



Leveraging Federal Funds

Saipan Economic Development Forum

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Leveraging Federal Funds

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Development's (HUD) mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way HUD does business.

Leveraging Federal Funds

- **HUD Major Program Offices:**
 - **Community Planning and Development**
 - Community Development Block Grants (CDBG)
 - Home Investment Partnership Program (HOME)
 - Homeless Assistance Program
 - Emergency Solutions Grants (ESG)
 - **Public and Indian Housing**
 - Public Housing (Operating and Capital Programs)
 - Housing Choice Voucher Program (Section 8)
 - **Housing**
 - Multifamily Housing (Section 202/811, 221d3, 221d4)
 - Single Family Housing

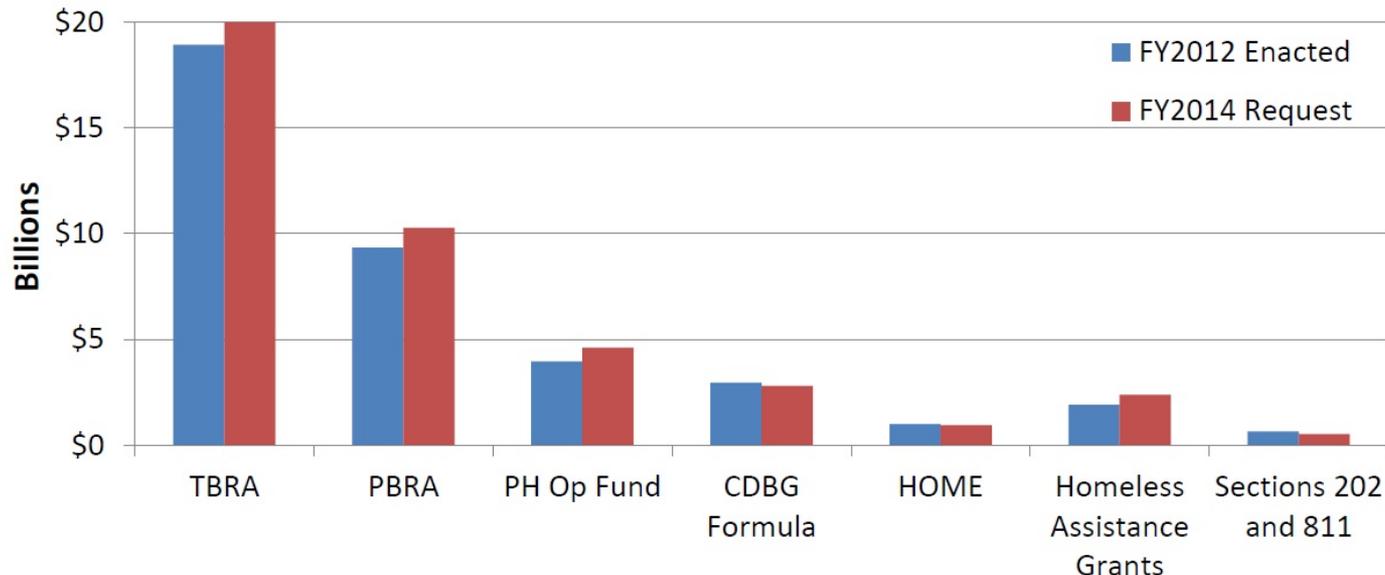
Leveraging Federal Funds

- HUD Major Program Funding Levels:

*Because of these discretionary caps, FY2012 set a new baseline – requiring HUD to **make tough choices in FY2013 and FY2014** – which are further magnified by Sequestration...*

Despite these tough choices, this budget:

- Increases gross Budget Authority by 7.3% over FY2012 levels, to **\$47.58 billion**
- Maintains housing assistance for every family HUD currently serves
- Increases investments in several key initiatives



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HUD (FY2012) Funding for Guam and CNMI		
	Guam	CNMI
CDBG	\$3,158,206	\$793,489
HOME	\$770,358	\$354,780
ESG	\$255,214	\$68,179
NSP	\$100,674	\$300,002
PH Op Fund	\$4,334,964	N/A
PH Capital Fund	\$1,174,617	N/A
Section 8 HCV	\$34,939,152	\$3,794,367
<u>Project-Based HCV</u>	<u>\$1,135,366</u>	<u>\$1,496,972</u>
TOTAL	\$45,868,551	\$6,807,789

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- **Community Development Block Grants (CDBG):**
 - **CDBG Grants Must Principally Benefit Low/Mod Individuals And Provides Eligible Cities With Grants That:**
 - Revitalize Neighborhoods
 - Expand Affordable Housing Opportunities, And;
 - Improve Community Facilities And Services

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- **Community Development Block Grants (CDBG):**
 - **Eligible Activities:**
 - **Acquisition**
 - Includes Land, Air Rights, Water Rights, Rights Of Way, Easements, Buildings And Other Real Property Improvements.
 - **Public Facilities And Improvements**
 - Acquisition, Construction Or Rehabilitation
 - Improvements To Make Accessible To Persons With Disabilities
 - Architectural Design Features Aimed At Improving Aesthetic Quality (I.E., Sculptures, Fountains)

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- **Community Development Block Grants (CDBG):**
 - **Sample Range of Projects:**
 - **Infrastructure**
 - Streets, Curbs, Sidewalks, Water, Sewer
 - **Neighborhood Facilities**
 - **Public Schools**, Libraries, **Parks, Playgrounds, Recreational Facilities**
 - **Fire Protection Equipment**
 - **Special Needs Facilities**
 - **Homeless Shelters, Domestic Violence Shelters**
 - Hospitals, Nursing Homes, Convalescent Homes
 - Halfway Houses For Runaway Children, Drug Offenders Or Parolees
 - Group Homes For Persons With Disabilities
 - Day Care Centers

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- **Community Development Block Grants (CDBG):**
 - **Sample Range Of Housing Services:**
 - Linked To Services To Owners, Tenants, Contractors, Or Other Entities Participating In The HOME Program
 - Housing Counseling; Energy Auditing
 - Preparation Of Work Specifications
 - Loan Processing; Inspections (admin funds)
 - Tenant Selection; Management Of Tenant Based Rental Assistance Programs (admin funds)

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- **Home Investment Partnership Program (HOME)**
 - HOME provides formula grants to states and localities, to fund a wide range of activities:
 - **Program Types:**
 - Homeowner Rehabilitation
 - Homebuyer Programs
 - Rental Housing
 - Tenant-Based Rental Assistance
 - **Eligible Activities**
 - Acquisition
 - Rehabilitation
 - New Construction
 - Tenant-Based Rental Assistance

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- **Homeless Assistance Program:**
 - **The Program Provides Grantees, And Project Sponsors With Funds For Homeless Properties:**
 - The Development Of Housing And Supportive Services As Part Of The Continuum Of Care Approach, And;
 - Share Innovative Approaches To Assist Homeless Persons In The Transition From Homelessness.
- **Emergency Solutions Grants (Esg)**
 - **ESG Provides Grants For The Rehabilitation Or Conversion Of Buildings Into Homeless Shelters.**
 - **Esg Also Funds Certain Related Social Services, Operating Expenses, Homeless Prevention Activities, Rapid Re-Housing And Administrative Costs.**

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- **Public Housing Programs**
 - **Capital Funds Program: Provides PHAs with funds to help cover the annual cost of upgrading their public housing developments.**
 - **Operating Funds Program: Provides PHAs with operating subsidies to cover the difference between an allowable expenses level and total operating income.**

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- **Section 8 Program (Housing Choice Voucher):**
 - Provide housing assistance subsidies to low income eligible populations to rent housing units in the private marketplace.

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- **HUD Multifamily: FHA Loan Program**
 - Insures lenders against loss on mortgage defaults
 - Uses delegated underwriting program—Multifamily Accelerated Processing (MAP)
 - Borrowers work with qualified MAP Lender
 - Lower Interest rates
 - 35 to 40 year mortgages
 - Non-recourse, fixed-rate financing
 - Favorable terms for affordable housing projects
 - Lower DSCR and high LTV
 - Underwrite 202's at above market Section 8 rents
 - Works well with Tax Credit Program

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- **Multifamily Program 223(f)**
 - Refinances, minor rehabilitation
 - 1.15 DSCR, 87% LTV for projects with 90% or more rental assistance
 - 1.18 DSCR, 85% LTV for projects with 20% @ 50% or 40% @ 60%
 - 80% LTV for cash out
 - 35 yr amortization
 - Cash flow used for DSCR based on restricted rents
 - Real estate tax abatement recognized on tax credit deals only
 - Value is based on market rents with full taxes
 - Rehab hard costs can not exceed greater of (a) \$17,550 per unit, (b) 15% of post-rehab market value; or (c) 20% of loan
 - 20% hard cost contingency

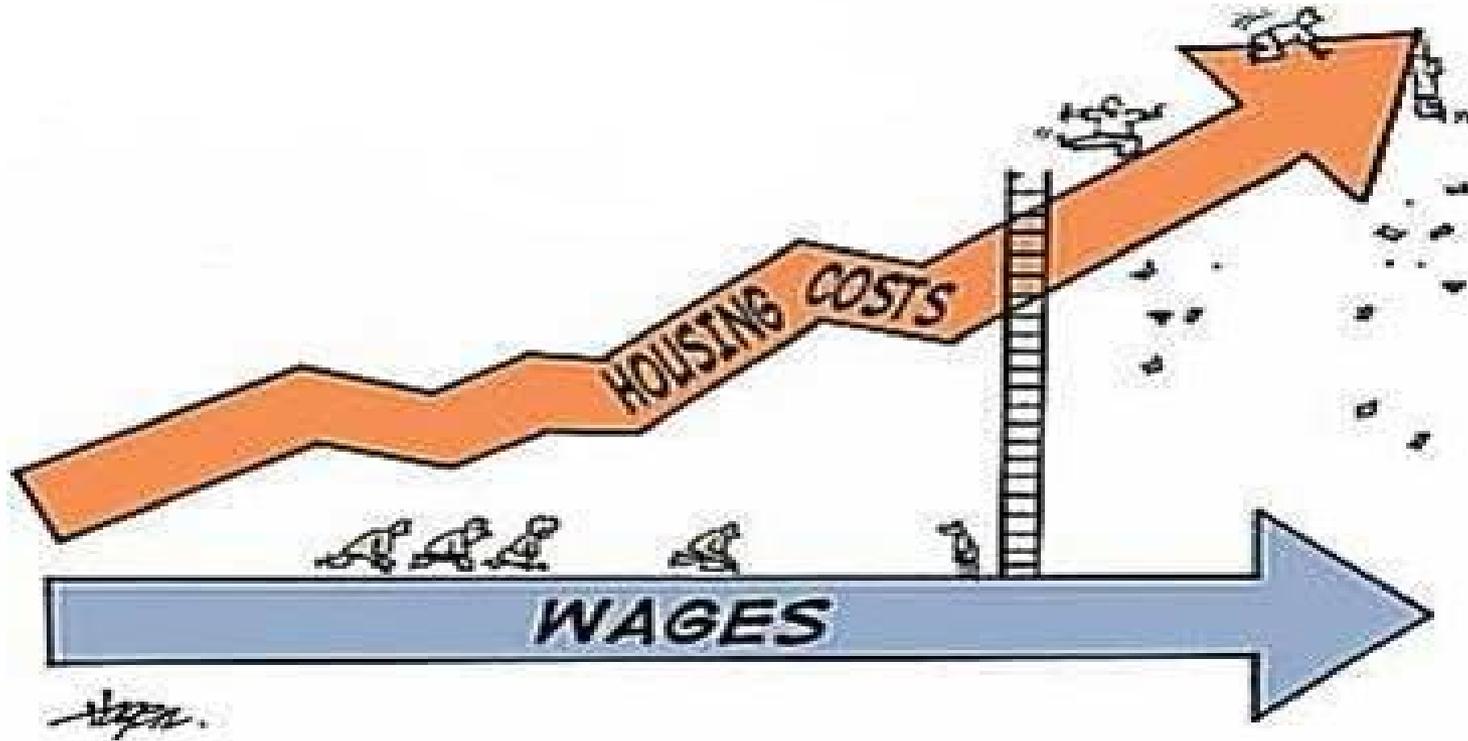
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- **Multifamily Program 221(d)(4)**
 - New construction, substantial rehabilitation
 - 1.11 DSCR, 90% LTC for projects with 90% or more rental assistance
 - 1.15 DSCR, 87% LTC for projects with 20% @ 50% or 40% @ 60%
 - 40 yr amortization
 - Davis Bacon wages required
 - Non-recourse construction loan
 - Detailed drawings required with no allowances or “equivalent”
 - Amortizing payments start two months after construction completion
 - Working Capital and Initial Operating Deficit escrows required
 - 20% - 30% of tax credit equity required at closing

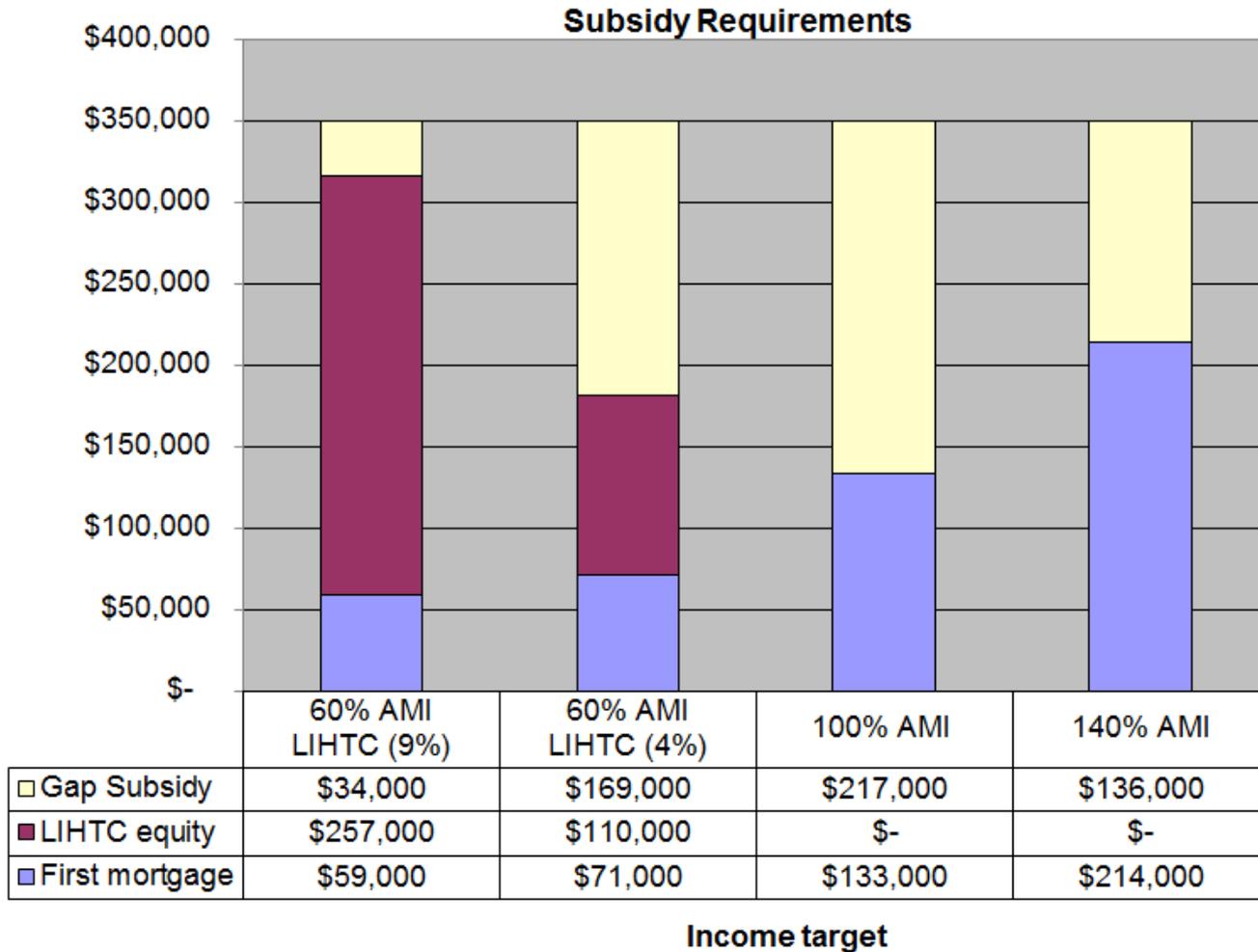
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- **Multifamily Tax Credit Pilot Program**
 - 223(f) with special terms for affordable properties
 - Limited to:
 - Properties with 90% or more project-based Section 8;
 - Resyndications of existing tax credit deals; and
 - Recently completed tax credit deals.
 - No cash out other than developer fee
 - Up to \$40,000 per unit in rehab without Davis Bacon
 - Less than \$25 million loan amount
 - Close within 120 days of receipt of the firm application

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- **Senior Residence at Kaneohe, Hawaii (74 Units):**
 - \$1.1M CDBG for acquisition,
 - \$2.1M CDBG for construction financing,
 - \$3.0M HOME for construction financing, and
 - \$2.2M HOME for permanent financing



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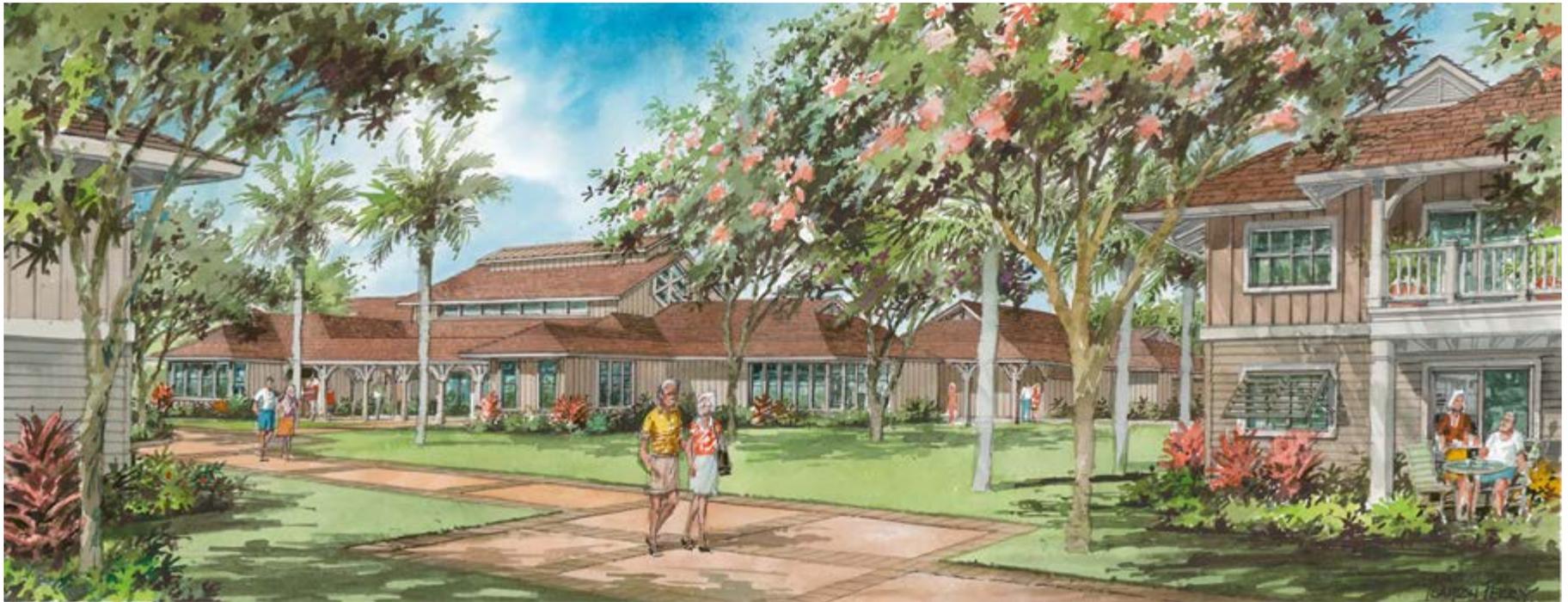
- **Kalepa Village - 180-Unit Affordable Rental Housing**
 - HOME \$7.3M
 - HOME and CDBG Disaster Assistance, \$10.1M and \$1.2M
 - State of Hawaii CIP, \$3.0M
 - Low Income Tax Credits, \$12.4M
 - County of Kauai \$4.7M
 - Permanent Loan: \$1.2M



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Case Study

Franciscan Vistas Ewa (Ewa Village, Oahu, Hawaii)



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Case Study

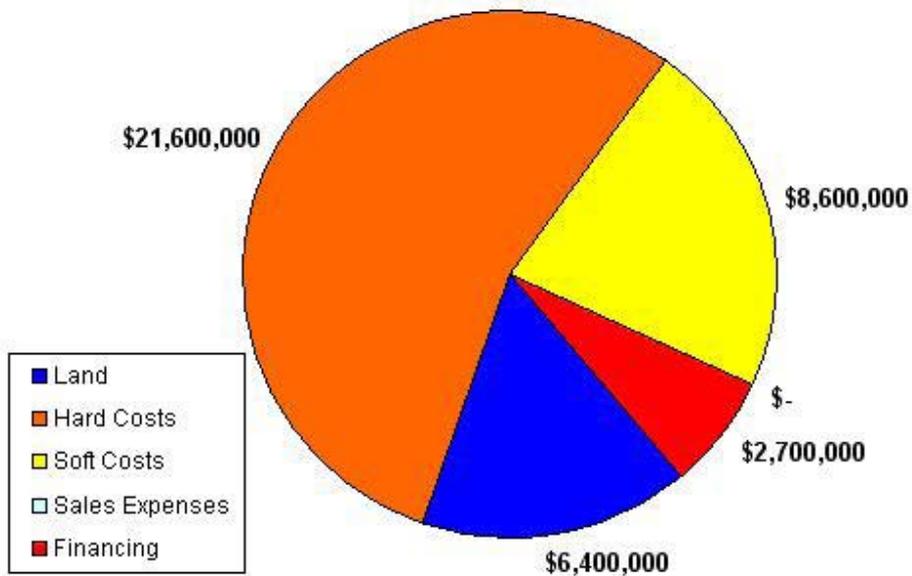
- Franciscan Vistas Ewa:
 - Project density: 6.27 acres or 23 DUAC
 - FAR allowed: 0.9 maximum (245,000 square feet)
 - FAR provided: 130,000 square feet
 - Parking provided: 90 parking spaces
 - Residential units at 0.5 spaces per unit
 - Visitor spaces at 10% of total units
 - Construction cost
 - Building = \$21,600,000
 - Infrastructure = \$6,400,000

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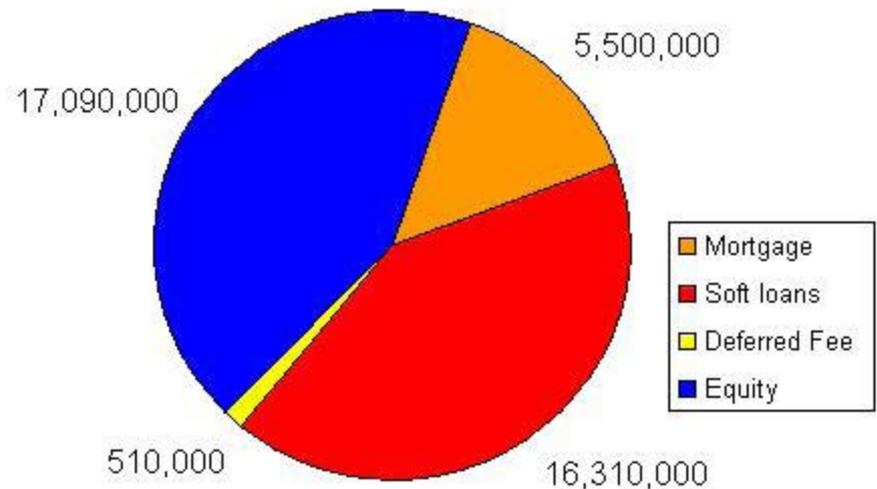
Case Study

- Franciscan Vistas Ewa
 - Financial Structure (Sources and Uses)

Uses



Funding Sources



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Case Study

- Franciscan Vistas Ewa
 - Leveraging Opportunities
 - Realized:
 - » CDBG and HOME Programs Funds
 - » Federal and State LIHTCs
 - » State Affordable Housing Funds
 - Unrealized:
 - » Project Based Section 8 (Housing Choice Voucher)
 - » Public Housing, ACC units
 - » Multifamily insured loan products



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