

Local Preservation Tools

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SUMMARY OF CURRENT DEBT

Kings Ferry Development

71 Unit LIHTC Family

Developed in 1990

In Need of Major Systems Upgrades

ESTIMATED VALUE		\$ 3,390,400	
CURRENT LIABILITIES			INT RATE
1ST MORTGAGE	HARD	\$ 110,333	8.25 %
2ND MORTGAGE	CASH FLOW	\$ 675,850	0%
3RD MORTGAGE	CASH FLOW	\$ 500,000	1%
4TH MORTGAGE	CASH FLOW	\$ 1,000,000	6.35%
ACCRUED INTEREST		\$ 2,938,766	
TOTAL LIABILITIES		\$ 5,224,949	
NEGATIVE EQUITY		\$ (1,834,549)	



**POTENTIAL
4%
Transaction**

Kings Ferry Development

71 Unit LIHTC Family

PERM DEBT	\$ 1,314,000	\$ 18,507
LIHTC EQUITY	\$ 2,176,865	\$ 30,660
SELLERS NOTE	\$ 3,120,153	\$ 43,946
RESERVES	\$ 440,292	\$ 6,201
DEFERRED DEV FEE	\$ 89,329	\$ 1,258
	\$ 7,140,639	
USES		
ACQUISITION	\$ 3,390,400	\$ 47,752
HARD COST	\$ 1,677,376	\$ 23,625
DESIGN FEES	\$ 147,348	\$ 2,075
FINANCE FEES	\$ 580,324	\$ 8,174
SOFT COST	\$ 361,129	\$ 5,086
RESERVES	\$ 334,345	\$ 4,709
DEV FEE	\$ 649,717	\$ 9,151
	\$ 7,140,639	

Challenges Of The Deal

- State and city agencies want real paydown on old soft debt
- How do we restructure debt in excess of value?
- Investor wants to maximize sales proceeds
- Transfer taxes need to be paid twice in some jurisdictions
- Seller must be willing to accept a large sellers note
- Old owner gets no equity out of sale after 15 years
- Rehab scope may not meet competitive HFA standards





Needed From Stakeholders

- Adoption of a real preservation strategy for year 15 to 30 deals at every HFA and access to 9% credits and Volume Cap
- Pathway to restructure old debt (forgiveness?)
- If we don't preserve these assets they will fall out of affordability stock due to deferred maintenance and/or irresponsible owners
- Investors need to moderate their position on mandatory sales in year 15
- Local government and PHA need to be more vocal about this threat
- **DOING NOTHING AFTER YEAR 15 IS SIMPLY NOT A SOLUTION!**

