CASE STUDIES

Lexington, NC – Terrace Lane (Rehabilitation)

Year Built: 2013
Housing Type: Multifamily
Unit Mix: 138 units
Financing: LIHTC equity, RAD

The Lexington Housing Authority (LHA) was created as a non-profit corporation in January 1962 to provide decent, safe and sanitary housing to the low-income citizens of Davidson County. In 2013, LHA received $27 million from HUD to convert all 268 of its public housing units through the its RAD program. The Housing Authority decided to use the RAD program to rehabilitate each of its properties due to the high per unit costs and lack of funding through Public Housing Capital Improvement Program. According to LHA's Executive Director at the time, "The $340,000 in capital improvement money we usually receive each year would take 58 years to bring these units up to decent shape. This initiative will do that in one year."

Terrace Lane Overview
The present Eastview Terrace (100 units) and Helen Caple Village (38 units) developments were combined into one project, Terrace Lane Apartments for the purpose of the RAD conversion. The communities were initially constructed in between 1981 and 1984 as public housing.

Financing
Under HUD's Rental Assistance Demonstration (RAD) program, the LHA converted its existing public housing subsidies into a long-term Section 8 contract. LHA obtained a HUD insured mortgage of $5,100,000 at a fixed interest rate by utilizing HUD's Section 221d4 program for insurance advances. LHA itself issued $5,100,000 in tax exempt bonds and equity of approximately $3,212,000 was provided through the sale of 4% low income housing tax credits. Additional sources include $350,000 in Capital Funds loaned to the partnership from LHA. There was $2,300,000 upfront ground lease payment from the partnership created to own and manage the property secured by a note from LHA.

Rehabilitation
Both properties are in stable neighborhoods. Helen Caple Village recently received new metal roofs, HVAC systems and some appliances. The Eastview Terrace units will be converted to all-electric HVAC, with new roofs and kitchen cabinets. Both properties will have new windows, doors, insulation, flooring, painting and substantial landscaping to better meet the needs of residents.

Relocation
The rehabilitation for all three properties will be performed in phases, estimated to be 12-15 weeks each. Prior to closing, the authority ceased leasing up units and has established about 20 units of vacancies. Residents in the early stages of the rehabilitation will be moved out of their units into vacant units on site, to accommodate the rehabilitation, and then back into a completed unit. After the first phase, it is expected that many residents will be moved only once from their current location into a completed unit.

CASE STUDIES

Franklin, VA (Rehabilitation)

Year Built: 2013
Housing Type: Multifamily
Unit Mix: 150 Units
Financing: LIHTC equity, RAD
Key Partnerships: City of Franklin

The Franklin Redevelopment and Housing Authority is a small public housing agency located in Franklin, Virginia, about an hour west of Virginia Beach, VA. The FRHA's public housing portfolio is composed of 150 total units across three properties, all in need of significant repairs and upgrades. According to the FRHA's Executive Director Philip Page, Jr., the housing authority's public housing stock was at a "tipping point." The FRHA had two options, either continue using capital funds for a few more years to maintain the properties at their current state, or completely renovate the portfolio, giving the units another lease on life.

In 2013, the FRHA was receiving $196,000 per year in capital funding for all of their public housing units, an amount that was insufficient to address its $7 million-dollar backlog. In June 2013, the FRHA was awarded 9% low-income housing tax credits (LIHTC) by the Virginia Housing Development Authority (VHDA) to rehabilitate their public housing units. FRHA used the RAD program to leverage the tax credit equity to make the much-needed repairs to their public housing equity to address its backlog of capital needs.

FRHA Portfolio Overview

FRHA's portfolio consisted of three public housing properties: Pretlow Gardens, Berkley Court and Old Town Terrace. The oldest and largest development, Berkley Court was constructed in 1972 and consists of 75 townhome and garden units. Old Town has 35 units: one-, two- and three-bedroom units, built in 1983. Pretlow Gardens has 40 units: one-, two- and three-bedroom units, built in 1983, also. FRHA found it needed to conduct repairs upwards of $47,000 per unit, an amount that far exceeded its $196,000 per year in capital funds.

Rehabilitation

The rehabilitation included necessary and outstanding capital repairs such as new roofs, windows, HVAC units and flooring.

Financing

The rehabilitation will provide for $51,060 per unit in construction costs with a total project cost of over $13 million. 9% LIHTC equity, conventional loans, HOME funds, seller financing and public housing capital funds along with $526,000 in public housing capital funds combined to provide $68,580 per unit in sources, covering the hard and soft costs of the transaction.

CASE STUDIES

The Oaks at Cherry, (Charlotte, NC)

Year Built: 2017
Housing Type: Multifamily
Unit Mix: 81 1- to 4-bedroom units
Financing: LIHTC, Wells Fargo Construction Loan, Horizon Development Properties Loan, Housing Trust Fund Loan, Deferred Developer Fees
Key Partnerships: City of Charlotte, Charlotte Housing Authority subsidiary non-profits

Overview
The Oaks at Cherry is in the heart of the Cherry community in Charlotte, NC. Cherry is one of Charlotte's most historic African American neighborhoods, originally platted in 1891 to provide home ownership opportunities to African American laborers and working-class families. In recent years, the neighborhood lost most of its moderately priced housing in favor of larger style houses that range in price from $400,000 to $800,000 because of the neighborhood's desirable proximity to downtown Charlotte. Due to the rapid gentrification of the neighborhood, the residents, Charlotte Housing Authority, and its non-profit affiliates worked together to create a plan to maintain the affordability of the neighborhood through replacing the Tall Oaks Apartments operated by the Housing Authority with new scattered site apartment buildings.

Redevelopment
The Oaks at Cherry is taking place in two phases. Phase I includes eighty-one public housing units for individuals and families whose income is at or below 60% of the area median income (AMI). When complete, this phase will offer 1-
 to 4-bedroom units on scattered sites that are within walking distance of one another. The development will feature an outdoor seating area, exercise room, multipurpose room, computer lab, and an on-site leasing center. Phase II is still under discussion with community members and City officials but is slated to include eighty to one hundred additional units with a portion serving those with very-low incomes and the remainder serving those between 60% to 80% of AMI. The construction of Phase II is set to begin in 2022, depending on the availability of funds. Moving to Work funding will be used for the pre-development expenses of the second phase of the Oaks at Cherry.

CASE STUDIES

The Oaks at Cherry, (Charlotte, NC)

Development Technique

The Charlotte Housing Authority operates four legally separate non-profit entities that help to further its mission of providing safe and decent affordable housing to the City of Charlotte:

Horizon Development Properties, Inc. (HDP) is a non-profit, tax exempt 501(c)(3) whose mission is "to provide mixed-income housing to all qualified families which are consistent with market-rate apartments in the region." The primary focus of HDP is on the development of high-quality affordable housing units in Charlotte, including the Oaks at Cherry.

Horizon Acquisition Corporation is a for-profit program owned by HDP with 100% stock ownership. The mission of this organization is "to acquire, construct, develop, operate and/or hold title to housing properties that are affordable."

C.O.R.E. Programs, Inc is a non-profit tax exempt 501(c)(3) subsidiary of the Charlotte Housing Authority created in 2001 to assist low-income residents in achieving economic independence through educational and supportive services.

Blue Horizon Property Management is a non-profit subsidiary of HDP organized in 2016 "to manage sustainable and economically diverse communities, promoting high quality standards for residents and owners." Blue Horizon's property management portfolio consists of 2,595 units.

The Housing Authority, through HDP, uses a self-development technique that allows for a greater breadth of activities. HDP is responsible for the initial concept, land acquisition, design, approval, construction, and lease up. The Authority also maintains involvement through the property management phase through HDP. Self-development, self-management, and mixed-used developments are goals in the Authority's long-term sustainability plan. To protect itself and its partners from liability, the Authority and its subsidiary non-profits use limited liability corporations (LLC) to develop and own the new housing being developed, a very common approach for developing multifamily housing. Tall Oaks Redevelopment, LLC was formed by the Horizon Development Corporation for developing and operating the Oaks at Cherry Phase 1 eighty-one-unit affordable apartment community. The managing member is HDP-TO, LLC and the investor member is Wells Fargo Affordable Housing Community Development Corporation.

CASE STUDIES

Las Deltas – Contra Costa, CA

Year Built: 1952
Housing Type: Multifamily
Unit Mix: 212 units of various configurations (fewer than ½ are occupied)
Financing: To Be Determined
Key Partnerships: Community Housing Development Corporation

The Housing Authority of the County of Contra Costa, California is currently working on a plan to redevelop a portion of its existing public housing located just outside the City of Richmond, CA in an unincorporated part of Contra Costa County. The public housing units in this area are in fair to poor condition with outdated units, both in terms of features and configurations/layouts. Furthermore, the existing public housing does not maximize the use of land on which the units are located, and they offer few, if any services, needed by residents on site.

Knowing that the existing public housing units will need to be demolished and rebuilt into higher quality units that would be more desirable in today's market, the Housing Authority is preparing to joint venture with a local non-profit, the Community Housing Development Corporation (CHDC), to manage the redevelopment process. CHDC, which focuses on increasing affordable housing opportunities in the East Bay portion of the greater San Francisco Bay area, is prepared to act as the developer of the new housing units, as well as a park/recreational space, a possible community facility, and a retail component.

BAE Urban Economics is preparing a market analysis and a feasibility assessment of development alternatives for the Housing Authority. This includes scenarios with mixed-income housing. Once BAE completes this analysis and the Housing Authority decides how many units and the mix of units (including size and income targets), CHDC and the Housing Authority will identify their financing and develop final terms for the joint venture. As part of the development agreement, the Housing Authority will share in the developer's fee. It is important to note while CHDC will be the master developer, it will be most focused on developing the housing units and facilities for the on-site services that are needed by the community residents. CHDC will likely bring on a third-party commercial developer for the retail development.

CASE STUDIES

Walton Summit – Gainesville, GA

Year Built: 2017
Housing Type: Multifamily
Unit Mix: 260 1- to 2-bedroom units over all phases
Financing: LIHTC equity, project-based subsidies, CDBG
Key Partnerships: Walton Communities

Overview
In partnership with Walton Communities, the Gainesville Housing Authority is redeveloping the 11.67-acre site to include LIHTC housing, public housing, senior housing, and market rate housing. Formerly the home of Green Hunter Homes, more commonly known as the Atlanta Street Apartments, the public housing on the site had been a staple in Gainesville, GA since the 1950's. In 2016 the Gainesville Housing Authority and HUD estimated that $18.1 million would be needed to bring all the units to current standards. This amount was much more than the Housing Authority wanted to spend and more than the $1,700 per unit in HUD annual capital improvement funds received by the Housing Authority could support. The Housing Authority determined that it would be costlier to renovate than to demolish and rebuild.

Financing
After contacting ten potential funding and development partners, the Housing Authority selected Walton Communities as their partner because of their experience in affordable housing communities. Walton Communities owns twenty-nine communities in greater Atlanta area and remains locally owned and managed. The Housing Authority continues to own the land and Walton Communities is constructing and managing the proposed community for fifteen years as a 49% stakeholder, after which the development will be turned over to the Housing Authority. The ground lease and the regulatory and operating agreement spells out the types of units constructed and the length of the affordability periods for the below market units.

Development Technique
The property is being developed in three distinct phases. The first phase of the project includes fifty-four affordable, nineteen market-rate units, and thirteen public housing units and has no age restrictions. The thirteen public housing units will be selected through a lottery system. The second phase will include ninety units dedicated to seniors, seventy of which will be tied to Low-Income Housing Tax Credits with the remaining twenty available at market rate. The third phase is currently securing financing but is planned to include fifty-two LIHTC units and twenty-six market rate units. Thirteen of the LIHTC units will also be financed through project based rental subsidies. The Housing Authority utilized the City's Community Development Block Grant money as leverage and for demolition, site work, and infrastructure.

The complex when completed will include five buildings that are three and four stories tall. The units range in size from 750 square feet for a 1-bedroom, 1-bath unit to 1,250 square feet for a 3-bedroom unit. The units will include a range, refrigerator with icemaker, dishwasher, garbage disposal, ceiling fans, washer/dryer connections, and a patio/balcony. The community will include a community room, arts and crafts/activity center, playground, outdoor sitting areas, and laundry facilities. These units and amenities are comparable to other existing market rate apartment communities in the area. The Housing Authority also plans to add a retail feature to the site in the near future.

CASE STUDIES

Warren Williams Homes – Columbus, GA

Year Built: 2016
Housing Type: Multifamily
Unit Mix: 184 units
Financing: LIHTC equity, RAD conversion
Key Partnerships: City of Columbus, GA

Overview
The Housing Authority of Columbus, Georgia (HACG) was created in 1938 and was the fourth public housing authority to be organized in Georgia. Shortly after HACG's inception, Warren Williams Homes was constructed and opened its doors in 1945. Warren Williams Homes has 184 single family 1, 2, & 3-bedroom apartments contained in 26 one and two-story buildings conveniently located near the Columbus Museum and historic downtown area. In the future, HACG plans to convert all 1,500+ of its units from public housing through the RAD program due to mounting capital costs at each of its properties.

Rehabilitation
The rehabilitation will include replacing the siding, windows and exterior doors as part of the planned renovation. The older windows will be replaced with new Vinyl windows and the shingle roofs will be replaced with metal roofing.

The Kitchens currently include electric or gas four-top ranges, range hoods, frost-free refrigerators, composite wood cabinets, laminated countertops and stainless-steel sinks. The Housing Authority will replace the appliances, cabinets and countertops as part of the rehabilitation.

The property's bathrooms currently include composite wood vanities, cultured marble sinks & countertops, porcelain toilets, enamel coated steel tubs & ceramic tile surrounds. The bathrooms also include exhaust fans and other accessories. The Housing Authority will replace all of these items as part of the rehabilitation.

A business/computer center, community center, playground, and sports court are currently found at the subject property. A BBQ area, fitness center, picnic area, and walking trail are also included in the plan for rehabilitation.

Financing
The project is financed through the sale of 9% LIHTC equity and the conversion from Public Housing to Project Based Vouchers shown in the chart below.

Seller Note	$517,000
Deferred Dev Fee	$400,000
LIHTC Equity	$4,103,000
Other Capital	$1,040,000
Total:	$6,060,000

CASE STUDIES

Al Landsman Gardens - Southern Nevada Regional Housing Authority's (SNRHA's)

Year Built: 2013
Housing Type: Multiplex
Unit Mix: 100 Units
Financing: Capital Funds, LIHTC equity, Mortgage Insurance, Federal Home Loan Bank, HOME Funds
Key Partnerships: City of Henderson, Wells Fargo, Federal Home Loan Bank

Overview

Al Landsman Gardens was originally constructed in 1971. The property contains 100 multiplex-style units. In 2012, dangerous levels of mold and the presence of asbestos and lead-based paint forced SNRHA to vacate the Al Landsman Gardens while the agency searched for a w ay to cover remediation costs. Every option proved financially infeasible, and the housing authority began to consider demolition of the property, meaning the loss of high demand affordable housing units in the City of Henderson, NV.

Rehabilitation

The Housing Authority successfully remediated asbestos lead-based paint, and mold. The rehabilitation also included remodeling the interior and exterior of the units, upgrading the electrical and plumbing systems and replacing heating and cooling units. The units have all new kitchens, bathrooms and flooring. They also meet energy requirements and are energy efficient.

Financing

The effort has a total development cost of nearly $23.57 million. The housing authority contributed nearly $5.3 million in capital funds, Replacement Housing Factor (RHF) Funds, and excess operating reserves to support the development of the project. LIHTC and FHA financing significantly reduced the funding gap, but the housing authority still had to secure additional funds to make the transaction work. The housing authority secured HOME funds, FHLB AHP funds, as well as a private grant and a bridge loan. Additionally, the SNRHA decided to incorporate green design elements that will dramatically reduce energy consumption and will yield utility rebates in the future. The table below showcases the complex financing structure necessary to complete the project.

CASE STUDIES

Al Landsman Gardens - Southern Nevada Regional Housing Authority's (SNRHA's)

Year Built: 2013
Housing Type: Multiplex
Unit Mix: 100 Units
Financing: Capital Funds, LIHTC equity, Mortgage Insurance, Federal Home Loan Bank, HOME Funds
Key Partnerships: City of Henderson, Wells Fargo, Federal Home Loan Bank

Seller Note + Public Housing Funds Note	$2.98 million
Deferred Developer Fee	$1.5 million
Capital Funds	$3.2 million
Replacement Housing Factor (RHF) Funds	$2.0 million
Housing Authority Operating Reserves	$60,000
FHA 221(d)(4) Mortgage Insurance	$4.0 million
4% LIHTC	$8.3 million
FHLB AHP Funds	$1.0 million
City HOME Funds	$435,000
Wells Fargo Grant	$90,000