



The SHELTER Group

Creating Quality Communities

NH&RA Summer Institute Gap Financing Strategies and Issues

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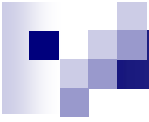
Villages at Highland Commons

Aberdeen, Harford County, Maryland

- 22-unit rental townhouse community
- New Construction (QCT)
- “Second Phase” of existing affordable community

Amenities

- 1,700-2,060 Square Feet
- 3 bedrooms + 3.5 bathrooms
- Washers and dryers in all units
- Enclosed garages



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Villages at Highland Commons

Opportunity

- New construction in QCT
- Low operating risk
- Strong public purpose

Challenges

- Equity environment
- County/Local governments strapped for resources
- Rapidly changing soft debt availability
- State managing resource utilization and maximization

Goal

- Structure to maximize equity interest and value
 - Eliminate hard debt
 - Moderate economic risk
- Small project with higher costs

<u>USES</u>	<u>AMOUNT</u>
Land	\$600,000
Construction Cost	\$4,500,000
Contingency	\$225,000
Local Government Fees	\$364,000
Other Costs	\$949,000
Operating Reserves	\$50,000
Developer Fee	<u>\$880,000</u>
Total Uses	\$7,343,000

<u>SOURCES</u>	<u>REQUESTED</u>
State Rental Housing Soft Loan	\$2,000,000
Tax Credit Equity (\$730,000 Credits)	\$5,030,000
County/City CDBG Soft Loans	\$50,000
MEEHA Energy Grant	\$55,000
Deferred Developer Fee	<u>\$208,000</u>
Total Sources	\$7,343,000

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Land	\$600,000
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Other Costs	\$949,000
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Developer Fee	<u>\$880,000</u>
Total Uses	\$7,343,000

<u>SOURCES</u>	<u>REQUESTED</u>	<u>CDA AWARD</u>
State Rental Housing Soft Loan	\$2,000,000	\$4,000,000
Tax Credit Equity (\$730,000 Credits)	\$5,030,000	\$3,080,000
County/City CDBG Soft Loans	\$50,000	\$50,000
MEEHA Energy Grant	\$55,000	\$0
Deferred Developer Fee	<u>\$208,000</u>	<u>\$208,000</u>
Total Sources	\$7,343,000	\$7,343,000

Park View at Columbia

Columbia, Howard County, Maryland

- 104-unit affordable senior community
- Acquisition Rehab Bond Deal
- Recapitalization/resyndication of “Year 15” deal



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Park View at Columbia

Opportunity

- Acquisition/Rehab of strong asset
- Strong market
- Consistency of management and sponsorship

Challenges

- Same as Villages at Highland Commons
- Equity environment for acquisition/rehab and bond deals
- Local government taking more active role
- Tax issues related to recapitalizations and soft debt
- Competing priorities for repayment of soft debt

Goal

- Address existing investor requirements
- Structure to maximize equity interest and value
 - Look like 9% deal
 - Moderate economic risk
- Balance strongest project possible with desire for repayment of soft debt

<u>USES</u>	<u>AMOUNT</u>
Acquisition	\$4,250,000
Construction Cost	\$1,613,000
Contingency	\$161,000
Existing Ground Lease Redemption	\$330,000
Other Costs	\$1,420,000
Capitalized Reserves	\$558,000
Developer Fee	<u>\$890,000</u>
Total Uses	\$9,222,000

<u>SOURCES</u>	<u>REQUESTED</u>
NIBP Tax Exempt Bond	\$4,910,000
State Rental Housing Soft Loan (Assumptions of Existing Loan)	\$540,000
Tax Credit Equity	\$1,225,000
County Soft Loan	\$1,730,000
Assignment of Existing Project Reserves	\$335,000
Interim Income	\$315,000
Deferred Developer Fee	<u>\$167,000</u>
Total Sources	\$9,222,000