

NSP2 APPLICATION #491357201

Eligibility:

Full Circle Communities, Inc. (“Full Circle” or “FCC”) as an Illinois non-profit 501(c)(3) organization, is an eligible applicant pursuant to the NSP2 regulations. Attached hereto please find evidence of our non-profit status.

Program Summary:

We are targeting Census Tract 8025.02, Wheeling, Illinois for NSP2 activities. This target geography has a foreclosure score of 19 and a vacancy score of 17, and as evidenced later, is in dire need of stabilization activities.

In order to assist in stabilizing the target geography, Full Circle Communities is requesting \$15 Million in Neighborhood Stabilization program (NSP2) funds for the creation of 100 units of affordable rental housing for seniors.

All NSP2 funds will be used for eligible activities related to “E. Redevelop Demolished or Vacant properties as Housing” pursuant to 24 CFR 570.201-207.

In addition, 100% of funds will be used to benefit individuals and households whose income does not exceed 120% of the Area median income (AMI), and at least 25% of the funds shall be used to house individuals or families whose incomes do not exceed 50% of the Area Median Income.

Citizen participation is encouraged throughout the process of application and development, with updated information of activities available at the following website: www.1fullcircle.com/NSP2.htm with periodic notice in local media.

Rating Factors:

Factor 1 - Need/Extent of the Problem

a. Target Geography

The target geography for this NSP2 application is Census Tract 8025.02, Wheeling, Illinois. It has been identified as an “Area of Greatest Need” in Cook County and is an eligible census tract per data from HUD. The identified Census Tract has a foreclosure score of 19 and a vacancy risk factor of 17.

b. Market Conditions and Demand Factors

We have found that there are relatively few housing options for seniors in the Village of Wheeling and the surrounding communities. The age-targeted communities that exist in the northern Cook and southern Lake County area are typically fully occupied with waiting lists of up to 2 years.

While market supply is currently very tight, demand for affordable senior housing is also strong and projected to increase dramatically in the near future. According to US Census data the number of total households in Wheeling increased by 6.5% between 1990 and 2000. Over the same time period the number of households in Wheeling where the head of household was 65 or older increased by 31.4%. This trend is expected to continue and expand in the future. In the 1990 census, households age 45 to 64 represented 25.4% of total households. By the 2000 census that same age group represented 33.7% of total households.

Data in the Natalie P. Voorhees Center for Neighborhood and Community Improvement at UIC used by the State of Illinois in their NSP Substantial Amendment submission demonstrates that Cook County is the second largest area of greatest need in the State of Illinois with respect to the current foreclosure crisis. With a weighted ranking of 99.20 out of 100.0 in the Voorhees Study, Cook County trails only Chicago in the entire State in terms of greatest need. In addition, the Village of Wheeling has a score of 86.04 out of 100.

Data compiled at RealtyTrac.com shows an alarming trend for foreclosed homes in Wheeling:

- Foreclosures have more than doubled over the same period last year, with more than 60 new foreclosures in May 2009.
- The foreclosure rate of the approximately 10,500 single family homes in Wheeling is at .39%, which is higher than the average in Cook County (.32%) Illinois (.21%) or the National Average (.25%). This means that an average of 41 homes per month began foreclosure activities for the past year.
- As of June 2009, there are more than 700 homes in the foreclosure process, with more than 240 bank-owned properties.
- For the past year, foreclosure sales in Wheeling have averaged 10 properties per month.
- Based upon current trends, absorption of the existing bank-owned foreclosure stock would take two years. However, supply of foreclosure properties are presently outpacing demand, and the actual absorption rate is currently negative.

According to Shari Huizar, Director of Senior Services for the Village of Wheeling, senior citizens have been particularly impacted by the recent downturn in the economy as they are faced with declining assets and dwindling home values, without viable alternatives for either income or residence.

Wheeling offers only three age-restricted options for seniors:

Wheeling Towers, a 100-unit Elderly and Disabled building owned and operated by the Housing Authority. Rents are targeted to Extremely, Very, and Low-Income residents. They currently have a 5 year waiting list with more than 1,000 applicants.

Addolorata Villa, an assisted living facility for high-income seniors with need for additional health and care assistance.

Cameo North, a 55+ condominium complex targeted to upper income seniors, with prices starting at \$150,000 per unit.

There are not enough options for the elderly population in Wheeling who have been impacted by economic downturn and foreclosure.

Additional Demand Factors:

Sales data shows that declining home values and increased supply are the primary causes for the increased foreclosure activity in Wheeling. The median sales price of a home in Wheeling was \$140,000 in January, 2000. By June 2006, that number was \$250,000. As of May, 2009, the median sales price had declined to \$170,500, comparable to June, 2002 pricing.

At the same time that home values were rising, new product was being developed in the Village to attract in-migration from surrounding communities. More than 400 new homes were built between May 2002 and December 2007. This reflects more than 5% of the housing stock in Wheeling.

Demographic data suggests that the current Household income for families in Wheeling is \$55,491. This is well below the Median Income of \$74,900 for the Chicago MSA, and below the 80% limit of \$63,120. The housing cost burden for families at 50, 80 and 120 percent of median income is as follows:

Housing Cost Burden, Family of Four				
Area Median Income, Chicago MSA				\$ 74,900
Wheeling Median Income				\$ 55,491
	Annual Income	Housing Burden*	Estimated Mortgage**	
50% AMI	\$ 39,450	\$ 690	\$	128,441
80% AMI	\$ 63,120	\$ 1,144	\$	213,013
120% AMI	\$ 94,680	\$ 1,747	\$	325,341

- * 30% of monthly gross income less 1.5% R.E. Taxes, \$450 Insurance & \$600 PMI annually
- ** Assumes a 5%, 30-year fixed mortgage

In addition to the foreclosure and vacancy concerns outlined above, there is a severe burden on the numerous agencies serving those with Special Needs in the region. In 2008, the Department of Human Services commissioned a study by the Natalie P. Voorhees Center for Neighborhood and Community Improvement at UIC. This study demonstrates that Cook County ranked first in terms of housing needs to support Priority and Special Needs populations.

The above clearly demonstrates the high demand for affordable senior housing and targeted services in Wheeling and in Cook County in general.

In order to stabilize declining neighborhoods, Full Circle Communities, Inc. proposes the development of Age- and Income-Restricted apartments on currently vacant land. This project will provide those seniors who have been impacted by the economic downturn and foreclosure crisis with an affordable alternative for independent living in the area, and will ease the strain on other services and housing providers.

Factor 2 - Demonstrated Capacity

a. Past Experience:

Full Circle Communities, Inc, an Illinois Non-Profit 501(c)3 organization, was founded in 2002 to provide affordable rental housing to Very-Low, Low and Moderate Income individuals and families, and to provide targeted services to our residents. Since 2002, FCC has acquired and renovated, and currently owns and operates, more than 650 units of affordable rental housing in Illinois and Florida.

Banner Apartments, LLC (“Banner”), the For-Profit Partner in this application, has been in business for almost 20 years. Banner or its affiliates currently own and manage more than 5,000 units of conventional and affordable rental housing in five states, and will provide developmental guidance, financial access and technical assistance to the deal.

Within the past 24 months, FCC and Banner have had considerable experience in housing rehabilitation, waiting list management, accessing operational and investment capital, working productively with other organizations, and complete operational management of affordable rental housing. Details of these activities are outlined below:

Rehabilitation of Housing:

Banner has completed \$9,420,102 in housing rehabilitation to more than 4,700 units in five states over the past two years. During that same period, Full Circle has completed more than \$343,000 in renovations and rehabilitation to more than 450 rental units. Rehabilitation activities for both FCC and Banner include complete unit renovations, kitchen and bathroom upgrades, hardscape and landscape improvements, mechanical system improvements, façade repairs and renovations, roofing repairs and replacements, and plumbing and electrical upgrades.

Redevelopment of Vacant Property:

Banner Apartments has successfully applied to the Illinois Housing Development Authority for \$17,600,000 in Federal Low-Income-Housing Tax Credits for the development of 75 new affordable rental units for seniors in Waukegan, Illinois. Construction completion of these units is scheduled for January, 2011.

Program Marketing and Management of Waiting Lists for Potential Residents:

Full Circle, as owner and manager of a 250-unit affordable Section-8 property in Florida, is responsible for the day-to-day marketing and monitoring of HUD-required waiting lists. While the waiting list has not been marketed within the past 24-months (due to the high demand for quality affordable senior housing in Naples, Florida), we constantly monitor our waitlist to ensure we have an adequate supply of qualified applicants. In addition to housing, we provide social, medical and transportation services to our residents, and use newsletters,

property signage and periodic meetings with the residents in order to promote these Program Services.

The waiting list is updated as required by HUD, and contains all of the relevant information necessary to ensure that only qualified applicants are selected for housing at the property.

Banner Apartments, as an owner/operator of conventional and affordable rental housing, also has experience in wait list management and marketing with more than 700 units served from eight waiting lists over the past 24 months, including more than 300 applicants currently on the waiting lists.

Both Banner Apartments and Full Circle Communities utilize HUD Affirmative Fair Housing Marketing Plans to ensure fair housing and civil rights laws are adhered to. These plans are reviewed annually for accuracy and ongoing compliance.

Accessing operating and investment capital:

Over the past 24 months, Banner Apartments has successfully applied for and received awards of more than \$24,000,000 in Low Income Housing Tax Credits. They have leveraged these credits with private equity to borrow more than \$33,900,000 in loans to acquire, develop or rehabilitate and refinance 1,275 units in eight developments.

Working productively with other organizations:

In an effort to expand the Program Services we offer to our residents, Full Circle Communities has successfully partnered with several service organizations in Florida and Illinois. Through our combined efforts, FCC and Outreach Community Center in Carol Stream, Illinois, have provided more than 50 students with afterschool tutorial assistance and educational alternatives, and has helped more than 60 individuals and families with financial assistance and education, social service case-work, job placement assistance and social activities. Likewise, FCC and its various partners in Florida have provided medical, financial and educational assistance to more than 250 seniors.

b. Management Structure:

References:

Attached in support of FCC's strength in managing multi-family rental properties please find copies of our latest (2009) HUD REAC Physical Inspection for 250 units of affordable senior housing. We have consistently received scores of "satisfactory" or better in MORs and consistently pass HUD Physical Inspections, with three scores above 90 in the past 7 years.

Also attached please find a letter of support from the Mayor of Michigan City pertaining to a transaction with Banner Apartments in 2007.



U. S. Department of Housing and Urban Development
Jacksonville Field Office
Charles Bennett Federal Building
400 West Bay Street
Suite 1015
Jacksonville, Florida 32202-4410

July 9, 2009

Goodlette Arms, LLC
500 Skokie Boulevard
Northbrook, IL 60062
Attention: Milton R. Pinsky, Director

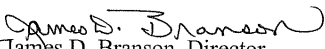
Re: REAC Physical Inspection Number 327115
800004128, Goodlette Arms, Naples, Collier County, FL
Subsidy Contract FL14L000008

Dear Mr. Pinsky,

Congratulations on your Real Estate Assessment Center (REAC) physical inspection score of ninety-eight (98), conducted on May 16, 2009.

In addition to receiving an excellent score, your project did not suffer from any exigent health and safety deficiencies. This is especially commendable, and we take great pleasure in applauding you and your management agent, Full Circle Communities, Inc., for your dedication to maintaining this property in outstanding physical condition.

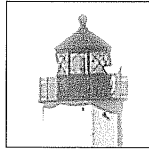
Regards,


James D. Branson, Director
Multifamily Housing Hub, Jacksonville, FL

Cc: Michael Otocky, Acting Program Center Director, Miami, FL

The Jacksonville Multifamily Housing Hub takes great pleasure in serving Mississippi, Alabama, and Florida in the development and management of multifamily housing projects; we value our existing industry partners and look forward to creating new housing business relationships. The missions of the Department of Housing is to contribute to building and preserving healthy neighborhoods and communities; maintain and expand homeownership, rental housing, and healthcare opportunities; stabilize credit markets in times of economic disruption; operate with a high degree of public and fiscal accountability; and, recognize and value its customers, staff, constituents and partners. HUD supports the development, rehabilitation and maintenance of multiple-unit affordable housing through FHA mortgage insurance programs. We provide capital grants to non-profits for the construction and support of affordable housing for the elderly and persons with disabilities.

www.hud.gov



MICHIGAN CITY
the place is here, the time is now!

August 10, 2007

Senator John Loudon
State Capital Building, Room 422
Jefferson City, MO 65101

RE: Reference for Banner Apartments

Dear Senator Loudon:

In November of 2006, Michigan City, IN issued \$6.2 million of tax-exempt bonds to allow an entity affiliated with Banner Apartments to acquire and rehabilitate the Garden Estates West Apartments. Banner has completed a majority of the rehabilitation of the property as of August of 2007.

Our experience with Banner throughout the process was very positive. They have greatly improved the community and taken great care of the tenants in the process. I would not hesitate to recommend them to you as an owner and operator of affordable multi-family communities.

Sincerely,

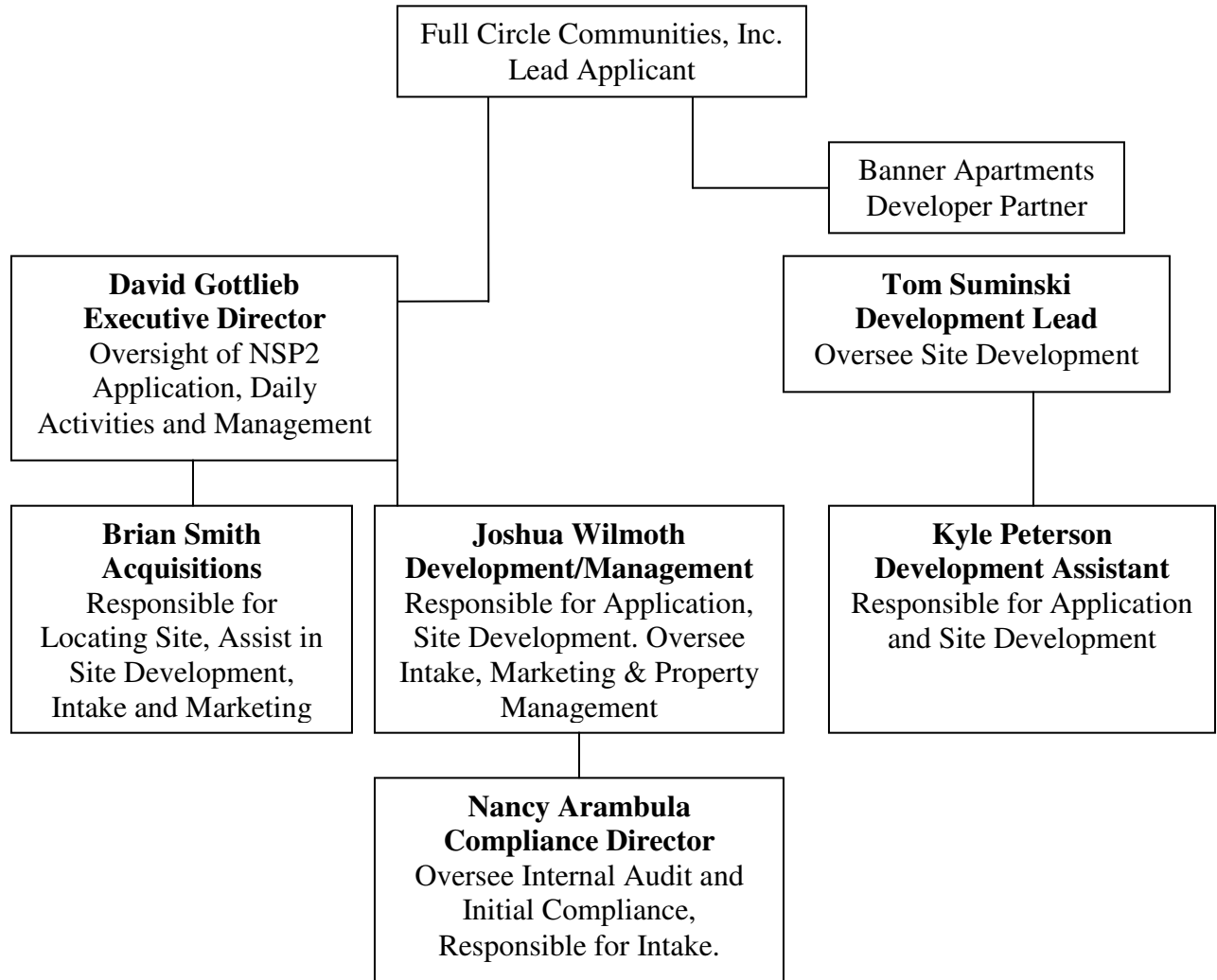
Charles E. Oberlie, Mayor
City of Michigan City, IN

cgw

CHUCK OBERLIE — MAYOR

City of Michigan City - City Hall - 100 East Michigan Boulevard, Michigan City, IN 46360 - 219.873.1400 - fax 219.873.1515
web - emichigancity.com e-mail - mayorchucko@emichigancity.com

Organizational Chart:



Factor 3 - Soundness of approach:

a. Proposed Activities:

Using the \$15 Million NSP2 request to leverage equity with Low Income Housing Tax Credits, donated land and conventional debt, we will build 100 units of affordable senior rental housing on vacant land presently owned by the Village of Wheeling.

The total development cost for each rental unit will be approximately \$245,000. However, residents will pay approximately 30% of their income in rent, and we will target seniors earning between 30% and 60% of the Area Median Income.

With completion of the project and stabilized occupancy scheduled for 2011, we will assist in stabilizing the targeted area within two years by providing a low-cost alternative for seniors without housing options.

NSP2 Funds will be used for eligible activities, including construction hard costs, design fees and program marketing. The use of these NSP2 funds in conjunction with equity, land donation and conventional debt will allow us to provide very low rents for an extended affordability period, while providing a high level of services to our residents that reduce the strain on other community resources.

Our target population will be local seniors, over the age of 62. Through partnership with other agencies, we will provide transportation, healthcare and social services to our residents. To allow greater access to our program, foreclosure of a home will not be an impediment to residence in our property.

In addition to HUD NSP2 funds, we anticipate the following construction and permanent funding sources for completion of this project:

A Construction Loan in the amount of \$7,000,000 from Alliant (see “Leveraging”)

A Permanent Loan in the amount of \$2,500,000 from Alliant (see “Leveraging”)

An award of Low Income Housing Tax Credits to provide equity in the amount of \$7,000,000.

We do not contemplate any demolition requirements under this plan, as the Village of Wheeling already performed demolition activities separately to eliminate blight at a cost of almost \$2,000,000.

b. Project Completion Schedule:

The target parcel has been identified, and we are in negotiations with the Village of Wheeling to obtain approvals for the proposed use. In order to leverage the funds requested in this proposal, FCC will apply to the Illinois Housing Development Authority in December, 2009

for an award of Low Income Housing Tax Credits. Throughout the following process, information about the program and advertising for the property will be available.

September, 2009: Completion of all Plans and Specifications
October, 2009: Zoning approval from the Village of Wheeling
January, 2010: Application to IHDA for Low Income Housing Tax Credits
March, 2010: Tax Credits awarded
June, 2010: Close on Construction Loan, begin construction using NSP2 funds
September, 2011: Construction complete, residents begin moving in
December, 2011: All units occupied by income-eligible residents

The project will be completed prior to the funding expenditure deadline of September, 2012.

c. Income Targeting:

Because we will be combining NSP2 funds with Low Income Housing Tax Credits, we will be targeting approximately 10% of the units to individuals and families at or below 30% of the area median income, 30% to those below 50% AMI, and 20% at 60% AMI. No person will benefit from the NSP2 funds whose income exceeds 120% of the area median income.

d. Continued Affordability:

Both as part of our mission, and due to the differing restrictions required by our various funding sources, we will commit to Continued Affordability of 30 years minimum for all units. These affordability restrictions will be evidenced by a Land Use Restriction Agreement recorded against the property, and meet or exceed the requirements of HOME Program standards at 24 CFR 92.252 (a), (c), (e) and (f) for rental properties.

e. Consultation, Outreach, Communications:

Our NSP2 Application and all status updates will be made available at our website, www.1fullcircle.com/NSP2.htm Announcement for public comments was posted in the Daily herald, the local paper for the target geography, as follows:

Public Comments Welcome
Full Circle Communities, an Illinois non-profit, is soliciting public comment for a proposed funding application to HUD under the NSP2 program. Full Circle intends to use these funds in conjunction with private debt & equity to develop 100 units of affordable rental housing for seniors in Wheeling, IL. Details of this application & comment submittal are available at: www.1fullcircle.com/NSP2
EOE/EHO

In addition, we will actively work with the Village of Wheeling and the Village's Senior Services Department to promote our efforts, the property, and to solicit feedback from the public.

Our website will have a feedback section, and all public comments will be directed to the appropriate responder. Each comment will be reviewed and responded to, and all comments and responses will be published on our website weekly.

Qualified individuals will also be able to complete an "interest card" and will receive notice of any updates, meetings, application periods, or other relevant details.

f. Performance and Monitoring:

All program activities will be discussed at a weekly meeting with staff. Progress on each phase of the project will be presented at this time. Threshold and benchmark requirements will be reviewed for timely completion.

Standardized procedures and requirements will ensure streamlined performance and monitoring capabilities. Standard-form contracts will be used with all vendors during construction and operations. Contracts will include detailed scope of work, cost, timeframe and performance benchmarks, liability, indemnification and insurance requirements.

Existing compliance monitoring and audit functions will be used to review processes and programmatic compliance with HUD and LIHTC requirements. Nancy Arambula, Compliance Director, will be responsible for programmatic compliance and internal audits.

Development Staff are responsible for ensuring that work is completed per all applicable laws and regulations, and will perform monitoring of all construction projects. The Compliance Director will ensure that all performance and compliance requirements for HUD and LIHTC Programs are met.

The following reports will be prepared as needed to measure progress against benchmarks:

- Environmental Review Report
- Marketing Report
- Compliance Report
- Occupancy/Intake Report

The following reports will be prepared monthly to ensure accurate expenditures and timely completion of projects:

- Financial Report and Monthly Loan Draw by Trade Breakdown
- Monthly Project/Field Report

Upon completion of NSP2 activities outlined in this plan, project compliance will be reviewed annually by several different entities. Our Internal Audit will review compliance

with HUD and NSP2 requirements annually through the term of the extended affordability period. Our Annual Auditor will review compliance with Program regulations annually as part of their Audit, and finally, the State Agency will perform annual compliance monitoring for the Low Income Housing Tax Credits throughout the initial compliance period. Physical Inspections will also be performed quarterly by Management to ensure proper upkeep of the development.

Factor 4 – Leveraging:

Full Circle Communities, Inc. dedicates 75% of project cash-flow to provide services to the residents. Services include but are not limited to: transportations service, physical therapy, housekeeping assistance, case management, and social services. These services are estimated at \$30 per resident per month (\$36,000 per year). Attached as Appendix 2.A, please find a copy of our Articles of Incorporation which outlines this contribution requirement.

Alliant, a private debt and equity provider, has provided us with a firm commitment for \$7,000,000 in construction loan proceeds, and \$2,500,000 in permanent loan proceeds for this application, as evidenced by their letter in Appendix 2.C

Alliant has also committed to provide equity in the amount of \$7,000,000 upon receipt of Low Income Housing Tax Credits from the Illinois Housing Development Authority. We cannot apply for these credits until January 2010, but the attached letter at Appendix 2.D evidences Alliant's equity commitment.

Lastly, the Village of Wheeling has agreed to donate the land for this development, valued at \$2,025,000 as identified by their letter located in Appendix 2.B The Village has expended approximately \$2 Million over the past two years to acquire the site and remove the prior uses; a blighted used car lot and dilapidated buildings.

Factor 5 - Energy Efficiency/Sustainability:

a. Transit accessibility:

The proposed development is located on Milwaukee Avenue, which is a direct North/South connector road with regional PACE Bus service. Route 272 has frequent and regular stops within ½ mile of the property. METRA Rail service, the regional commuter rail service, offers daily service along the North Central Service Line from a station within the target census tract.

In addition, upon successful award of funds, we will request an additional PACE bus stop directly adjacent to the project site. Installation of this new stop would help to supplement the already existing “PACE Paratransit” Service for seniors and disabled riders, who can request a door-to-door pick-up and drop-off service.

Specific information about PACE and METRA routes are available at <http://www.pacebus.com/sub/schedules/default.asp> and <http://metrarail.com/googletransit/>, respectively.

b. Green Building Standards:

Energy star appliances will be installed in all units. The development will be designed to exceed the American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004 Appendix G by at least 20%.

c. Re-use of cleared sites:

The proposed activity uses a vacant site. The Village acquired the subject site and demolished the existing, blighted structures over the past two years, at almost \$2 Million in cost.

d. Deconstruction:

No deconstruction is anticipated, as the site has been cleared of all buildings and is vacant and ready for new construction.

e. Green practices:

The following practices will assist in “greening” the proposed development:

The proposed site is within one-half mile of at least four community and retail facilities, including parks, restaurants, pharmacies and retail establishments.

The site lies along a natural waterway, and sensible site design will allow for minimal grading, which will allow the Des Plaines River to remain in its natural channels with no impact to wetlands.

Area-sensitive vegetation will be planted to reduce solar impact during warm summer months while allowing maximum sunlight during winter months to aid in natural heating. All vegetation will be indigenous to the area and site soil.

Factor 6 - Neighborhood transformation and economic opportunity:

The Village of Wheeling has a Comprehensive Plan, which can be viewed in its entirety at the Village website,

<http://www.vi.wheeling.il.us/ReferenceDesk/ComprehensivePlanJuly2003.pdf>

Our proposal is consistent with several key elements of the Comprehensive Plan, including but not limited to:

- Redevelop obsolete commercial uses,
- Anticipate the future needs of the Village and its residents,
- Development proposals [that] ensure that new development provides adequate open space and preserves natural features,
- Make the best use of remaining vacant land and redevelopment parcels in order to provide for future needs,
- Promote high quality development, and
- Assure that new development will minimize adverse impacts on the natural features of the site.

By providing new, high-quality affordable housing for low-income seniors, our proposal will aid in stabilizing the target area, continue in the removal of formerly blighted sites and offer greater access and opportunity to affordable housing and targeted services.

In addition to the above, the Village of Wheeling approves of the plan concept and proposed use of the site, as evidenced by their letter in Appendix 2.B.

Appendices:

1. Code of Conduct
2. Leveraging Documentation - Firm Commitments
 - A. Services
 - B. Land
 - C. Construction/Permanent Loan
 - D. Equity
3. Signed Certifications
4. Calculation of removal of negative effects using HUD provided rubric
5. Citizen Comments including URL where plan is posted
6. For-Profit Partner Commitment
7. Definitions