



National Housing & Rehabilitation Association **2016 Spring Developers Forum**

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COMMUNITY DEVELOPMENT

Ethan Terrace Apartments MRX

- Ethan Terrace Apartments
- 92 Units in Sacramento (Arden Arcade), CA
- Conversion of market rate to affordable
- Purchased for 6.6M with allocation of tax exempt bonds SHRA funds and Section 42 LIHTC
- Planned renovation of 60k/door
- Benefits Added through MRK Ownership:
 - Resident Service Plan
 - 25-45% Energy Reduction
 - Creation of central community space
 - Long term rental affordability for current residents
 - Complete interior and exterior upgrade



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MRK Process



- Dollars up Front → Loan Proceeds and TC Equity vs. Dollars Ongoing → Operating Cash Flow
- Dollars up Front
 - Every 10k of savings = ~150k in loan proceeds
 - Every \$10k spent equates to approx. 3k of TC Equity
 - CUAC for rental income through utility allowance decrease
 - Expenses: Freddie Reduction Parameters (water, sewer, trash, gas, electric)
- Dollars ongoing (90% of cash flow)
 - Expenses → 55k reduction goal
- Solution = Earn out + ongoing savings

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