



NATIVE AMERICAN CONNECTIONS

LOW INCOME HOUSING TAX CREDITS SIMPLIFIED

Joe Keeper, Director of Housing & Real Estate Development

j.keeper@nativeconnections.org

Developer's Perspective - LIHTC

- Low-Income Housing Tax Credits (“LIHTC”) = financing mechanism
- Competitive application process through a State Housing Finance Agency
- Real Estate must work → multiple layers of underwriting

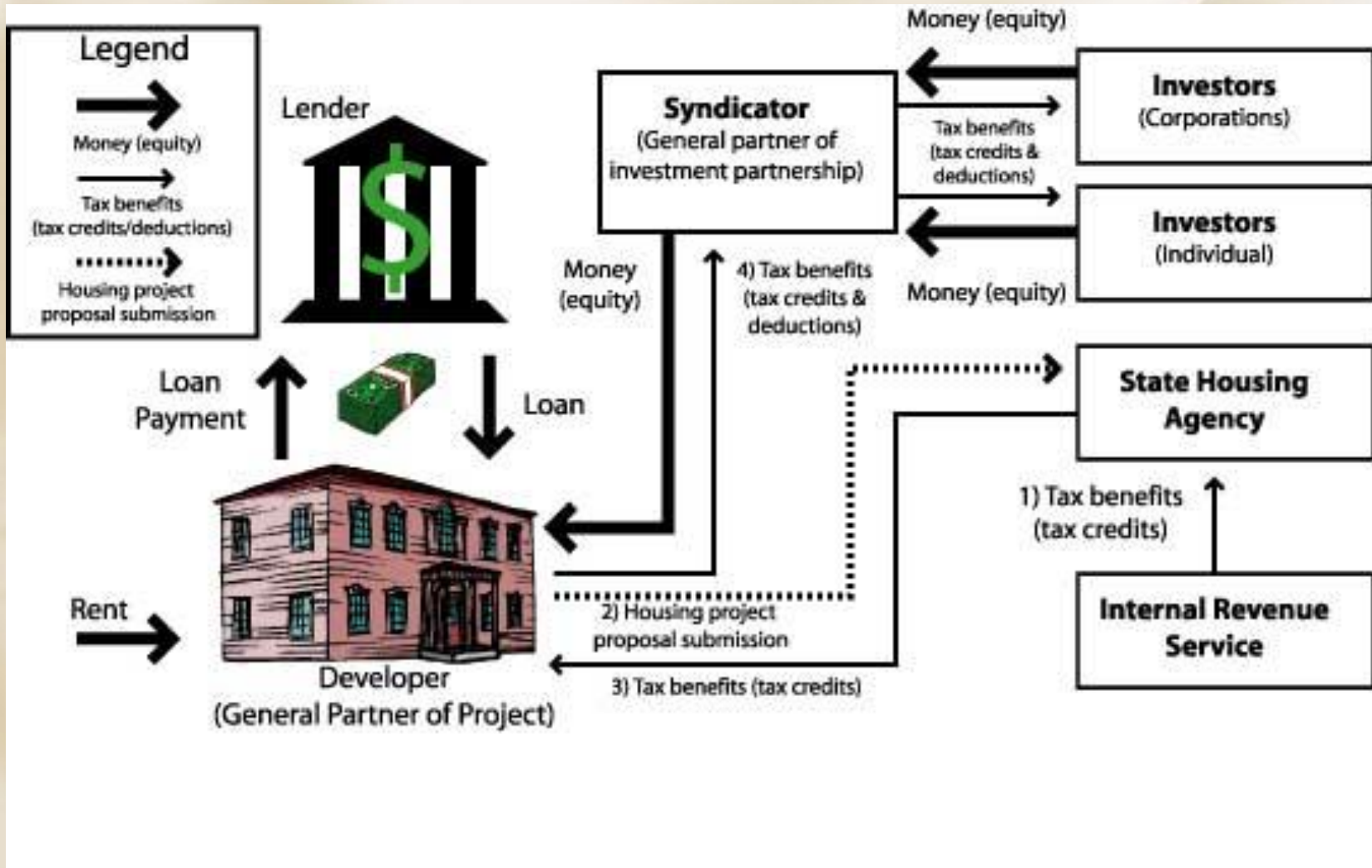


Developer's Perspective - LIHTC

- Financing:
 - Leverage multiple funding sources, may limit capital outlay
 - Typically Non-Recourse once Operational
 - Guarantees required through construction and into stabilized operations
 - LIHTC properties cost the same to develop & operate as market rate properties, rent levels should be the only difference



Developer's Perspective - LIHTC



Source: The Danter Company

Developer's Perspective - LIHTC

- Application Process:
 - State Housing Finance Agencies publish *Qualified Allocation Plan* (“QAP”)
 - Tight timeframes to develop and get property into operations
 - Coordination with other public financing agencies (City, County, State, Federal) for “gap” financing



Developer's Perspective - LIHTC

- Underwriting*:
 - Total Development Costs → must be reasonable and within industry standards
 - Operating Costs → \$4,200/pupy
 - Reserves → \$250/pupy
 - Vacancy → 10%
 - DSC Ratios → no less than 1.20

*Per ADOH's 2011 QAP



Developer's Perspective - LIHTC

- Underwriting:
 - Construction Lender
 - Permanent Lender
 - Tax Credit Equity Investor

All may require more stringent assumptions for construction and operating based on reviews of the market area, target market and developers/property manager's experience



Developer's Perspective - LIHTC

- What is the Result?
 - ✓ Competitive Advantage – market rate rents vs. affordable rents
 - ✓ Very thorough review by the State, Lenders & Investors for long-term operational success
 - ✓ Today's LIHTC Product are Comparable to Market Rate Properties for amenities
 - ✓ “Service-Enriched” LIHTC Properties meet mission oriented developers



DEVINE LEGACY ON CENTRAL

4570 N. Central Avenue

Campbell & Central Ave Light Rail Station



NATIVE AMERICAN CONNECTIONS

DEVINE LEGACY ON CENTRAL

Total Development Budget: \$15.8 Million

Design Architect:	Pyatok Architects
Architect of Record:	Perlman Architects of AZ
General Contractor:	A&P Southwest, LLC

Unit Mix:

Total Units	Bdm Size
6	Studio
17	1
18	2
24	3
65	



DEVINE LEGACY ON CENTRAL

Description & Features:

- 65 unit mixed-income housing community designed to meet the City's TOD-1 Overlay
- Mix of Studio, One, Two & Three Bdm Units
- Average Unit Size is 932 SF
- Average Monthly Rent is \$660 or \$0.71 per SF (market rate is approx. \$1.20 per SF in PMA)
- Parking Ratio of 0.8 to 1.0
- Designed & Constructed to LEED Silver Certification



DEVINE LEGACY ON CENTRAL

Anticipated Tenant Profile:

- Family size will be 3 with annual income @ \$30k
- Will work and/or attend school along the Central corridor
- Majority of tenants will use Public Transit as primary mode of transportation



DEVINE LEGACY ON CENTRAL

Financing Sources:

- Mix of Private & Public Financing
- Arizona Department of Housing & City of Phoenix Housing Department provided “incentives” to promote Transit Oriented Development with their public financing (requires long term affordability restrictions)



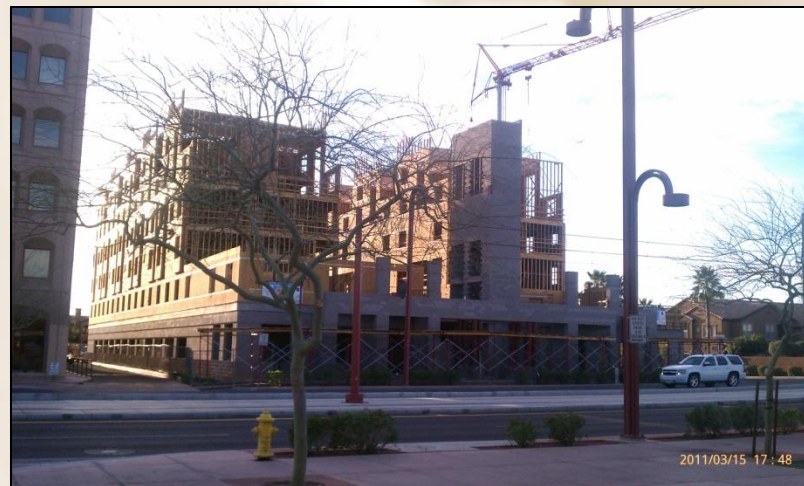
DEVINE LEGACY ON CENTRAL

Public Policies Met:

- Affordable housing along Quality Public Transit (Public & Private Sectors)
- Continue to promote mixed-income, higher density developments along Metro Light Rail



DEVINE LEGACY ON CENTRAL



DEVINE LEGACY ON CENTRAL



NATIVE AMERICAN CONNECTIONS