

CCH 

More Than A Home

The Need: Housing at Risk!

1. HUD's 202 Portfolio: 2,600 properties in all 50 states and commonwealths



2. The history of HUD 202's in three easy steps

1. 1959 – 1974: 202 loan at 3% - 240 properties still active
2. 1974 - 1992: 202 loan with Section 8 – 2,300 properties
3. 1993 – 2011: 202 loan with PRAC (Not eligible for Re-fi)

The Need: Housing at Risk!

The Problem;

- Many of these older buildings are in poor repair
- Many owners are dropping out of the programs
- HUD production of new housing has stopped

The Need: An Aging America

The number of seniors in need of affordable housing will continue to rise as 11,000 seniors retire everyday

Senior Population

35 million

75 million

HOW DO WE MEET THIS NEED

Affordable Housing Supply

The number of affordable housing units has never met the need. With the recent budget reductions, this gap will increase significantly over the next 10-15

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1990

1995

2000

2005

2010

2015

2020

2025

The Goal

- Long Term Preservation of existing housing stock
- Long term Section 8 commitment
- Continuance of the mission
- Increase quality of life
- Upgrade the property –
 - Including sustainability features
 - Smarter uses



The Times Are Changing

The norm for 50 years for nonprofit owners:

- Can't sell, refinance, add more section 8 bring in other debt or equity
 - Committed to one program and one set of financial tools for 40-50 years
 - Owners watch their building decline and wonder what to do



The Times Are Changing

The new norm: Thinking outside the box

- Long term Preservation, Preservation, Preservation
- Substantial Rehabilitation and Sustainability is the goal in all 50 states
- Multiple ownership structures are allowed
- HUD staff cooperates fully with Tax Credits and other programs
- Long Term Section 8 commitments are available
- Reconfiguration of the physical plant to fit the current need

What Financial Sources Are Available?

1. Lenders (Loans you have to pay back)

1. Assorted HUD programs and bank loans (FHA Insured)
 1. 223F
 2. 221 D4

2. Grants and Soft Loans (Money you don't have to pay back)

1. City/County/State
2. HUD HOME Funds
3. Seller Carryback Financing

3. Tax Credit Equity

4. HAP Contract – Section 8 retained for 30 years

Developing a Scope of Work

Minor Rehab

– \$20,000/unit x 100 units = \$2,000,000

Moderate Rehab

– \$40,000/unit x 100 units = \$4,000,000

Substantial Rehab

– \$100,000/unit x 100 units = \$10,000,000

- **Construction costs only – add 40% for soft costs**
- **The final scope of work will be driven by available financing**

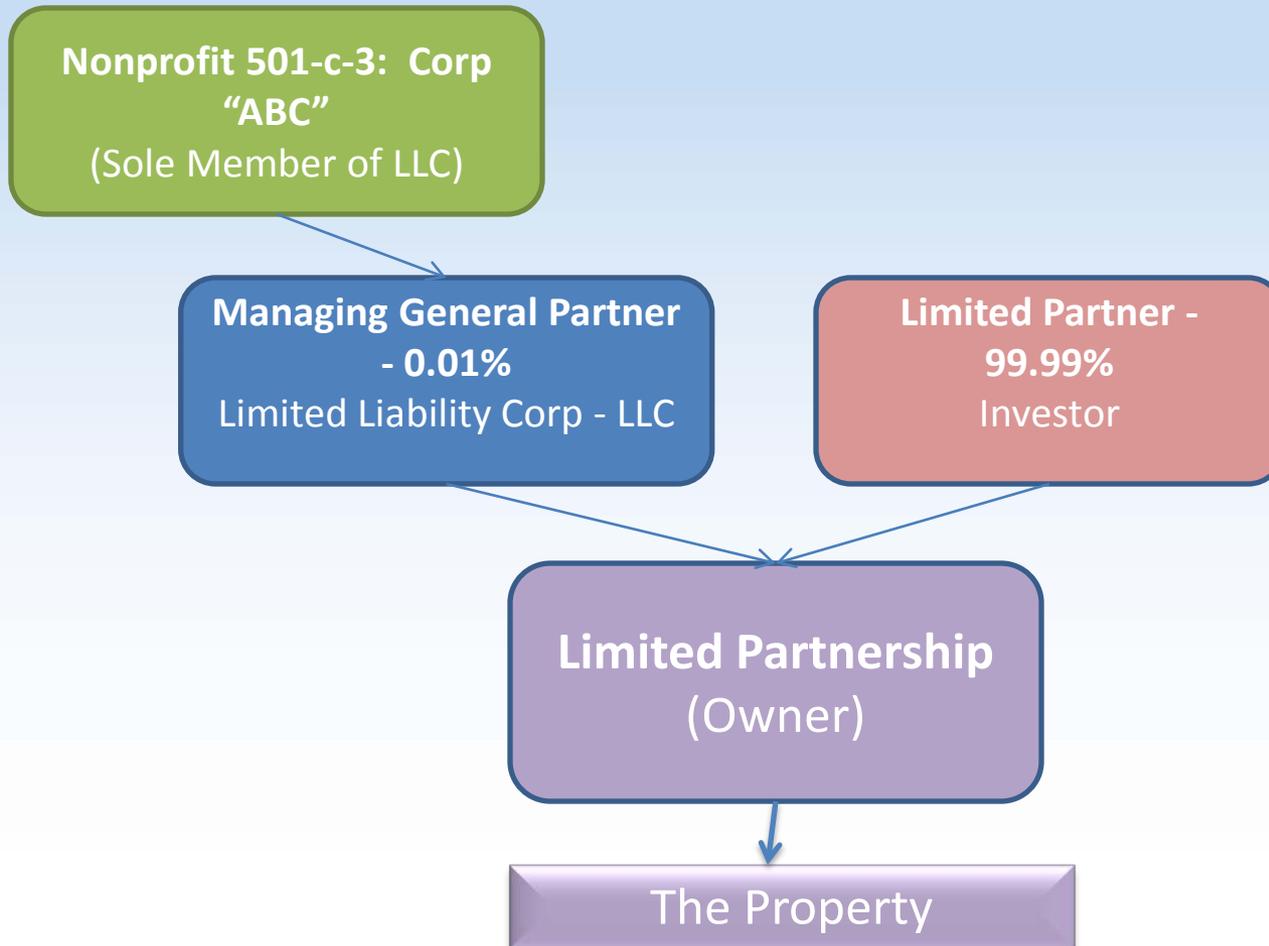
Ownership Structures

1. **Nonprofit Corporation – 501-c-3**
2. **Partnership (General Partners and Limited partner / investor)**

(The ownership structure may be driven by the financing structure)



SAMPLE OWNERSHIP STRUCTURE



Timeline

- 1. Select Development Team (3-5 months)**
- 2. Predevelopment (12-24 months months)**
 1. Third party reports and studies
 2. Funding applications
 3. Building design
- 3. Construction (12-24 months)**
- 4. Final closing and Certification (6-12 months)**
 - Total Completion: 34 – 60 months

Many relevant HUD notices

- **Notice H 2013-17**: Prepayment of HUD 202. Rolls together several years of notices.
- **Notice 2011-31**: Sale, Preservation, and use of proceeds for HUD 221, 231, 236
- **Federal Register**: Announcement of SPRAC – Senior Preservation Rental Assistance Contract (for the oldest HUD 202's)
- Also notices from Public Housing regarding Sec. vouchers
- Also HCD and CalHFA notices

Questions

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*Providing Affordable Quality
Housing in Caring
Communities*

