



# **“CREATING NEIGHBORHOOD DEVELOPERS PROGRAM”**

*Revitalizing Communities through Emerging Developers through Quality Training*

## **Course 4: Funding**

Saturday, March 11, 2017, 9:00 AM – 11:30 AM

Room 222, College of Business, Southern University, Baton Rouge



# COURSE OVERVIEW

- As a developer, staying in touch with the local municipalities Office of Community Development, Statewide Housing Agencies and Alliances and solid banking relationships, can benefit the emerging developer when applying for assistance to fund their development project.



- **APPLICATION PROCESS**



## **POTENTIAL DEVELOPMENT FUNDING SOURCES**

- HUD HOME Funds
- Commercial Loans - The importance of establishing banking relationships
- Tax Credit Programs



# REQUIRED FINANCIAL COMPONENTS

- Market Study
- Income Statements - Balance Sheets – Profit & Losses
- Third Party Accounting - Utilizing Quick Books Software



# REQUIRED FINANCIAL COMPONENTS

- Estimating the cost of the project
- Packaging the Application for funding



# Community Development Corporation II

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**CRA Business Development Officer**

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**Project Manager**

**Date:** March 9, 2017



# WHO ARE WE?

Capital One CDC II is a wholly-owned subsidiary of Capital One, N.A. (CONA), incorporated in the State of Louisiana as a 501(c)(3) non-profit organization in April 1996. Two years later, the CDC II was approved to transact business in the State of Taxes. It is funded by a \$12M line of credit at 0% interest from CONA.



# ***MISSION STATEMENT***

The mission of Capital One CDC II is to improve the quality of life for low- and moderate-income (LMI) individuals and/or families by leveraging investments into under-developed, under-served urban and rural neighborhoods in CONA's Louisiana and Texas markets, leading to a revitalized residential environment.



# ***WHAT WE DO?***

Capital One CDC II invests in LMI communities by providing lines of credit to non-profits and affordable housing developers for property acquisition and/or interim construction financing for the development of decent, affordable housing for LMI residents in CONA's Louisiana and Texas markets. The CDC II provides lines of credit for multi- and single-family housing development. However, its main focus is single-family housing development for home ownership.



# HOW WE DO WHAT WE DO?



Accounting

Payment Processing

Housing Inspectors

Accounts Payable  
Accounts Receivable

Reconciling

Hand Holding

Filing

Risk Management

Payment Processing

Insurances  
Title, Builders Risk,  
General Liability,  
Flood

Closing Attorneys  
Auditors

Commitment Letters

Compliance

Reporting

Investments

Business Checking  
Mortgages

Appraisals

Customer Service





# CAPITAL ONE CDC II

**IMPACT:** Since Inception – December 31, 2014

Year	Units Closed	Amount (\$000)
1997	3	205
1998	24	1,698
1999	8	474
2000*	29	1,122
2001*	85	5,089
2002	40	1,594
2003*	52	3,175
2004*	25	1,206
2005	30	2,209
2006	32	1,480
2007*	67	1,486
2008	40	1,380
2009	56	2,711
2010	24	1,566
2011	21	1,138
2012	21	982
2013	23	2,335
2014	25	1,118
	<b>605</b>	<b>\$30,968</b>

**605 UNITS  
PRODUCED**

**OVER \$30M INVESTED**

\*Includes multi-family projects, representing a total of 148 units



## Current Pipeline

Total # of Units to be Developed:	87
• Total Dollars Allocated:	\$4,593,807
• Total Dollars Outstanding:	\$1,589,649
• Percentage of Pipeline Dollars Outstanding:	35%

## Closed Pipeline

• Total # of Units Closed:	70
• Total Dollars Allocated:	\$5,315,000

# AFFORDABLE HOUSING DEVELOPMENT PROJECTS



# Harmony Neighborhood Development

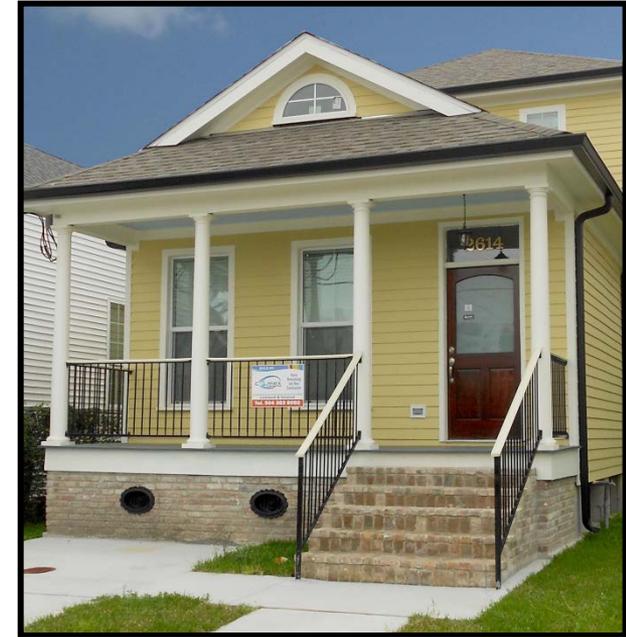
**\$600,000** Line of Credit for **4 Newly Constructed  
Units** in Central City neighborhood of New Orleans



**2622 Magnolia Street**



**2618 Magnolia Street and  
1527 Baronne Street**



**2614 Magnolia Street**

# St. Bernard Project

**\$482,452 Line of Credit for 4 Totally Rehabilitated Units in the Gentilly neighborhood of New Orleans**



**1328 Mandolin Street**



**5010 Cartier Street**



**3724 Virgil Boulevard**



**4430 Wellington Drive**

# Project Homecoming, Inc.

**\$718,807** Line of Credit for **9 Newly Constructed and Totally Rehabilitated Units** in the Gentilly neighborhood of New Orleans

## 6 NEW CONSTRUCTION



4324 Wellington Drive



5101 Chamberlain Drive



1525 Gardena Drive



4767 Overton Street



1225 Mandolin Street



1608 Mirabeau Avenue



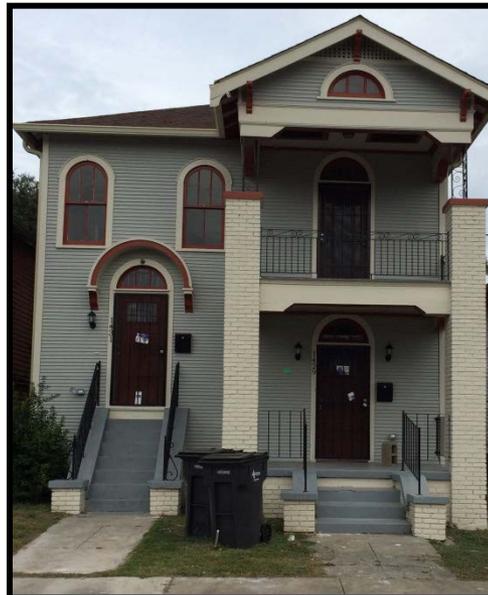
# Project Homecoming, Inc.

**\$718,807** Line of Credit for **9 Newly Constructed and Totally Rehabilitated Units** in the Gentilly neighborhood of New Orleans

## 3 REHABILITATIONS



**4716 Perlita Street**



**1429 Desire Street**



**1433 France Street**

# A FEW PAST PROJECTS in New Orleans, Louisiana



**Tulane-Canal Neighborhood  
Development Corporation**  
**\$364,000** Line of Credit for **6 Units**  
Modular Homes in Mid-City



**N.O.N.D.C., L.L.C.**  
**\$500,000** Line of Credit for up to 20  
Completed **2 Units**  
Modular Homes Central City

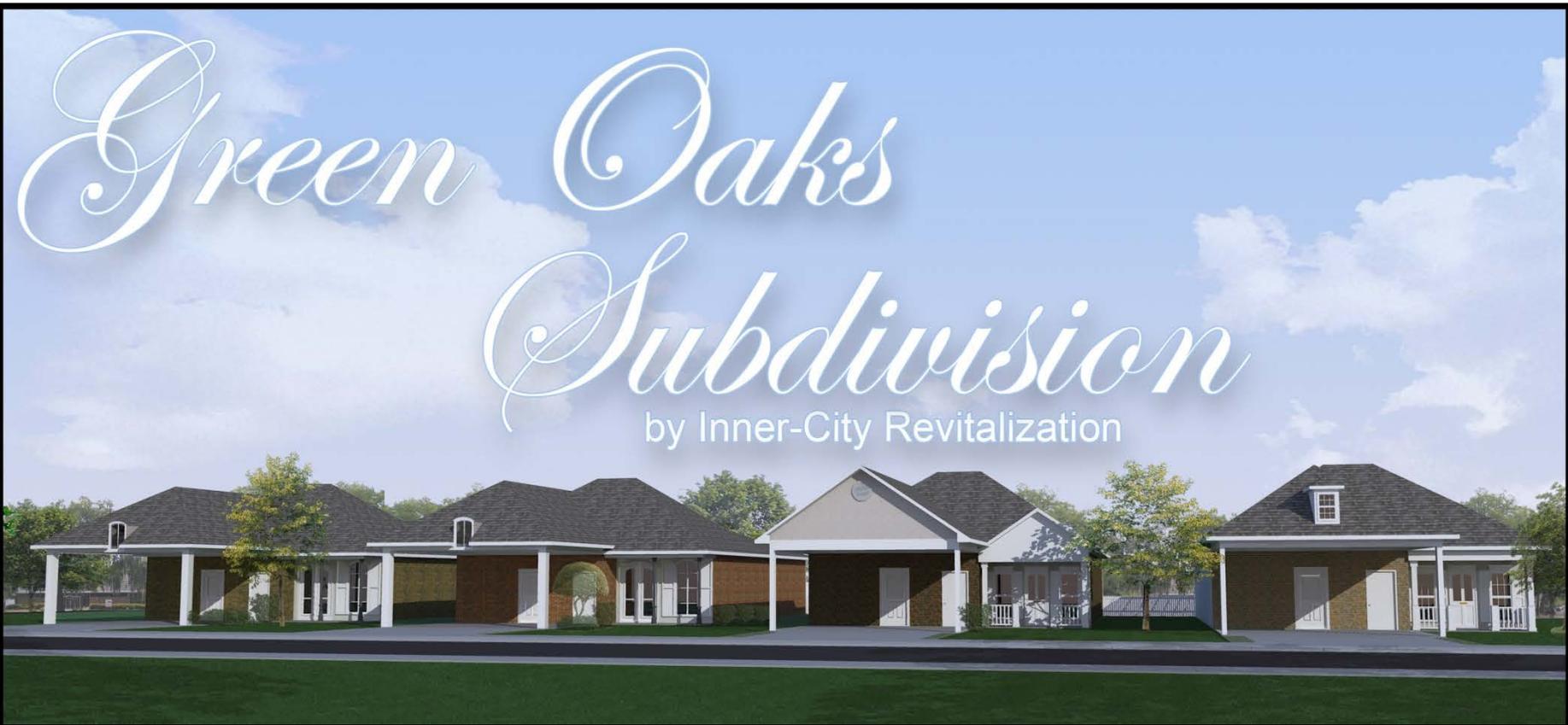


**VOA of Greater New Orleans**  
**\$400,000** Line of Credit for **7 Units**  
Single-Family Modular Homes  
in Gretna, Jefferson, Parish, Louisiana

# Inner-city Revitalization Corporation



**\$314,500** Line of Credit for **4 Units** in  
Green Oaks Subdivision in Alexandria, LA  
*(Lots were donated by Capital One CDC II)*



# South Dallas Fair Park Innercity CDC



**\$775,000** Non-Revolving Line of Credit for **10 Units**  
in Pittman Place Subdivisions of South Dallas, Texas



# Affordable Communities Development Corporation



**\$669,816** Revolving Line of Credit for **10 Units**  
in Maggie Manor and Flower City Subdivisions of  
Houston, Texas



# Brownsville Affordable Homeownership Corporation



**\$765,000** Revolving Line of Credit for **47 Units**  
in scattered neighborhoods in Brownsville, Texas; Two  
phases—27 Lots in Phase 1 and 20 Lots in Phase II.

All homes are Energy Efficient, Pre-sold and Buyers  
choose their own color shingles, carpet and brick.



Confidential

# Sunnyside Community Development Corporation

**\$500,000** Line of Credit for **10 Units**  
Sunnyside Place Subdivision of Houston Texas



in



Confidential

# A FEW RECENTLY CLOSED PROJECTS in Houston, Texas



**Avenue Community Development Corporation**  
**\$500,000** Line of Credit for **10 Units**  
in Avenue Villas Subdivision



**Mountain Top Development**  
**\$189,484** Line of Credit for **2 Units**  
one in Sunnyside Place Subdivision  
and one in Belmont Subdivision



**Burghli Investments, LLC**  
**\$388,798** Line of Credit for **5 Units**  
in Trinity Gardens Subdivision





# Breaking The Lending Code

## **LENDING AND FUNDING SOURCES**

**WILL M. CAMPBELL, JR., MA**

**VP OF COMMERCIAL SERVICES**

**ESSENTIAL FEDERAL CREDIT UNION**

**(225)337-2407**



# Member Business Loan Products

- Unsecured and Secured
- Lines of Credit
- Owner Occupied Real Estate
- Equipment Loans
- Business Automobile
- Investment Property (Now Owner Occupied)
- Business Credit Cards
- CD Secured Loans
- SBA Secured Loans
- LED Secured Loans

# Items Needed To Apply

- Business Loan Application
- Personal Financial Statement
  - All owners, principals, and officers signed and dated within last 45 days
- Management Resume
- History of the Business
- Business Debt Schedule
- Monthly Performance Income Statement for 12 months
- Business Financial Statements (Income Statement, Balance Sheets, and last 3 years of Tax Return)
- Interim Financial Statement (signed and dated within the last 45 days)
- Business Performance Financial Statement, Balance Sheet, Cash Flow Projections
- Personal Tax Returns (most recent 3 years)
- Aging of Accounts Receivables and Payable (as of the date of the interim financial statements)
- IRS Form 4506 signed for business tax returns of personal schedule C.
- Other



# Funding Sources

- Personal Investment
- Family and Friends
- Credit Union / Banks
- Micro Lenders
- Venture Capital
- Angel Investors
- Factoring
- SBA Secured Loans
- LED Secured Loans
- Leasing Companies
- Commercial Brokers

# Five C's of Credit

- Character- determination to pay; tested by hard times
- Capacity- The ability to pay the debt obligations
- Capital- enough funds in business so it can operate;  
Liquidity
- Conditions- state of the economy and environment
- Collateral- assets that can be pledged to secure loan

# Higher Risk Industries

-Require Stricter UW

- Restaurants/Bars
- Contractors
- Auto, RV, Boat Dealers
- Agriculture/Forest
- Religious Institutions
- Auto Mechanics
- Mobile Home or RV Parks
- Retail
- Taxi Services
- Real Estate Professionals
- Real Estate Developers
- Software Companies
- Hotels
- Pawn Brokers
- Gas Stations
- Convenience Stores
- Trucking Companies
- Dry Cleaners
- Entertainment



# Restricted Industries and/or Loan Types

- Start –up Businesses
- Medical Marijuana
- Adult Entertainment
- Ammunition or Weapons Manufacturing
- Bail Bond Co's
- Loan Brokers
- Companies Involved in Gaming or Gambling Activities
- Money Services
- Loans to Businesses that Promote Discrimination or Have Significant Negative Public Reputation



# Lower Risk Industries

- Health Organizations
- Small Manufacturing Companies
- Service Companies (Plumbing, Air-Conditioning, Etc)
- Professional
- Doctors
- Dentists
- Chiropractors
- Attorneys
- Veterinarians

# Questions?

