INTERSECTION OF MIXED-FINANCE AND CSS

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Janice Burgess, District of Columbia Housing Authority
Gayle Epp, EJP Consulting Group, LLC
Deborah Morse, Boston Housing Authority
Purpose of Presentation

- Provide overview of the mixed-finance development process
- Discuss why it matters for CSS people to understand the “development side”
- Highlight important intersections of MF and CSS
At the Core...

- Intentionally integrate development + CSS
- Become educated (Dev + CSS)
- Maximize opportunities
- Focus on outcomes
- Keep at it!
HOPE VI Accomplishments*

- **242** HOPE VI grants awarded to **128** cities
- **$5.9 billion** in HOPE VI awards has leveraged another **$12.4 billion**
- Number of households relocated: **71,647**
- Number of units demolished: **89,379**
- Number of units constructed: **68,919**

<table>
<thead>
<tr>
<th></th>
<th>Rental</th>
<th>Homeownership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACC</strong></td>
<td>29,668</td>
<td>4,001</td>
</tr>
<tr>
<td><strong>Non-ACC</strong></td>
<td>18,597</td>
<td>6,019</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48,285</td>
<td>10,019</td>
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</tbody>
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*HUD data as of 3/31/08*
**Key MF Definitions**

- **Mixed-Finance Development:** Ability to make use of private and/or public sources for the purpose of developing public housing that may be owned by an entity other than a PHA.

- **Mixed-Income Development:** A mixed-finance development that includes a combination of public housing units and non-public housing units (e.g. LIHTC, market-rate, homeownership).
Development Financing

- HOPE VI
- Other Public Housing Authority Funds (Capital Funds, reserves, Replacement Housing Factor Funds, vouchers for project-basing, etc.)
- Low Income Housing Tax Credits (9% or 4%)
- Tax Exempt Bonds
- City and Local Funds (Housing Trust Fund, HOME, CDBG, 108, Voluntary Contribution, etc)
- Federal Home Loan Bank
- Private (foundation support, local leverage)
- Debt
## Mixed-Finance Unit Types

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Owner</th>
<th>Income Eligibility</th>
<th>Operating Subsidy</th>
<th>Rent</th>
<th>Issue(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PH/ACC</td>
<td>PHA (or non-PHA entity)</td>
<td>Up to 80% AMI</td>
<td>From PHA</td>
<td>30% AGI</td>
<td>No equity; reliant on HUD operating subsidy</td>
</tr>
<tr>
<td>LIHTC</td>
<td>Partnership</td>
<td>Up to 60% AMI</td>
<td>None</td>
<td>Tax credit rents</td>
<td>Reliant on attracting residents between 40-60% AMI Can use vouchers</td>
</tr>
<tr>
<td>PH/LIHTC</td>
<td>Partnership</td>
<td>Up to 60% AMI</td>
<td>From PHA</td>
<td>30% AGI</td>
<td>Cannot serve residents between 60-80% AMI</td>
</tr>
</tbody>
</table>
Understanding the Development Process

- Pre-Development
- Construction
- Lease-up
- Stabilization
The Development Process Timeline

- Pre-development: 12 - 24 months
- Construction: 18 - 24 months
- Leasing: 2 - 12 months
- Stabilization: up to 15 - 40 years
# Opportunities for Engagement

## Planning
- Establish CSS Program
- CSS Approach
- Development Program
- PHA Roles
- Procurement Ownership

## Development
- Procure Team
- Establish Re-Occupancy Criteria
- Begin Relocation
- Implement Outcomes Oriented CSS Program
- Finalize Development Program
- Finalize Financing

## Closing + Construction
- HUD + Financial Closings
- ACOP
- Management Documents
- Regulatory + Operating Agreements
- Schedule for Reoccupancy

## Occupancy + Operations
- LIHTC may require services
- CSS as a tool to ensure long-term protection of investment
- Operating budget + reserves
- Transformation
- Asset Management
- CSS Endowment

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Integrate CSS + Development Teams
Ensure both are fully engaged
Opportunities to influence program prior to closing

Sources of financing impact both development programming + occupancy
Community Facilities

- From the Development perspective:
  - Who will operate the facilities?
  - How big do the community facilities need to be?
  - How will operating costs of the building be paid?

- From the CSS perspective:
  - Who are the target users and providers?
  - What facilities will attract all income groups?
  - How will services change over time?
  - Is integration with the community important?
Washington, DC: Ellen Wilson Homes
Washington, DC: Townhomes at Capital Hill
70% of adult residents had $0 earned income

90% of residents had incomes less than $20,000

50% of units were vacant
Boston – Orchard Park

• Household income increased by 79.6%
• Assessed property values increased by 31.8%
• Neighborhood has received $293.8 million investment
Boston - Maverick Gardens

Before

- Average household income $13,367
- Less than 50 households were employed full time
• 90% of residents who wanted to return were able to
• Average PH household income $21,565
• 265 households report full time employment
• Endowment fund of $1,960,567 from equity