

Response to Request for Proposal:

Development of East Latimer Street, between North Boston Avenue and North Main Street, Tulsa, Oklahoma 74106



Respondent

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Section I: Executive Summary

The quickest and most effective way to stabilize a neighborhood is through increasing the volume of owner-occupied, single-family residences. The East Latimer RFP, located just outside downtown Tulsa's Inner Dispersal Loop, stands to be a case study of how a partnership between a municipality, housing authority, and private enterprise can achieve the lofty goal of creating a mixed-income neighborhood with diverse residents. Capital Homes is a local leader in new home construction and land development. The company is committed to creating innovative partnerships that tackle one of Tulsa's most important challenges – creating vibrant, affordable neighborhoods.

High quality, affordable, owner-occupied housing is currently in short supply in areas near downtown Tulsa. The proposed site is the ideal location for just this type of housing. The East Latimer property is anchored by schools - Emerson Elementary School, Oklahoma State University and Langston University. The land is surrounded by nearly all single-family residential uses, further supporting that the highest and best use for this vacant land is reinvesting in owner-occupied single-family homes.

A mixed-income development at this location would serve as proof that affordable, mixed-income housing in the heart of Tulsa is both economically viable and capable of driving neighborhood stabilization. This vision can be accomplished with proper financing incentives. Capital Homes suggests that 50% of the new single-family homes in this proposed development will be reserved for sale to owners who will occupy the homes and who are living at or below the median family income for Tulsa County (see Exhibit A). Homeowners, in conjunction with responsible landlords, are critical to neighborhood stabilization and revitalization.

Capital Homes proposes building approximately 16 energy-efficient, affordable new homes at East Latimer Street, between North Boston Avenue and North Main Street. Our selling effort will focus on buyers who want to actually live in the homes; we will not sell the homes to third party investors/landlords who desire to create rental properties. Site preparation and zoning matters are expected to take approximately 3-6 months to complete. Capital Homes proposes revising the current PUD to allow for a very dense single-family use intended for homeownership. The homes would be constructed over 18-24 months, depending on market conditions.

Innovation and partnership are critical in this project. Using lessons learned from prior projects, Capital Homes proposes the following key elements to ensure success:

- Tulsa Development Authority sells the proposed site to Capital Homes for \$140,000.

- Tulsa Development Authority provides a total of up to \$32,000 in down payment assistance loans to be applied to approximately 8 home purchases targeting individuals and families at or below the median family income for Tulsa County.
- Capital Homes provides each buyer up to \$4,000 of closing cost assistance
- Capital Homes builds and maintains a model home for a minimum of one year

Capital Homes offers a number of unique benefits as a potential partner in this effort:

Feasibility and Planning

The company has built over 1000 homes and has the necessary experience to overcome unforeseen challenges that may delay or compromise completion in the hands of less experienced organizations.

Sales and Marketing

The company's communities and homes are marketed across digital and traditional media. Each community has a model home that is staffed by a sales professional.

Credit Repair and Financing Assistance

Capital Homes offers credit repair at no cost or obligation to potential buyers. The company firmly believes in the importance of sharing our expertise with those looking to become homeowners. Capital Homes works with trusted lenders that provide our home buyers with guidance and competitive financing alternatives.

Construction

Capital Homes is prepared for the volume of production. The company can successfully construct the homes while adhering to scheduling and cost expectations.

The following document provides details about Capital Homes' vision for the community, proposed terms, and estimated budgets and timelines. The company looks forward to continuing conversations once the Tulsa Development Authority has reviewed the Response to the Request for Proposal.

Section II: Narrative

Vision

The East Latimer site is the ideal location for a grouping of affordable single-family homes. The homes will be owner-occupied and will not be sold to investors seeking to rent the homes to tenants. Capital Homes Residential Group envisions a community of energy-efficient single-family homes that maintain affordability while allowing buyers to choose from a variety of options, including floor plans, exterior design, and interior finishes. Capital Homes offers three home styles, generally described as the Cottage, Craftsman, and Executive Series. The homes at the East Latimer site would vary in size and features, depending on marketplace demand. We anticipate that the market will be most interested in our Craftsman Series homes, focusing on plans that are approximately 1400-1800 square feet and priced around \$150,000 to \$180,000.

Track Record

Throughout the last twenty-five years, Capital Homes has developed strong relationships with partners that allow our business to operate successfully and grow considerably. The company prides itself on consistent financial strength due to experienced management and a fiscally conservative approach to business. Additionally, Capital Homes continues to develop long-standing relationships with vendors and subcontractors, which keeps costs competitive for our company and pricing competitive for our customers.

Capital Homes has a steadfast track record of providing high quality energy-efficient homes that are affordable and attractive. The company has significant experience working with multiple units under construction at one time, including the related issues of construction staging and master drainage management. Additionally, we maintain an A+ accreditation from the Better Business Bureau by actively managing and resolving issues with customers as they arise.

Innovative Partnerships

Some of Tulsa's greatest needs are best addressed through innovative partnerships. These partnerships are a unique and defining element of our city – working across the public and private sectors, while actively involving community members in the overall vision.

The Kendall-Whittier community serves as a case study that demonstrates how organizations can work together to positively transform a neighborhood. In 2012, Capital Homes began to work on the revitalization effort in Kendall-Whittier. This partnership involves working closely with the George Kaiser Family Foundation, the University of Tulsa, and other neighborhood stakeholders. Our work in Kendall-Whittier

has focused on land acquisition and new home construction. Most notably, we have built ten single-family homes in the neighborhood and a second phase of eight homes currently under construction.

In order to incentivize and assist buyers, Capital Homes provides up to \$4000 in closing costs and the University of Tulsa provides another \$4000 in down payment assistance to interested faculty and staff. Multiple organizations provide financial support for land acquisition, a critical element in stimulating long-term revitalization. The homes are required to be owner occupied for a minimum of five years, further promoting investment in the community. The first ten homes built in the Kendall-Whittier community were all sold within two weeks. The homes in the second phase were sold in approximately one week.

Our focus in Kendall-Whittier has been to provide affordable, energy-efficient homeownership in an effort to revitalize the historic neighborhood. Many other stakeholders have worked together to make this vision a reality, including Educare, Tulsa Public Schools, Growing Together, and many individual families and businesses. This partnership exemplifies the results of working across organizations. Capital Homes offers potential partners utilization of the company's expertise, scale, and competitive pricing.

Capital Homes has also worked closely with several surrounding suburb communities. These communities have welcomed and encouraged us to bring our quality, affordable homes into their cities. We are currently building in the following suburban areas: Owasso, Broken Arrow, Bixby, and Jenks.

Operational Excellence

Capital Homes consistently works to develop the following areas of expertise that are critical to successfully building sixteen single family homes at the East Latimer site:

1) Feasibility and Planning

Prior to commencing construction, the Capital Homes team will ensure adherence to legal and regulatory matters required to successfully complete the project. The management team has experience zoning and developing thousands of single-family home sites. The company has constructed over 1000 homes throughout the Tulsa area. The Capital Homes staff has the necessary experience to overcome unforeseen challenges that may delay or compromise completion in the hands of less experienced organizations.

During the planning process, the company will hold meetings to share proposed plans with interested community members. These meetings will allow Capital Homes to learn about the interests of potential buyers and provide the most compelling homes for this specific community. The company has advanced job costing and purchasing systems that allow us to streamline production of homes, keep pricing competitive, and reduce the likelihood of error.

2) Sales and marketing

Capital Homes has the sales and marketing systems in place required to successfully message this unique community to potential buyers. Capital Homes' communities and homes are marketed across digital and traditional media. The company's digital marketing efforts include a presence on major digital channels including Google, Bing, Yahoo, Zillow, Trulia, MLS, and more. The Capital Homes website caters to thousands of visitors each month and has a full time online sales counselor to quickly answer questions from potential homebuyers. Additionally, Capital Homes offers credit repair at no cost or obligation to potential buyers. The company firmly believes in the importance of sharing our expertise with those looking to become homeowners.

3) Construction

Capital Homes has substantial operational experience with large scale, production home building. The construction team oversees production of over 150 homes annually. Due to the volume of production, Capital Homes can successfully construct fourteen homes while adhering to scheduling and cost expectations. Energy-efficiency is a key element of the company's construction practices. Most Capital Homes are at least 40% more energy efficient than the IECC 2004 baseline, as verified by an independent, certified third-party inspector. In other words, the homes will be more efficient than the average new construction home. Furthermore, Capital Homes provides all home owners with a one year warranty, providing peace of mind to those making this substantial investment in their financial future.

Section III: Sample Architectural Design*



*Final product may vary slightly from renderings

Section IV: Budget

Seller Required Work

The items below are to be completed by the seller prior to the sale of lots. If Tulsa Development Authority prefers, Capital Homes can manage these projects at a predetermined price and be reimbursed once completed.

- Maintain vacant lots until title passes to Capital Homes and construction commences
- Work in conjunction with Capital Homes to amend current PUD and, if necessary, re-plat lots for proposed use
- Oversee and pay for engineering required to prepare lots for construction
- Insure that building permits are actually issuable by the City of Tulsa

Down Payment Assistance Loans

Capital Homes proposes that Tulsa Development Authority contributes a total of up to \$32,000 toward down payment assistance loans. The loans will be available exclusively to owners who will occupy the home and who are living at or below the median family income for Tulsa County. Each loan will be in the form of a promissory note from the new home owner to the Tulsa Development Authority secured by a second mortgage. This loan is not a gift; although it will bear no interest, it will become due upon the sale or refinancing of the home. These loans will help address obstacles related to cash down payments, buyers' credit issues, and other barriers to home ownership. Capital Homes will contribute up to \$4,000 toward closing costs. These two forms of assistance will stimulate demand, establish comparable sales, and create momentum in an area with limited new home construction activity. As momentum and comparable sales develop, buyers require reduced assistance, with no down payment assistance offered on the final six homes sold.

Section IV: Budget (Continued)

Estimated Cost to Buyer	FHA 3.5% down	Conv 5% down
Estimated Purchase Price	\$150,000	\$150,000
Down payment	\$5,250	\$7,500
Proposed down payment assistance	\$4,000	\$4,000
Estimated down payment from buyer's funds	\$1,250	\$3,500
Loan Amount (including mortgage insurance)	\$147,283	\$142,500
Closing costs/prepays	\$5,800	\$5,800
Closing cost assistance from Capital Homes	\$4,000	\$4,000
Estimated closing cost from buyer's funds	\$1,800	\$1,800
Estimated cash for buyer to bring to closing	\$3,050	\$5,300
Estimated monthly payment (including taxes/insurance)	\$1,020	\$1,020

Market Feasibility

Initial analysis of recent transactions in the area near East Latimer show mixed results. A sample of approximately 40 homes sold in the last four years shows homes selling between \$8,500 and \$210,000. We envision that the proposed homes would create a new and unique market for this neighborhood. We are confident that the Capital Homes pricing is competitive for potential buyers. Much like our work in Kendall-Whittier, these homes would be pioneering a new market, which will require down payment assistance, collaboration, creativity, and patience.

Section V: Company – Capital Homes Overview

Company details

David Charney is the owner and president of Capital Homes Residential Group, one of the largest home building companies in the Tulsa area. To date, Capital Homes has built over 1000 homes throughout Tulsa, with a focus on quality construction practices, energy-efficiency, and affordability. The Capital Homes construction team has several experienced builders that oversee construction of our homes across Tulsa.

David is co-owner and manager of Owasso Land Trust, one of Tulsa's leading commercial real estate companies focusing on land development. With over 25 years of real estate experience, Mr. Charney brings a very capable legal, finance, and construction background to Capital Homes to help navigate the extensive legal, zoning and construction issues that are so prevalent in new home construction and land development. He has overseen the development of thousands of residential lots in the Tulsa metro area.

David received his undergraduate degree in finance and accounting from the University of Oklahoma and went on to obtain his juris doctorate degree from the University of Oklahoma College of Law. He received his bar admission in 1986. David is a member of the Oklahoma Bar Association. David is currently chair of the Tulsa County Board of Adjustment and a member of the City of Owasso Economic Development Authority.

Section VI: Financial Status

Existing Funding Sources

Capital Homes is fiscally healthy and prepared to begin additional construction and development activities as opportunities arise. The company is fortunate to have relationships with multiple lending institutions that look forward to doing more business together. Between a new credit facility and available equity, Capital Homes has access to the capital required to complete this project successfully. It should be noted that Capital Homes has a proven track record. The company has never defaulted on any obligations to lending partners throughout the history of the business.

Capital Homes has arranged for the following three contacts to serve as references throughout the RFP process. Detailed authorization and contact information for each contact is contained within the letters of authorization attached to this document.

Skip Mefford
President, RCB Bank - Owasso Branch

Tim Watts
Vice President, American Heritage Bank

Tammy Rubin
Chief Financial Officer, Hughes Lumber

Section VII: Disclosure

Developers Statement of Public Disclosure

This statement of public disclosure provides the details requested by the Tulsa Development Authority.

Principal Contact Information:

David Charney, owner and managing partner
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Owasso, OK 74055
Phone: 918-274-4200
Fax: 918-272-5376

Identification of Affiliation and/or Relationship:

The respondent and associated team members have no affiliation or relationship between any of the members of the team responding to this offering and any company, parent company, subsidiary or other affiliate.

Identification of any past or present business, familial or personal relationship between any of the design firm employees, principals or partners responding to this opportunity and any employee or officer of the Tulsa Development Authority.

The respondent will use an internal team to design and develop plans used in this project. The respondent has no past or present affiliation or relationship with the design team or any Tulsa Development Authority employees or officers.

If the developer is not an individual doing business under their own name, a description of the business organization (whether a corporation, non - profit or charitable institution, partnership, business association, joint venture or other entity) indicating the jurisdiction under whose laws it is organized and operating and a brief history of the organization and its principals.

Capital Homes is privately owned by David Charney. The company is organized as a limited liability company in the State of Oklahoma.

Identification of the principals, partners or professionals participating in the design, construction management and market analysis who have entered into or intend to enter into an agreement to be part of the design team and a copy of any executed agreement.

This entire project will be designed, managed, constructed, and sold by Capital Homes' internal team. Capital Homes does cooperate with selling brokers who actually procure a buyer for our homes.

The names, address, telephone number, e-mail and fax numbers of at least three (3) references for each participating principal, partner and a letter authorizing each reference to respond to inquiries from the Tulsa Development Authority. Two (2) of the references shall be employees of lending institutions from which the firm previously obtained construction and permanent financing.

See attached letters of authorization. Each reference has been contacted and confirmed their willingness to be reached for inquiries.

Identification of any previous federal, state, or local government projects and any projects taken under the auspices of any governmental or quasi - governmental entity in which the firm or its principals, partners or affiliates have been involved, including a description of any failures in performance in accordance with the original timetable or original terms of the transaction.

None.

Description of any completed, pending, or threatened criminal or civil governmental investigations or proceeding against the firm or any of its principals, partners, or affiliates by the United States Government, the State of Oklahoma, the County of Tulsa and the City of Tulsa, including any unpaid income taxes, sales taxes, employment taxes, real property taxes, and water or sewer assessments which are not being contested pursuant to appropriate and lawful means.

None.

Description of any unfilled obligations proffered to any governmental body in connection with any project by the firm or any of its principals, partners or affiliates.

None.

This statement is certified and signed by the applicant as true and correct to the best of their knowledge and belief.

David Charney, Principal

Date

Section VIII: Schedule

We estimate that this project will take approximately 18-24 months to complete, depending on market conditions and initial demand.

Months 1-6: Planning and Development

- Due diligence
- Revise PUD
- Adjust zoning and platting as required
- Engineering for storm water management

Months 7-9: Market Analysis

- Host 2-3 community meetings to learn more about interested buyers.
- Work with buyers to get them prequalified. If credit challenges, Capital Homes team will work alongside lending partner to remedy.
- Commence construction of model home

Months 10-18: Construction

- Construction of pre-sold homes will commence once a buyer has contracted on the home and selected the required options – floor plan, exterior design, interior finishes, etc.
- Capital Homes will also construct a speculative home from time to time according to perceived market demand.
- Capital Homes will purchase two lots immediately to begin construction on a model home and speculative home. Additional lots will be purchased as buyers contract with Capital Homes.
- Given historic absorption rates for the company and the unique challenges associated with new infill neighborhoods, Capital Homes anticipates selling one to two homes per month. Assuming one sale per month, the project will take a total of 24 months to complete. Assuming two sales per month, the project will take approximately 18 months to complete.

Exhibit A: Median Family Income

CDBG - TULSA 2016 ANNUAL INCOME LIMITS								
Category	Number of Persons in Household							
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low Income (0-30% of MFI)	\$13,000	\$16,020	\$20,160	\$24,300	\$28,440	\$32,580	\$36,730	\$40,890
Very Low Income (31-50% of MFI)	\$21,700	\$24,800	\$27,900	\$30,950	\$33,450	\$35,950	\$38,400	\$40,900
Low Income (51-80% of MFI)	\$34,650	\$39,600	\$44,550	\$49,500	\$53,500	\$57,450	\$61,400	\$65,350
NON Low/Mod Income (> 80% of MFI)	>\$34,650	>\$39,600	>\$44,550	>\$49,500	>\$53,500	>\$57,450	> \$61,400	> \$65,350

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low (30%) income limits may equal the very low (50%) income limits.

CDBG - TULSA 2016 MONTHLY INCOME LIMITS								
Category	Number of Persons in Household							
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low Income (0-30% of MFI)	\$1,083.33	\$1,335.00	\$1,680.00	\$2,025.00	\$2,370.00	\$2,715.00	\$3,060.83	\$3,407.50
Very Low Income (31-50% of MFI)	\$1,808.33	\$2,066.67	\$2,325.00	\$2,579.17	\$2,787.50	\$2,995.83	\$3,200.00	\$3,408.33
Low Income (51-80% of MFI)	\$2,887.50	\$3,300.00	\$3,712.50	\$4,125.00	\$4,458.33	\$4,787.50	\$5,116.67	\$5,445.83
NON Low/Mod Income (> 80% of MFI)	>\$2,887.50	>\$3,300.00	>\$3,712.50	>\$4,125.00	>\$4,458.33	>\$4,787.50	>\$5,116.67	>\$5,445.83

City of Tulsa - Grants Administration 03282016

Tulsa County Median Income: \$61,900

NOTE: Tulsa County is part of the Tulsa, OK HUD Metro FMR Area. The Tulsa, OK HUD Metro FMR Area contains the following areas: Creek County, OK ; Osage County, OK ; Rogers County, OK ; Tulsa County, OK ; and Wagoner County, OK .

Effective Date: March 28, 2016