housing project. Newly constructed residential dwellings are envisioned for currently vacant lots or where structures are in poor physical condition, while vacant and underutilized residential buildings should be renovated. It is anticipated that no homeowner will be unwillingly displaced from their home as the residential program is intended to be focused on infill and vacant property. If relocation were unavoidable, appropriate measures will be undertaken to ensure that it be handled in an equitable and fair way. In the case of the public housing projects, any redevelopment of that property will require adherence to government standards for relocation of public housing residents (Uniform Relocation Act, if applicable). Should Hope VI, Choice Neighborhoods or other public housing redevelopment funding be used, the aim would be to return as many qualified residents of public housing projects

to the original sites as possible and to provide appropriate support for the remaining residents, including vouchers or subsidy.

G. Schedule

Provide a preliminary project implementation schedule.

It is estimated that the time schedule for implementing and completing the Heritage Trails Redevelopment Plan will be from the time period of 2012 to 2032. Area Infrastructure Improvements and Public Facility and Park Improvements will take place throughout this term. Projects with current grant associated deadlines are described below.

Activity

Heritage Trail Construction	<u>Completion Date</u>
Start Construction Phase I	October 2011
Begin Construction Infrastructure	October 2011
End Construction (1 st phase)	October 2012
Start Construction (2 nd phase)	March 2012
End Construction (2 nd phase)	March 2013
Start Construction (3 rd phase)	March 2013
End Construction (3 rd phase)	March 2014
Start Construction (4 th phase)	December 2013
End Construction (4 th phase)	December 2014
Vance Avenue Choice Neighborhood	
Start CHOICE Neighborhoods Planning Process	July 2011
Complete Planning Grant	December 2012
Acquire options for off-site properties for Foote	December 2012
Apply for CHOICE Neighborhoods Implementation Grant	May 2013
Award of CHOICE Neighborhoods Implementation Grant	September 2013
Begin Redevelopment of Foote Area	January 2014
Completion of Redevelopment of Foote Area	September 2018

H. Substantial and Significant Public Benefit

Describe the public benefit to the City of Memphis and Shelby County that will result from the development of this project and how this project furthers the goals and objectives of the CRA Workable Program.

The purpose of this Redevelopment Plan is to facilitate redevelopment of the Area, to alleviate those conditions that cause the Area to be a “slum area” or “blighted area,” to provide adequate housing for those of low to moderate incomes, and to facilitate private reinvestment through a unified, planned program for economic redevelopment. This Redevelopment Plan calls for residential, retail and commercial uses that will take advantage of the Area’s location, access, and

potential trade area; will significantly contribute to the City's need for both economic development, new neighborhood oriented commercial development, provide a diverse range of housing opportunities for public housing, low and moderate income residents, and market-rate residents, will provide revenue for the affective taxing districts; and will create new jobs within the City.

The following, more specific objectives, also form the basis for this Redevelopment Plan:

- Eliminate the conditions that have qualified the Area as a "slum area" and "blighted area" under the terms of the Act;
- Stimulate redevelopment of the Area and surrounding community through private investment in new commercial and residential uses that will provide the maximum job generation and revenue base for retirement of Redevelopment Area obligations and long-term revenue generation for all affective taxing districts, the City of Memphis and Shelby County;
- Utilize other available redevelopment mechanisms to facilitate new infill retail, commercial and housing construction through incentives to developers;
- Relocate incompatible land uses to more appropriate locations in the City;
- Provide an implementation mechanism that will accelerate the achievement of these objectives and complement other community and economic development objectives and programs;

- Further the objectives of the City and Memphis Housing Authority's affordable housing policies and the community's vision as described in the Vance Avenue Choice Neighborhoods Transformation Plan;
- Act as a catalyst for other rehabilitation and redevelopment projects within the Redevelopment Area.

For most of its history, Cleaborn Homes has provided a good and safe living environment for residents with convenient access to work, schools, transportation, health services and other elements of the municipal infrastructure. However, after decades of use and generations of families, the proposed area is currently in a state of severe blight and decay. The crime, drugs and gangs are established in this area and impact the entire surrounding area as well as the entertainment district only a few blocks away.

As a result, Cleaborn and Foote Homes have been a dividing point in the community. Our envisioned revitalization plan will eradicate a major source of blight and socioeconomic distress in a prime location at the gateway to downtown Memphis. The Heritage Trail Redevelopment will bring currently disparate components of the City together, provide much needed high quality affordable housing and catalyze reinvestment into this area. Located in the heart of downtown, the property is surrounded by entertainment, civil rights district, education, sports and medical facilities, commercial businesses, retail and a residential area. As a crossroads of these activities, the redevelopment plan will create a junction point with retail, commercial, public services and residential developments all connected through this area.

A carefully planned and well executed redevelopment of the public housing asset will be the catalyst for greater growth and the long term viability of this neighborhood and downtown.

The redevelopment plan design will highlight green spaces, walking and biking trails and opportunities to

help interest and connect the differing adjacent neighborhood components. Linking the various areas and removing barriers is essential to increased marketability of the site. The redevelopment will address the broader housing needs of the City and other future expansion activities on Memphis's Southside. We will continue to build on the neighborhoods' existing and potential strengths, which include good nearby jobs, superior public transportation, solid infrastructure and pleasing architecture. Therefore, it is imperative that we must build in concert with the City's strong institutions and will work with them, incorporating their ideas and needs into the project's planning and design.

Foote and Cleaborn Homes are directly adjacent to the South Forum redevelopment area as identified by The Center City Commission in its South Forum Redevelopment Plan, creating an extraordinary opportunity for the City, its neighborhoods, and its families. The City will significantly benefit from a huge infusion of capital from private investors and from federal and state government funding that will provide spectacular improvements in the downtown area and for neighborhoods around the Memphis metropolitan area. This will translate directly and indirectly into temporary and permanent jobs related to construction of the new developments and well as ongoing management and operations.

The greatest opportunities created by the Heritage Trail revitalization will be for the City of Memphis and its residents. The City will realize a completely new and revitalized housing community, with a modern look, workforce housing and market rate housing opportunities, as well as the opportunity for improved commercial development throughout the area and downtown.

The City and community residents will benefit from the development of new living conditions, new shopping and entertainment, enhanced programs, services, employment prospects, and modern, comfortable, energy efficient homes. The project will empower residents to take advantage of employment, training, education and homeownership opportunities that the Heritage Trail Redevelopment will provide, as such, the revitalization will improve the skill set and employability of residents of the city. The neighborhood will gain a safe and secure environment to live, work and recreate for its elderly, families, and the entire community.

In conformance with the goals and objectives of the CRA Workable Program, this revitalization initiative will:

- improve access to decent quality housing for low- and moderate-income households, and increase housing choice and affordability;
- create neighborhoods in which people share a sense of belonging;
- encourage a mixture of uses and activities that welcome and serve citizens of diverse incomes and ages;
- use the best design practices available to increase personal safety and social interaction;
- preserves and rebuilds an existing neighborhood;
- focus on preservation of natural resources and use environmentally sustainable development practices;
- incorporate green spaces;
- foster a pedestrian-friendly environment that encourages usable alternatives to the automobile;
- create a sustainable mixed-income community;

- create a climate that encourages business start-ups and expansion;
- promote civic pride and community-building;
- promote a sense of place and quality of life for all citizens;

I. Project Cost (Sources and Uses of Funds)

Provide a list of the project costs. Total project cost is defined as the cost of development, including all land, site and public infrastructure, building, site amenity, professional fees, marketing costs, and financing costs associated with the implementation of the project. Operating costs are not included. Identify the sources of funding for the project costs, including the amount of developer equity, and designate the particular costs to which the identified sources of funds are allocated.

The budget for the redevelopment of Cleaborn Homes is based on MHA's and the Development Team's extensive experience with public housing redevelopment and affordable housing development in Memphis and nationwide. The cost projections include residential construction costs, site work and public infrastructure costs, and soft costs including architecture, engineering, survey, soils analysis, and financing and tax credit costs. We have also included a budget line item for LEEDs and Energy Star review, testing and fees to accomplish our desire for a green and energy efficient development.

There are many energy efficiency program funds available that we intend to identify and obtain to maximize our Energy Star/LEED development activities. By obtaining these funds we can create more energy efficient buildings with more cost effective management. We believe that future tax credit applications and HOPE VI grant awards will provide scoring incentives or requirements.

The sources and uses of funds for the on-site Cleaborn development of 400 units are summarized below:

Uses

Residential Development Costs	69,908,789
Site Work	7,231,950
Infrastructure	12,556,000
Demolition & Remediation	3,510,000
Relocation	1,216,018
CSS (HOPE VI Portion)	2,025,000
MHA Admin	1,320,000
Total Development Cost	97,767,757

Permanent Sources

HOPE VI	22,000,000
LIHTC Equity	30,217,757
Bank Loans	3,950,000
RHF Funds	1,100,000
City CIP	12,000,000
TIF Financing	25,000,000
CDBG/HOME	3,500,000
Total Sources	97,767,757

J. Incremental Real Property Taxes

Identify the amount of current assessed value by parcel and total. Project the appraised and assessed value after redevelopment.

Please see attached Tax Increment Finance Analysis completed by RKG Associates, Inc. that is included in the redevelopment plan.

K. TIF Reimbursable Costs

Identify the amount of TIF assistance requested and the project costs for which reimbursement through TIF assistance is requested. Show what percent the proposed TIF assistance would be of the total overall anticipated development budget.

It is anticipated that the district will produce an average revenue stream of \$5,137,562. The uses of funds noted represents an allocation designed to concentrate activities in areas that will generate the largest positive change in the neighborhood. It must build in flexibility to recognize the market conditions and what it takes to incentivize a project. Whether a particular residential or commercial development materializes is also dependent upon the willingness of private investors to risk capital and devote resources and talent to the projects.

Housing & Neighborhood Redevelopment	
Redevelopment of Workforce Housing	\$22,000,000.00
Neighborhood-Oriented Mixed Use Development	\$3,000,000.00
In-fill Housing/Neighborhood Redevelopment	\$5,000,000.00
Public Facilities Improvements	
Parks and Open Space	\$3,000,000.00
Community and Public Facilities	\$3,000,000.00
Tourism and Heritage Sites	\$4,000,000.00
Infrastructure Enhancements (Streetscapes, Streets, etc)	\$5,000,000.00
Total	\$45,000,000.00

L. Other Public Incentives

Identify other public incentives, if any, which are being sought by the applicant/developer for this project.

Other public sources of funding and funding programs being sought after for this revitalization program include, but are not limited to HOPE VI funds, Choice Neighborhoods Implementation funds, Capital Improvement Funding, HOME funds, Community Development Block Grant funds, Low-Income Housing Tax Credits, tax-exempt bond financing, and public housing capital funds.

M. Project Pro Forma

Provide a simple, 10-year, operating pro forma that demonstrates why TIF assistance is necessary for this project and why the amount requested is necessary.

Reference proforma for the Cleaborn Homes portion of the project on page 21, which demonstrates that the development, 75% of which will be affordable housing, requires the requested TIF assistance as it would not otherwise be able to support that funding with project revenues. For other projects, there is no other source of funds to complete the public infrastructure improvements that are needed throughout the area that are critical to the revitalization of this area.

N. Public Infrastructure

Describe what, if any, public infrastructure improvements would be made because of this project and the costs associated with these improvements.

The public infrastructure improvements may include the following:

- Demolitions
- Sewer Expansion and Repair
- Sewers/ sewer Lines
- Storm Water Detention
- Natural Gas Lines
- Water Supply Lines
- Power Lines
- Telecommunication Lines
- Streets, Curbs & Sidewalk Work
- Street Lights
- Park Improvements
- Landscaping

O. Historic Properties

Identify any national, state, or locally designated historic properties involved or impacted by the project.

There are no historic designated buildings or places on the Cleaborn and Foote Homes sites, and it is not the intent of this redevelopment plan to redevelop most of historic property whether on the sites or off them. The following list are sites that are either eligible or are designated that fall within the boundaries of the proposed TIF area. The redevelopment of the area in general will positively impact each of these. If funding allows, we would like to allocate some of the funding toward the redevelopment of Church Park and Clayborn-Ball Temple, as they are located in proximity to other redevelopment in the area.

- Beale Street Historic District- from 2nd to 4th Streets
- Beale Street Baptist Church- 379 Beale
- Robert Church Park- (just east of Beale Street District & FedEx Forum)
- Tri-State Bank- 386 Beale
- Universal Life Insurance Company Building- 480 Linden
- Clayborn-Ball Temple (formerly 2nd Presbyterian Church)- 280 Hernando
- Lorraine Hotel & Motel (National Civil Rights Museum)- 450 Mulberry
- First Colored Baptist Church (First Baptist Church, Lauderdale)- 682 S. Lauderdale
- Mt. Nebo Missionary Baptist Church (formerly Grace Episcopal Church)- 555 Vance
- T.H. Hayes Funeral Home- 680 S. Lauderdale
- Mt. Olive C.M.E. Cathedral (formerly First Baptist Church)- 538 Linden
- St. Paul Avenue Historic District- between Boyd & Walnut
- Booker T. Washington High School- 715 S. Lauderdale
- 384 Mulberry & 129 Talbot- tenements within South Main Historic District
- St. John Baptist Church- 640 Vance

P. Relocation

Identify what, if any, commercial, residential, or other uses will need to be relocated to implement the project.

Residents of Cleaborn Homes (as well as the residents of Foote Homes under future development) will need to be relocated and the Memphis Housing Authority will secure alternate housing units for them. MHA will develop a comprehensive Relocation Plan that will minimize the impact to residents and families. The residents will be provided assistance, counseling and the best of care through the relocation process.

Case Management is absolutely essential in the process. The relocation plan will have counseling prior to relocation and continuing after families have been permanently re-housed. The counseling and case management will include training programs to provide residents an opportunity to improve their lives. Counseling plans include programs for the residents in job training, credit improvement, counseling, and self-sufficiency.

All relocation will be consistent with the Uniform Relocation Act.

Q. Financing Ability

Provide evidence that the applicant possesses financial ability to successfully implement the project.

MHA and the Memphis Triangle Development Team have extensive experience in financing neighborhood redevelopment efforts. The Memphis Triangle Development Team includes Pennrose

Properties, LLC (Pennrose), Duvernay + Brooks, LLC (D+B) and Community Capital LLC (Community Capital), and all have extensive experience in financing large scale, HOPE VI redevelopment projects. The team has significant experience in structuring complicated financing structures to undertake such efforts. In addition, we are able to respond quickly to formulate, and implement a viable plan for the redevelopment and future operations of the site.

Pennrose was ranked the 4th largest affordable housing developer in the nation by Affordable Housing Finance in 2011. The firm pioneered the use of layered, multiple-source financing in the development of affordable rental housing. Even before the advent of the Low Income Housing Tax Credit (LIHTC) Program authorized in the tax legislation of 1986, Pennrose began to piece together multiple public and private sources of financing. One development, in fact, utilized 17 different sources. Not only has Pennrose completed dozens of such projects and developed thousands of rental units, it has also contracted to provide development services to public and private non-profit developers in the production of housing through the LIHTC Program. Over the years, the number of tax credit-supported projects developed by Pennrose on an annual basis has grown markedly. Pennrose's continued increase in business in the face of escalating competition for limited resources, including LIHTCs, is a testament to the quality of the Pennrose product and the manner in which it conducts its business.

D+B has been involved in the closing of more than 70 residential and mixed-use developments in the last eight years, each of which utilized multiple sources of public and private financing. Comprising over 7,000 rental and homeownership units, these closings have totaled over \$1.2 billion. This experience gives D+B a secure grasp of public-sector needs and a fine-tuned ability to balance profitable and sustainable development with public-sector goals. D+B has specialized in advising public housing authorities and their developer partners on financial structuring and implementing large-scale revitalization projects. D+B has contributed financial analysis and overall planning expertise in the submission of more than 20 successful HOPE VI proposals nationwide. For MHA's Uptown HOPE VI program, D+B and Community Capital advised the agency and its developer in all aspects of the redevelopment and assisted them in closing on four mixed finance rental phases and four off-site homeownership phases, including assisting in developing and maintaining an acquisition and infrastructure TIF financing model.

Community Capital has extensive experience in development of affordable housing and has assisted numerous organizations including housing agencies in the acquisition and financing of multifamily properties. Since its formation in 1999, the firm has served as financial advisor in transactions representing over 3,000 units of affordable housing. Community Capital has established a successful track record of leveraging multiple funding sources including both affordable and historic tax credits, conventional financing (bridge and long term loans), tax-exempt and taxable private activity bonds, tax increment financing, HOPE VI and other public funds. Much of this success can be attributed to the firm's in-depth knowledge of these various sources and the intricacies associated with each.

While building quality housing is the obvious component of any successful redevelopment program, the success of a large, complex redevelopment effort hinges upon the ability to shape public and private sector partnerships to raise funds necessary to rebuild the physical, social, and economic

infrastructure of the community. In addition to tax credits, the Development Team has utilized federal, state and local funding programs including HOPE VI, Capital Funds Programs, Replacement Housing Factor Funds, HOME, tax-exempt bonds, CDBG, Tax Increment Financing, Affordable Housing Program funds from the Federal Home Loan Bank, and leveraged f project-based Section 8 vouchers. Our team has also utilize conventional debt and tap into resources available through area businesses and banks.

R. Experience and Technical Ability

Provide evidence that the applicant possesses the experience and technical ability to successfully implement the project.

The Memphis Housing Authority (MHA) and the Housing and Community Development (HCD) have significant experience in implementing similar projects. MHA has implemented numerous large scale redevelopment projects, including College Park, Uptown, University Place, and Legends Park in addition to the redevelopment of several other public housing sites. HCD has successfully implemented recent projects such as Peabody Place and Court Square.

In addition, MHA's Development Team, the Memphis Triangle, LLC has extensive experience in developing large scale neighborhood redevelopment efforts. The Development Team is lead by Pennrose Properties. Pennrose is a private full-service real estate development firm, which has itself or through its principals or affiliates been active in real estate development for over 35 years. During this time, it has developed over 10,000 housing units in more than 150 separate developments throughout the south and eastern United States, all of which Pennrose continues to own, manage, and maintain. It has achieved an outstanding reputation for quality, both in the caliber of residential units produced and in the manner in which they are maintained. Pennrose is one of the leading developers in the nation of mixed-finance and HOPE VI housing. Pennrose is the developer on multiple mixed-finance (non HOPE VI) public housing developments and more than twenty (20) HOPE VI endeavors totaling over 3,000 units.

Duvernay + Brooks, LLC (D+B) has participated as a partner on developments with more than 600 units, totaling \$160 million of developments. D+B's multifaceted development experience covers a variety of neighborhood revitalization initiatives, including not just affordable housing but also mixed-income multifamily developments and mixed-use (residential and retail) developments.

Community Capital provides financial advisory and consulting services in the areas of affordable housing, economic and community development as well as municipal finance. The firm provide consulting services to housing authorities, for-profit and not-for-profit developers and community-based organizations to assist in their efforts to plan, finance and develop affordable housing. Since the firm was formed in 1999, it has served as financial advisor in transactions representing over 3,000 units of affordable housing. The firm has developed over 600 units of mixed income housing as a part of two HOPE VI developments, for which Community Capital serves as co-developer. The affordable housing practice complements and augments the municipal finance advisory practice (ComCap

Advisors) which includes over \$4.7 billion in tax-exempt and taxable bonds.

S. Job Creation

Estimate the total number of jobs that will be created by this project, together with a preliminary estimate of the anticipated skills, education levels, and salary ranges expected.

Currently, we have this information for the Cleaborn portion of the project, but it would be anticipated that the redevelopment of Foote Homes would have a similar impact. The Cleaborn redevelopment effort will include funds for planning, design, engineering, construction services, social services and case management, as well as administration. When one considers the overall programs and activities in the budget, the Cleaborn project alone is expected to be roughly \$85 million. This funding to the project will both protect existing jobs in the market place as well as creating a large volume of new job opportunities for the community.

We estimate that the Cleaborn Homes – Cleaborn Homes Redevelopment Development will create approximately 254 jobs for Memphis residents. In addition, we estimate that continuing management operations will produce approximately 26 jobs. Below is our estimate of the skill levels, education levels and salary ranges anticipated:

Jobs	Trade	Skills	Education	Salary Range
16	Arch. & Eng.	Tech. Background	College Degree	\$40,000 - \$75,000
182	Construction	Entry Level - Skilled	High School	\$25,000 - \$45,0000
12	Management	Exper.Professionals	College Degree	\$40,000 - \$75,000
17	Administration	Entry Level - Skilled	Various	\$30,000 - \$40,000
4	Operations	Exper.Professionals	College Degree	\$30,000 - \$55,000
6	Maintenance	Entry Level - Skilled	Various	\$25,000 - \$50,000
18	Community Services	Entry Level - Skilled	Assoc. Degree	\$25,000 - \$40,000

In addition, it is anticipated that over 700 people will be able to maintain their current employment through this effort. The redevelopment plan outlines several strategies throughout the document that will contribute to job creation through tourism oriented development, commercial and retail development, and housing development and is aimed as creating job opportunities which would be accessible for residents of the redevelopment area.

T. Economic Impact on Adjacent Properties

Outline how this project might act as a catalyst for nearby development and/or help stabilize adjacent neighborhoods.

The removal of the existing, obsolete, distressed projects on the Cleaborn and Foote Homes sites will have a positive impact on nearby developments since the blight and distress of these properties are

not contained on their sites but have a detrimental impact on the entire surrounding area. New public infrastructure that will be built for the site and adjoining areas will improve the entire neighborhood and help to cast the neighborhood in a different, more positive light. Further, the new mixed-income, mixed-use developments envisioned for the properties will attract private investments directly to the site and neighborhood. The mix of income among the residents will raise the purchase power of the community and create more commercial opportunities and activities within the neighborhood. All these factors will further attract new investments and developments to the neighborhood and improve the opportunities for existing businesses and properties.

U. Broad Customer Base for Commercial Uses

If this project includes commercial uses, outline the potential tenants, demonstrate how the project will either attract customers from outside the City/County or provide retail/service currently in short supply in the City/County, and discuss how the new uses might impact nearby competition.

Any commercial spaces that are included as part of the developments are intended to be promote neighborhood-scale activities, such as neighborhood retail services and restaurants, neighborhood hardware stores, coffee shops, live/work commercial space, real estate agencies, local bank branches, courier and delivery stores and other similar uses that can be accommodated approximately 10,000 square feet. These types of commercial facilities and most kinds of private enterprise and investment are currently lacking in the neighborhood. The development will therefore not compete with any such existing facilities, but will in fact foster the demand and generate the seeds of a customer base for these commercial activities. The commercial spaces in the development will be available for enterprises that emerge to fulfill the ensuing demand for such uses.

V. Residential Projects

If this project includes residential uses, describe how it will help fulfill a significant need for diverse income housing in the City/County, and how it will impact public services of the City/County and the other taxing districts.

The 2011-2013 Consolidated Plan for the City of Memphis makes the following statement regarding priority housing needs.

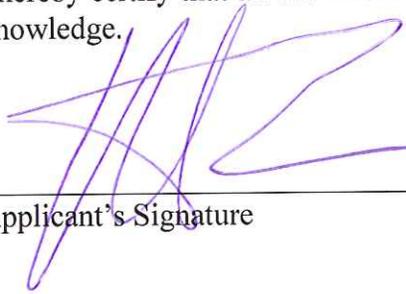
Memphis' housing strategies continue to respond to the rental needs of the elderly, large families, would-be homeowners and existing homeowners. Emphasis over the next three years will be towards the development of multi-family and other rental housing; the construction of single-family housing within targeted neighborhoods; the preservation of existing housing stock; and provision of direct and indirect housing assistance. HCD will continue its focus to increase the number of rental housing units and continue efforts to provide direct and indirect assistance to homeowners and homebuyers.

Out-migration and declining household incomes limit the private sector's ability to produce housing that suits the needs of many families. Homes and apartment buildings that are allowed to fall into grave disrepair destroy the safety and livability of an increasing number of once vibrant neighborhoods. Findings presented demonstrate that Memphis has a substantial need for additional assistance to households that suffer from a lack of decent and affordable housing. Analysis, in conjunction with other findings in the housing study, show that the greater immediate focus should be on providing quality rental housing; further housing needs are spread throughout many areas of Memphis and amongst all income groups.

This indicates the need based objectives of the City of Memphis. Planned revitalization of Cleaborn and Foote Homes will help meet the city's housing objectives, specifically its priority need to fund and produce affordable rental housing. The developments will foster a community of diverse incomes and a vital neighborhood of neighborhood-scaled mixed-uses that is sustainable for the long haul.

We believe the revitalized neighborhood will add to the tax base of the city by drawing higher income residents into the downtown area and fostering new private investments. Impact on public services should be neutral given that the total number of housing units will be comparable to what is currently on the sites.

I hereby certify that all the information in this application is true and complete to the best of my knowledge.

 Executive Director/Director 9/13/12

Applicant's Signature

Title

Date

**Existing
Conditions/Key
Projects**

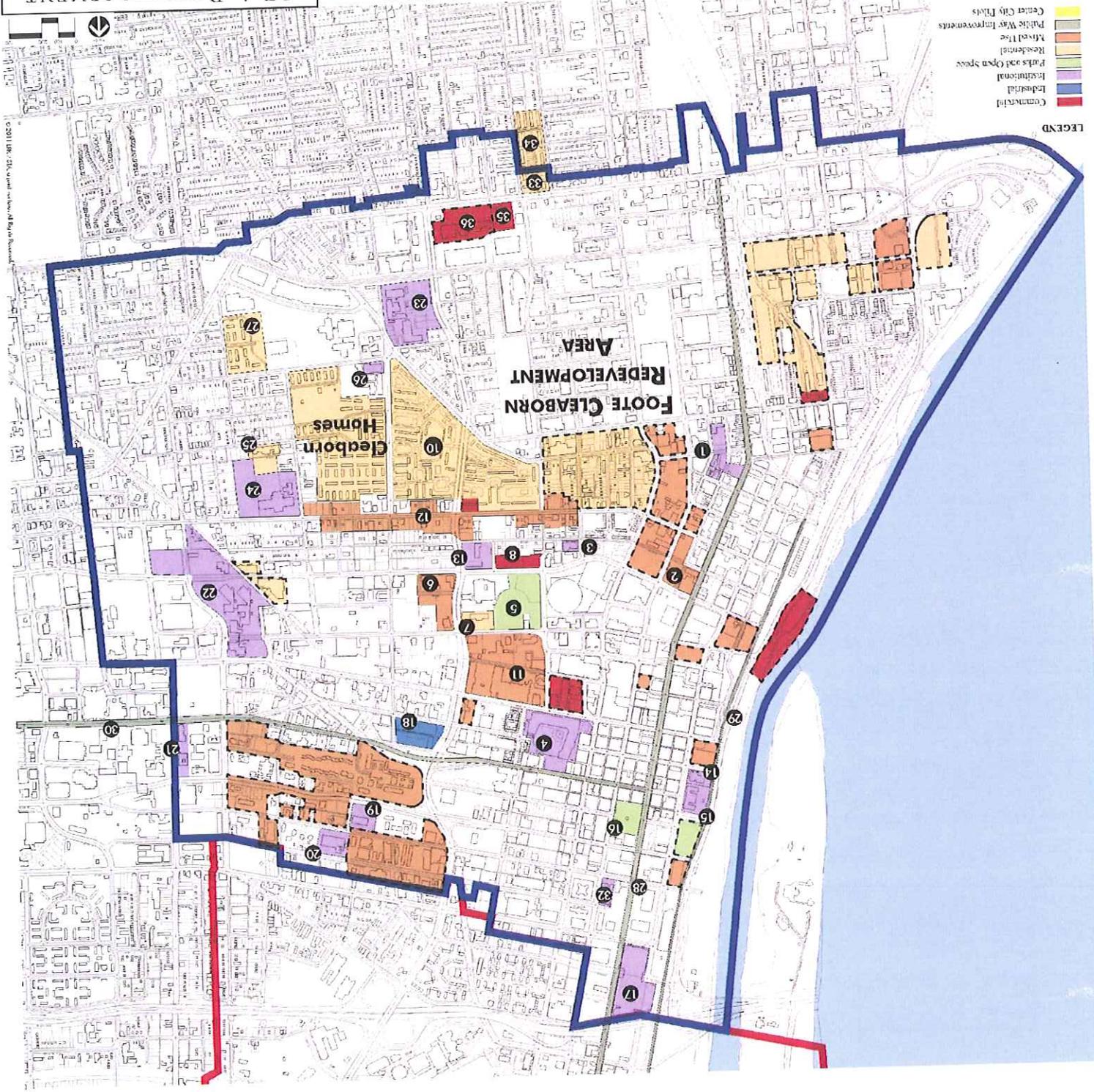
CRA REDEVELOPMENT AREA

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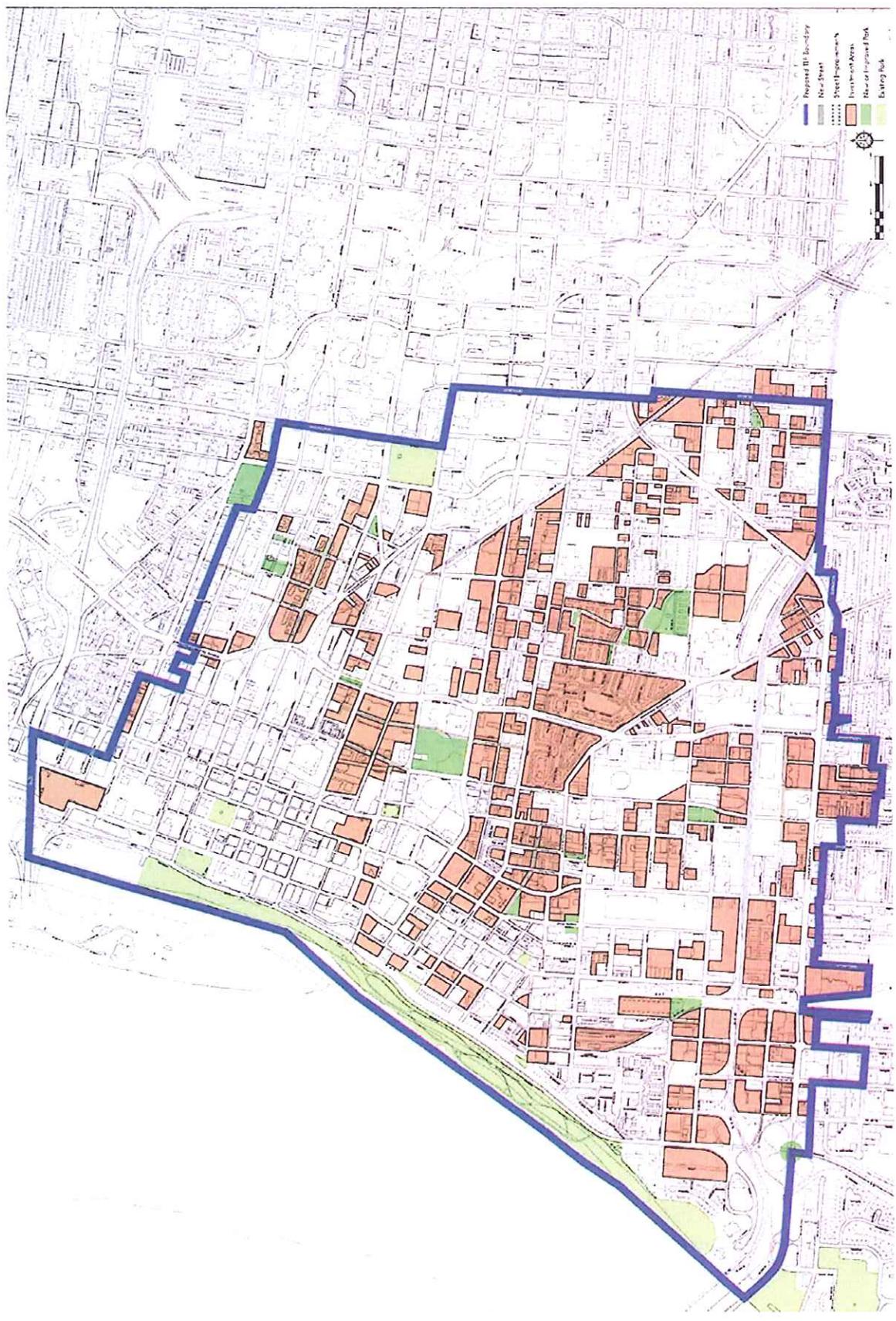
- KEY PROJECTS**
1. National Civil Rights Museum
 2. Civic Plaza Development
 3. Civic Plaza Temple Development
 4. Church Park Station
 5. Church Park Station
 6. Church Park Station
 7. Church Park Station
 8. RFD Hotel
 9. Chestnut Hillers Redevelopment
 10. Park Hillers Redevelopment
 11. Union Bank property acquisition
 12. Union Bank property acquisition
 13. Midtown Medical Health Acquisition
 14. Central Library - Redevelopment / Entry Addition
 15. The Hill of Mid Law School
 16. Court Square
 17. Cannon and Convention Centers
 18. Lowers Davenport
 19. Urban Hill Institute
 20. Juvale Court
 21. GTR
 22. Southeast TN Community College
 23. Walker Middle School
 24. Walker Middle School
 25. Tunes Redevelopment
 26. The Davenport Golf Club
 27. McKinley Park
 28. Main St Corridor and Trolley Line
 29. Riverfront Park
 30. Medical Center of Nashville project
 31. Medical Center of Nashville project
 32. Potomac Redevelopment - 125 Adams
 33. 14th Avenue
 34. City Park Center
 35. West Hill Center
 36. Metro Shopping Center

- LEGEND**
- Commercial
 - Industrial
 - Institutional
 - Parks and Open Space
 - Residential
 - Mixed Use
 - Public Way Improvements
 - Center City Plots



© 2011 LRK - 250,000 sq ft of Right of Way Reserved

Proposed Redevelopment Plan



**Memphis Housing Authority
Claborn Redevelopment**

TIF 20-Year Proforma

2011 2012 2013 2014 2015 2016 2019 2020

	Infll. Rate	Per Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 9	Year 10
Residential Revenue										
Public Housing Tenant Paid Rent (\$125/unit mo.)	2.00%		\$184,800	188,496	192,266	196,111	200,033	204,034	216,523	220,853
ACC Operating Subsidy	3.00%		520,586	537,477	554,901	572,874	591,412	610,534	671,581	693,221
Tax Credit Unit Rent	2.00%		1,155,003	1,178,103	1,201,665	1,225,698	1,250,212	1,275,216	1,353,270	1,380,335
Market Rate Unit Rents	2.00%		902,942	921,001	939,421	958,209	977,373	996,921	1,057,940	1,079,089
Other Income	2.00%		73,440	74,909	76,407	77,935	79,494	81,084	86,047	87,788
Less: Public Housing Vacancy Allowance	7.0%		(12,936)	(13,196)	(13,459)	(13,728)	(14,002)	(14,282)	(15,157)	(15,460)
Less: Non-Public Housing Vacancy Allowance	10.0%		(205,794)	(209,910)	(214,109)	(218,391)	(222,759)	(227,214)	(241,121)	(245,943)
Less: Other Income Vacancy Allowance	10.0%		(7,344)	(7,491)	(7,641)	(7,794)	(7,949)	(8,108)	(8,605)	(8,777)
PH Effective Gross Income			692,450	712,779	733,709	755,257	777,443	800,286	872,947	898,614
Non-Public Housing Effective Gross Income			1,918,246	1,956,611	1,995,743	2,035,658	2,076,371	2,117,899	2,247,531	2,292,482
Non-Assisted Living Effective Gross Income			\$2,610,696	\$2,669,390	\$2,729,452	\$2,790,915	\$2,853,815	\$2,918,184	\$3,120,478	\$3,191,096
Effective Gross Income			\$2,610,696	\$2,669,390	\$2,729,452	\$2,790,915	\$2,853,815	\$2,918,184	\$3,120,478	\$3,191,096
Operating Expenses										
Total Administrative	3.0%	(600)	(244,800)	(252,144)	(259,708)	(267,500)	(275,525)	(283,790)	(310,105)	(319,408)
Marketing and Leasing Commissions	3.0%	(313)	(127,500)	(131,325)	(135,265)	(139,323)	(143,502)	(147,807)	(161,513)	(166,369)
Management Fee		(384)	(156,642)	(160,163)	(163,767)	(167,455)	(171,229)	(175,091)	(187,229)	(191,466)
Total Utilities	3.0%	(900)	(367,200)	(378,216)	(389,562)	(401,249)	(413,287)	(425,685)	(465,158)	(479,113)
Total Repairs and Maintenance	3.0%	(1,000)	(408,000)	(420,240)	(432,847)	(445,833)	(459,208)	(472,984)	(516,842)	(532,347)
Insurance	3.0%	(1,000)	(408,000)	(420,240)	(432,847)	(445,833)	(459,208)	(472,984)	(516,842)	(532,347)
Replacement Reserves	3.0%	(300)	(122,400)	(126,072)	(129,854)	(133,750)	(137,762)	(141,895)	(155,053)	(159,704)
PH Real Estate Expenses & Reserves	3.0%	(4,496)	(692,450)	(712,779)	(733,709)	(755,257)	(777,443)	(800,286)	(872,947)	(898,614)
Non-PH Real Estate Expenses & Reserves	3.0%	(4,496)	(1,142,082)	(1,175,622)	(1,210,143)	(1,245,684)	(1,282,277)	(1,319,951)	(1,439,795)	(1,482,130)
Total Real Estate Operating Expenses		(4,496)	(1,834,542)	(1,888,400)	(1,943,851)	(2,000,942)	(2,059,720)	(2,120,237)	(2,312,742)	(2,380,745)
Total Service + Real Estate Operating Expenses		(4,496)	(1,834,542)	(1,888,400)	(1,943,851)	(2,000,942)	(2,059,720)	(2,120,237)	(2,312,742)	(2,380,745)
PH Net Operating Income			0	0	0	0	0	0	0	0
Non-PHA Net Operating Income			776,154	780,989	785,601	789,974	794,095	797,947	807,736	810,351
Net Operating Income			776,154	780,989	785,601	789,974	794,095	797,947	807,736	810,351
First Mortgage Debt Service (\$25,000,000, 30-Yr, 7%)	7.00%		(1,995,907)	(1,995,907)	(1,995,907)	(1,995,907)	(1,995,907)	(1,995,907)	(1,995,907)	(1,995,907)
Cash Flow after First Mortgage Debt Service			(1,219,754)	(1,214,918)	(1,210,307)	(1,205,934)	(1,201,813)	(1,197,960)	(1,188,172)	(1,185,556)
ACC Subsidy Requirement Per Unit		3,380	3,490	3,603	3,720	3,840	3,965	4,361	4,501	
ACC Subsidy Requirement/unit/month		282	291	300	310	320	330	363	375	
Debt Coverage Ratio (First Mortgage)		(0.39)	(0.39)	(0.39)	(0.40)	(0.40)	(0.40)	(0.40)	(0.40)	
Debt Coverage Ratio (All Debt)		(0.39)	(0.39)	(0.39)	(0.40)	(0.40)	(0.40)	(0.40)	(0.41)	