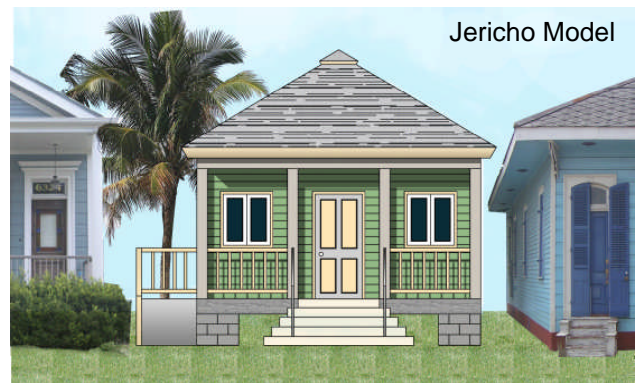
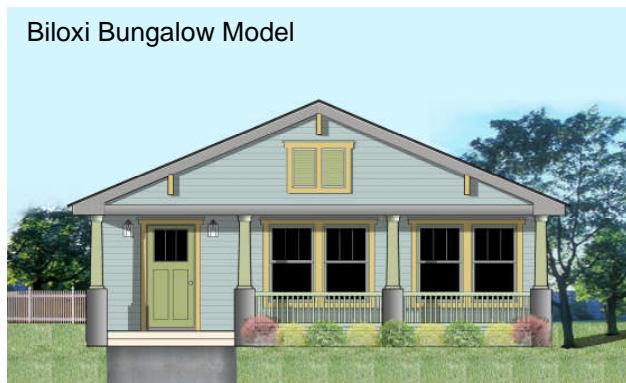


# DEVELOPMENT UPDATE

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## Orleans Homeowner – Mid-City

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**A Housing Development by  
Renaissance Neighborhood Development  
Orleans, Louisiana  
January, 2008**

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# Orleans Homeowner

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## **Background**

Hurricane Katrina and the flooding that ensued in August 2005 inundated over 80% of the land mass of the east bank of the City. Over 100,000 housing units were either severely damaged or destroyed, and the residents were forced to disperse throughout the United States. Many working families have been unable to return to New Orleans, for a number of reasons, but most notably because there is a severely inadequate supply of quality, livable housing that is within their means to afford. Construction costs have increased radically since Katrina, due primarily to a dire shortage of skilled construction workers. Property insurance premiums, if available from private insurance companies, have also risen dramatically, which significantly reduces prospective homeowners' ability to incur primary debt. All these factors combined have prevented the re-population of many neighborhoods which were active and vital prior to Katrina.

## **Overview**

Renaissance Neighborhood Development Corporation (RNDC), will acquire approximately 25 vacant and/or blighted single family lots in the Mid-City Neighborhood of Orleans Parish, and will provide 25 finished 3-Bedroom homes through rehabilitation and new construction. These homes will be for sale to families at or below 80% of Area Median Income (AMI). Development subsidies from a variety of public and private sources will be leveraged with soft secondary financing to homebuyers from the City of New Orleans and Neighborhood Housing Services (NHS) in order to make these homes affordable to the targeted buyers. Capital One will provide construction financing for the project. All prospective homebuyers will be pre-qualified by RNDC, and will complete homeowner training programs offered in cooperation with Neighborhood Housing Services (NHS). This development will expand a program that is currently underway in Gretna, where RNDC is building seven single family homes using modular housing construction, to be completed in February 2008.

## **Site Description**

The Mid-City Neighborhood has been identified in Renaissance Neighborhood Development Corporation's site selection strategy as a focus area, due to its proximity to jobs, transit, and basic services. The 20-block area targeted by RNDC's homebuyer program contains the Tulane Jeff Davis Redevelop area, one of the 17-area target zones designated by the Office of Recovery, Administration and Development. Volunteers of America has already invested in projects in the neighborhood including two sites on Tulane Avenue; The Terraces a 200 1-bedroom unit senior housing development and a single-room occupancy (SRO) facility for substance abuse treatment.

### **Community Outreach**

RNDC will continue to build on the strong relationship forged with the Mid-City Neighborhood Organization over other projects in the area and work with MCNO to develop this project. RNDC is currently reaching out to neighborhood organizations and elected officials to initially discuss our plans and to solicit their input.

### **Cost and Financing**

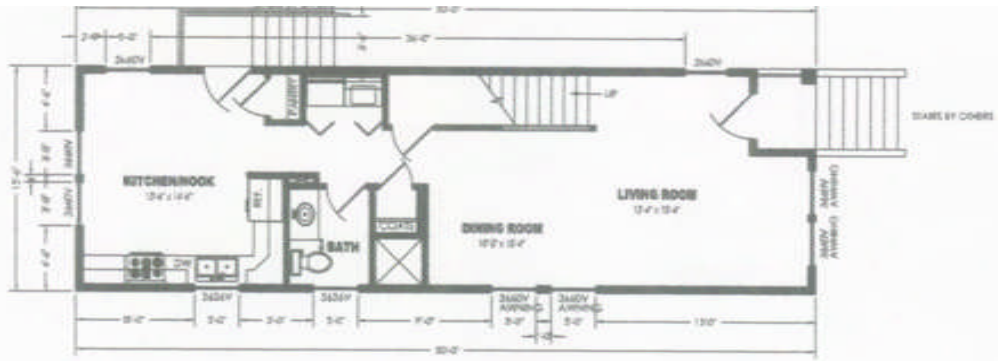
Total production cost on a per-unit basis is estimated at approximately \$197,500. As described on the attached pro-forma, after making allowances for property taxes and hazard insurance, a prospective homebuyer earning 70% of AMI can afford to make monthly payments on a primary mortgage of approximately \$100,000. The \$97,500 gap would be covered in by: 1) a production subsidy of approximately \$40,000, 2) a homebuyer down payment of \$1,500 and 3) a homebuyer soft secondary loan in the average amount of \$50,000, and 4) a \$6,000 grant from the Federal Home Loan Bank Affordable Housing program.

RNDC has applied for a production subsidy through City of New Orleans Office of Recovery Administration and Development (ORDA) through the SuperNOFA 2008. RNDC will also request the homebuyer assistance through the City of New Orleans' Homebuyer Soft Second Mortgage Program and a similar program offered by Neighborhood Housing Services (NHS.) The City's secondary loan will be forgiven over a fifteen year period, but re-captured in part from appreciated proceeds of the sale, should the initial homeowner sell the dwelling during the initial fifteen year period. All prospective homebuyers will be pre-qualified by RNDC, and will complete homeowner training programs offered in cooperation with NHS.

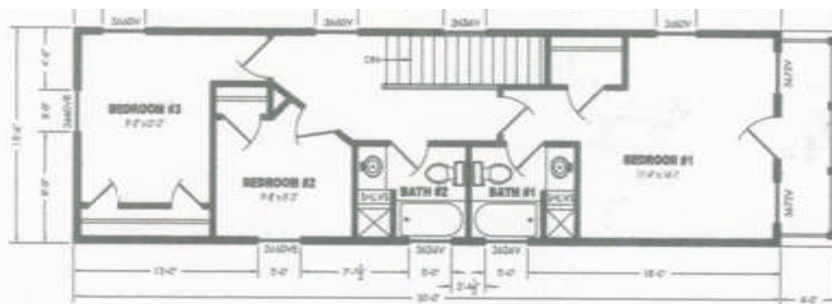
### **Schedule**

Upon approval of ORDA funding, RNDC will immediately proceed to secure site control of the properties identified in the Mid-City Neighborhood. RNDC will have all sites secured, construction financing in place and the bidding process complete six months later, roughly in July 2008. Assuming permits can be processed by August, and allowing 120 days for construction, the homes would be completed and ready for sale by December 2008. RNDC will begin to solicit and qualify prospective homebuyers early in 2008, so that the homes can be sold and occupied immediately upon completion.

# Winter Park Model



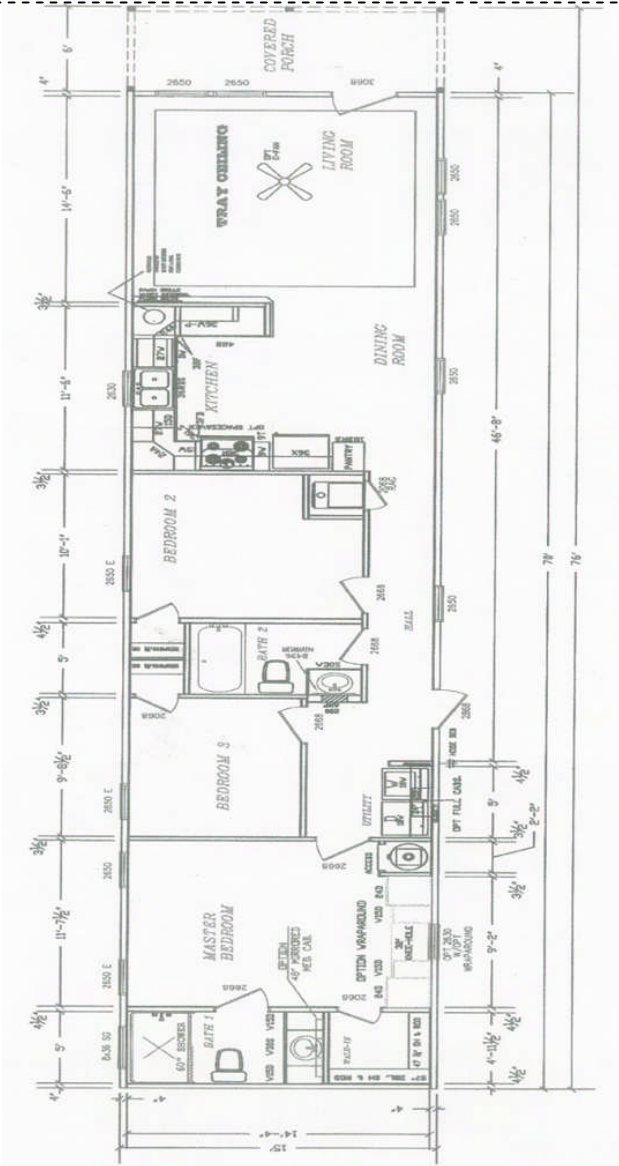
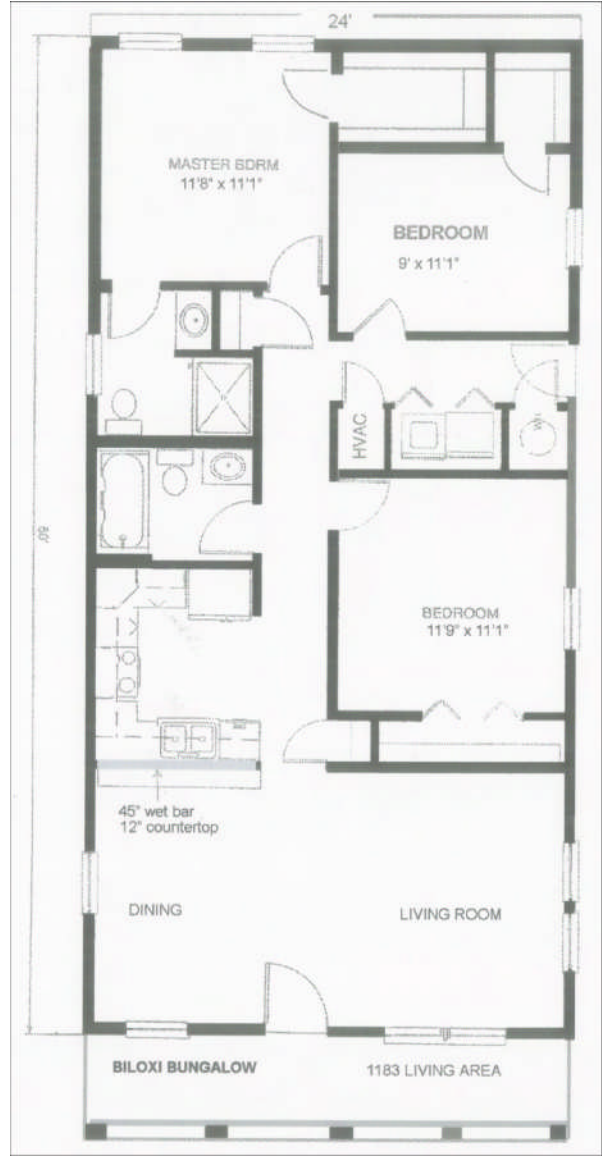
FIRST FLOOR PLAN



SECOND FLOOR PLAN

Modular Home Designs Continued...

Biloxi Bungalow Model



Jericho Model

Mid-City Home Buyer Target Area



- ORDA Target Zone
- VOA Preferred Sites
- VOA Additional Sites
- Cominsky Park
- VOA Owned Properties

## Orleans Homeownership Representative Properties - Mid-City

Address	Rehab/Demo
419 S. Telemachus St	R
421 S. Telemachus St	D
439 S. Telemachus St	R
514 S. Telemachus St	R
533 S. Telemachus St	R
505 S. Genois St	R
509 S. Genois St	R
512 S. Genois St	D
524 S. Genois St	R
605 S. Genois St	R
608 S. Genois St	R
430 S. Clark St	D
435 S. Clark St	R
413 S. Cortez St	D
426 S. Cortez St	D
429 S. Cortez St	R
431 S. Cortez St	R
433 S. Cortez St	D
505 S. Cortez St	R
515 S. Cortez St	R
521 S. Cortez St	D
526 S. Cortez St	D
614 S. Cortez St	R
625 S. Cortez St	D
432 S. Scott St	D
434 S. Scott St	R
537 S. Scott St	R
601 S. Scott St	R
614 S. Scott St	R
3714 D'hemecourt St.	D
3717 D'hemecourt St.	D
3815 D'hemecourt St.	R
3817 D'hemecourt St.	D
3818 D'hemecourt St.	D
3924 D'hemecourt St.	R
4016 D'hemecourt St.	R
4017 D'hemecourt St.	D
4020 D'hemecourt St.	R
4039 D'hemecourt St.	D
3707 Ulloa St	R
3801 Ulloa St	D
3815 Ulloa St	R
4015 Ulloa St	D
4025 Ulloa St	R
4029 Ulloa St	R
4035 Ulloa St	D
4041 Ulloa St	D

# Orleans Homeownership Affordability Analysis

Family Affordability						
Annual Income	\$57,000	\$51,500	\$45,600	\$39,900	\$34,200	\$28,500
%AMI	100%	90%	80%	70%	60%	50%
Monthly Income	\$4,750	\$4,292	\$3,800	\$3,325	\$2,850	\$2,375
% Income for Housing			35%			
Maximum Housing Payments	\$1,663	\$1,502	\$1,330	\$1,164	\$998	\$831
Hazard Insurance	(280)	(280)	(280)	(280)	(280)	(280)
Property Taxes	(160)	(160)	(160)	(160)	(160)	(160)
Mortgage Insurance	(10)	(10)	(10)	(10)	(10)	(10)
Available for Debt Service	\$1,213	\$1,052	\$880	\$714	\$548	\$381
Maximum Mortgage	\$191,844	\$166,464	\$139,238	\$112,936	\$86,633	\$60,331

Hazard Insurance Calculator	
Coverage A	\$125,000
Coverage B	\$12,500
Coverage C	\$62,500
Coverage D	\$37,500
Liability Limit	\$100,000
Coverage F	\$1,000
Replacement Cost	Yes
All Peril Deductible	\$1,000
Named Storm Ded.	2%
<b>Annual Premium</b>	<b>\$3,361</b>
<b>Monthly Premium</b>	<b>\$280</b>

Property Tax Calculator	
<b>Purchase Price</b>	<b>\$180,000</b>
Assessed Value	\$180,000
Homestead Exemption	\$75,000
Taxable Value	\$105,000
Parish Millage	0.017519
<b>Subtotal</b>	<b>\$1,839</b>
Homestead Exemption	\$75,000
Fire & Police Millage	0.001047
<b>Subtotal</b>	<b>\$79</b>
<b>Annual Total</b>	<b>\$1,918</b>
<b>Monthly Total</b>	<b>\$160</b>

Mortgage Assumptions	
Interest Rate	6.50%
Term	30

## Orleans Homeownership Project Cost Summary - Mid-City

<b>USES</b>	<b>Per Home</b>	<b>Total Project</b>
<b>Acquisition Costs</b>		
Property Purchase	40,000	1,000,000
Appraisal	400	10,000
Title and Recording	500	12,500
Legal	500	12,500
<b>Total Acquisition Costs</b>	<b>41,400</b>	<b>1,035,000</b>
<b>Construction Costs</b>		
Demolition/Site Preparation	10,000	250,000
Foundation	9,000	225,000
Housing Unit	100,150	2,503,750
Utility Connections	750	18,750
Concrete Flatwork	1,050	26,250
Landscaping	1,500	37,500
Performance Bond	2,400	60,000
Builders Risk Insurance	750	18,750
Developer Contingency	5,000	125,000
<b>Total Construction Costs</b>	<b>130,600</b>	<b>3,265,000</b>
<b>Development Costs</b>		
Architect Fees	1,000	25,000
Financing Fees (Commitment)	1,500	37,500
Related Finance (Closing) Costs	650	16,250
Building Permits	350	8,750
Affirmative Marketing/Fair Housing	300	7,500
Housing Counseling	200	5,000
Survey	350	8,750
Construction Loan Fees & Interest	6,500	162,500
Legal	250	6,250
Maintenance	400	10,000
Real Estate Commissions	4,000	100,000
<b>Total Development Costs</b>	<b>15,500</b>	<b>387,500</b>
Development Fee	10,000	250,000
<b>TOTAL PROJECT COSTS</b>	<b>197,500</b>	<b>4,937,500</b>

5.1%

<b>SOURCES</b>	<b>Per Home</b>	<b>Total Project</b>
Average Homebuyer First Mortgage	100,000	2,500,000
Homebuyer Down Payment	1,500	37,500
Soft Second Mortgage	50,000	1,250,000
Federal Home Loan Bank	6,000	150,000
HOME Production Subsidy	40,000	1,000,000
<b>TOTAL SOURCES</b>	<b>197,500</b>	<b>4,937,500</b>

**25 Units**