

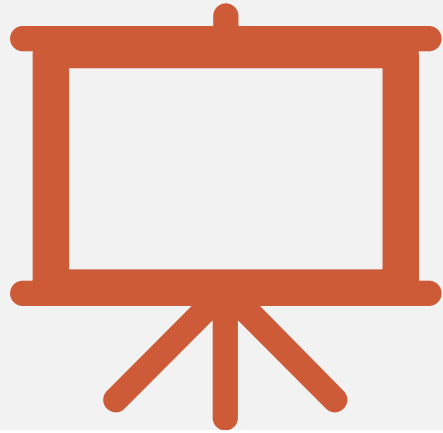


Rural Rental Housing Preservation Academy

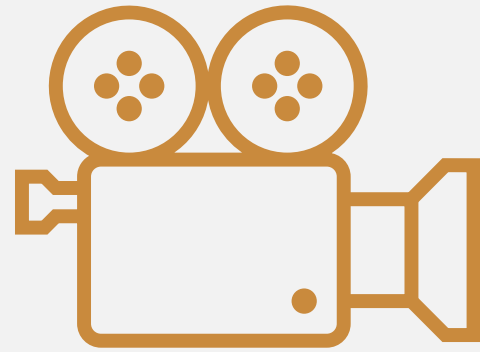
June 14, 2023



Housekeeping



All registered attendees will receive the slides via email



This session is being recorded. You will receive a copy and it will be posted on the Enterprise website



We will answer questions throughout the presentation. Please submit them using the Q&A, chat or raise hand function



The link to register for upcoming sessions will be shared

MISSION AND VISION

Enterprise Community Partners

OUR VISION

A country where home and community are steppingstones to more.

OUR MISSION

To make home and community places of pride, power and belonging, and platforms for resilience and upward mobility for all. We focus on three pillars:

- Increase Housing Supply
- Advance Racial Equity
- Build Resilience and Upward Mobility

Unmatched **breadth, scale and expertise** across the entire spectrum of affordable housing...



...creating a positive feedback loop that does it **all under one Enterprise roof.**

2023 Rural Rental Housing Preservation Academy

What to expect

Overview and Introduction to Rural Rental Housing Preservation

- Introduction to Rural Development 515 Transfer Process
- Strategies for 515 Preservation: Case Studies
- Capital Needs Assessment and Operating Budget

Basic Deal Structuring

- Understanding Tax Implications of a Transfer
- Pro forma development
- National Policy Conversation-521 Rental Assistance and Decoupling
- Funding Beyond RD: LIHTC, Bonds and Third-Party Lenders/ Connecting Buyers and Sellers

Property Management/Community Engagement–2 sessions, including

- Property Stewardship: Resident Services and Asset Management

Our Partner



Fannie Mae®

USDA RD Technical Assistance

**Case Study:
Salem Village
Brooklyn, Connecticut**

Stages of USDA Transfer Application Process

There are four stages to the approval process to know

Stage 0 – Prepare

Unofficial, critical stage

- Concept call with USDA
- Request MFIS Reports
- Order appraisal; have reviewed by USDA
- Order C.N.A.'s; have As-Is C.N.A. reviewed
- Review 504 Plan; review and ensure current
- Plan SOW; start plans and specs
- Cost Estimate; involve GC

Stage 1 – Processing

Initial Application Submission

All items to 7-B-1 submitted via CloudVault simultaneously.

Review will not begin until all items have been received.

Additionally, approved items are needed before Stage 2 – UW

- Appraisal
- C.N.A (As-Is and Post)

Must submit SOW, Plans, Specs, AIA Contracts (drafts), & mgmt. documents for review.

Stage 2 - Underwriting

Underwriting review of Preliminary Assessment Tool (PAT)

Final review of the following:

- Operating expenses
- Rent levels
- Reserve requirements
- Tenant Protection Account
- Insurance
- Cost estimate
- Third party financing terms
- Third party loan documents
- Total Development Costs
- Narratives
- Letter of Conditions

Stage 3 – Closing/OGC

Closer will be assigned and work with OGC to close.

Closer will prepare closing package for OGC review.

OGC will review:

- Organizational documents
- Third party loan documents
- Intercreditor Agreements
- Subordination Agreements
- Attorney Opinions

Upon approval OGC will issue the Closing Instruction and provide Agency Loan documents to close.

Initial Application vs. Complete Application

For the initial application, please reference the 7-B-1 in Chapter 7. Although, be advise that this does not constitute a “Complete Application”. Further guidance and materials are to be submitted as per Handbook 1924 - Construction Guide and Handbook 1970 – Environmental Guide.

Chapter 7 – 3560; 7-B-1 Initial Application

- ❖ Basic deal items listing 45 checklist items.
- ❖ All items must be in final form and executed.
- ❖ Electronic signatures are okay.
- ❖ Label each item according to the number referenced when submitting to CloudVault.
- ❖ Do not submit piecemeal. Instead submit all completed items at one time. Review does not begin until all items have been received.

Handbook 1924-A Construction Requirements

- ✓ Explains the various approaches to General Contractor and Borrower methods
- ✓ Requirements for GC Contracts
- ✓ Requirements for Architect Contracts
- ✓ Attachments to AIA Documents
- ✓ Development Standards
- ✓ Inspection Responsibilities
- ✓ Drawings, Specs, P&P Reqs., etc.

Handbook 1970 Environmental Requirements

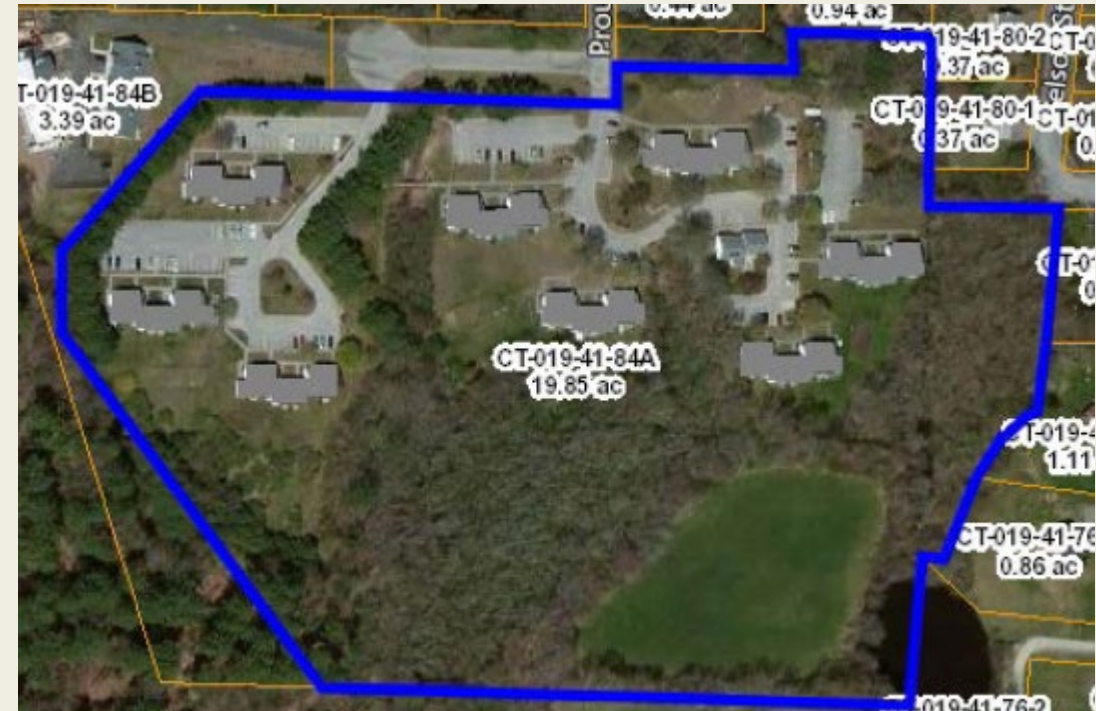
- Outlines Environmental Policies
- NEPA – National Environmental Policy Act of 1969
- 1970-B NEPA Categorical Exclusions (CATEX)
- If no footprints are moved or added on an existing 515; a CATEX is not required. (Subject to Agency review)
- If 538 Loan is involved, a NEPA is required.

**Developer/Nonprofit:
The ACCESS Agency, Inc.**

The Mission of Access is to build equitable access to opportunities that empower under resourced individuals, families, and communities to achieve and sustain economic stability.

- **Salem Village I – 60 units;
PIS 1981(58 HAP units/2 RA units)**
- **Salem Village II – 39 units;
PIS 1985 (23 RA units)**
- **Serve elderly and disabled persons
under 60% AMI**

Both projects are adjacent and will be requesting a consolidation



Funding Sources

Acquisition/Rehab

- Connecticut Housing Finance Authority and the Department of Housing – Commitment for \$5.5M
- Energy Rebate Program



- USDA Assumption of 515 Debt
- MPR Debt Deferral
- USDA 538 Option 3 Debt



Salem Village I & II

of Units: 96

Item	Comment	Start	# Days	Finish	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024
Total Timeline		11/01/22	454	01/29/24									
State Funding Application													
Application Review/Request		11/05/22	200	05/24/23									
Commitment	Letter for Transfer App.	05/25/23	30	06/24/23									
HFA Due Diligence		06/25/23	120	10/23/23									
CNA Reports													
Engagement		03/10/23	14	03/24/23									
Prepare As-Is		03/25/23	30	04/24/23									
Submit to USDA for review		05/08/23	45	06/22/23									
Develop Scope of Work w/Architect		06/04/23	30	07/04/23									
Provider Draft Post C.N.A.	(Based on SOW)	07/05/23	10	07/15/23									
Internal Review of rehab CNA		07/16/23	7	07/23/23									
Submit RD Review - Post C.N.A.	Analysis for RR	07/24/23	7	07/31/23									
Finalize Reports - Post C.N.A.	w/RD feedback	08/01/23	7	08/08/23									
Architect													
Scope of Work	Site visit	06/04/23	30	07/04/23									
Plans and Specs - Draft	Internal	06/05/23	30	07/05/23									
Plans and Specs - Review	Provide to GC	07/06/23	14	07/20/23									
Plans and Specs - Finalized	Submit for permit & RD	07/20/23	30	08/19/23									
Contract Final w/RD Attmts	Submit with Transfer App	07/20/23	30	08/19/23									
General Contractor													
Cost Estimate (SOW)	Work w/Architect & Owner	06/04/23	30	07/04/23									
Bid out with Plans/Specs	1924-13	07/05/23	14	07/19/23									
Waiver of Comp. Bid		07/20/23	14	08/03/23									
Draft Contract	w/exhibits & submit to RD	07/05/23	30	08/04/23									
Finalize contract/P&P Bond		07/05/23	75	09/18/23									
Appraisal Reports													
Engagement	Engage when SOW avail.	07/04/23	5	07/09/23									
Preparation	4 - 6 weeks	07/10/23	30	08/09/23									
Review (Send to USDA)		08/10/23	14	08/24/23									
Final Report Issued	Submit with Transfer App	08/25/23	1	08/26/23									
Environmental Report													
Engagement	NEPA/Phase I, if appl.	06/15/23	5	06/20/23									
Preparation		06/21/23	45	08/05/23									
Review		08/06/23	5	08/11/23									
Finalize Reports		08/12/23	1	08/13/23									

Salem Village I & II

of Units: 96

Item	Comment	Start	# Days	Finish	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024
515 Transfer Packages													
Preparation		05/26/23	90	08/24/23									
Submission to RD Processing Dept.	Submission of complete package	08/24/23		08/24/23									
RD Review		08/25/23	30	09/24/23									
Respond to RD Comments		09/24/23	10	10/04/23									
Transfer to Underwriting Dept.		10/15/23	5	10/20/23									
Underwriting Review	Includes Ltr. of Conditions	10/21/23	30	11/20/23									
Transfer to Closing Dept./OGC		10/21/23	5	10/26/23									
Closing Dept./OGC Review		10/26/23	60	12/25/23									
Doc Review/Legal/Draw/Close		12/26/23	30	01/25/24									
538 Application Packages													
Preparation		05/26/23	90	08/24/23									
Submission to RD	Submission of complete package	08/24/23		08/24/23									
RD Review		08/25/23	60	10/24/23									
Issuance of Conditional Cmmt.		10/25/23		10/25/23									
Internal Review of CC		10/25/23	3	10/28/23									
Conditional Commitment - final		10/29/23		10/29/23									
Refer to Closing Dept./OGC		10/30/23	60	12/29/23									
Doc Review/Legal/Draw/Close	In tandem w/515	12/30/23	30	01/29/24									
Other Closing Items													
Survey/Title		08/24/23	125	12/27/23									
Legal/LPA/State Doc Review		10/01/23	90	12/30/23									
Draw Review / Approval		11/01/23	45	12/16/23									
CLOSING		12/30/23	30	01/29/24									



Sunnyview Apartments

Sunnyside Housing
Authority

and

The Office of Rural and
Farmworker Housing

The Housing Team

Sunnyside Housing Authority

Owner/Operator

Ketha Kimbrough – Executive Director

SHA is a public housing authority providing affordable housing in Sunnyside, Grandview and Mabton, since 1943.

Office of Rural and
Farmworker Housing

Marty Miller Executive Director

Cristina Ruiz– Housing Developer

Non-profit affordable housing developer with 40 years of experience building quality, affordable homes in rural Washington

Agenda

- **Overview**
- Project Details
- **Our Goal**
- Q&A

Sunnyview Overview

- **24-unit complex**
- **1,2 & 3 bedrooms**
- 10 Units with Rental Assistance.
- Built in 1988
- **1314 North Avenue**
- Serving general low-income families & individuals at 80% Area Median Income



Project Details

- 2 - Step process
- Acquisition
- Transfer
- Financing
- Addressing Health & Safety
- Years 1-5
- Timeline





Our Goal

Preservation will increase household stability: reducing the risk of families becoming homelessness.

Vacancy rate 1%

20% of Yakima Population lives in poverty

Affordable housing - Increases income and food security: households are less burdened by excessive rents and able to afford other household needs

Improved educational outcomes for children – available space to study, play and excel

Improved health for families who had been living in sub-standard or overcrowded housing, or who have had to move excessively

Questions?

Thank you



Section 515 Preservation Case Study



- ▶ **Bavarian Village Apartments**
- ▶ Leavenworth, Washington

- ▶ Project Sponsor:
- ▶ **Housing Authority of Chelan County**
- ▶ **& the City of Wenatchee**

- ▶ Project Developer:
- ▶ **Isabel Garcia**
- ▶ **Senior Housing Developer**
- ▶ **Office of Rural and Farmworker Housing**

Bavarian Village

- Placed in Service 1989
- RD Section 515 funded
- Located in Leavenworth, Chelan County, WA
- 24 Units
- 8-1 bd, 14-2 bd and 2-3bd
- 2 ADA units
- Three multi-family 2-story buildings
- General low income 80% AMI
- 14 units Rental Assistance





Leavenworth, WA



Initial Development Plan

1. Acquisition
2. through RD Transfer
3. and Rehabilitation

PURPOSE

- Preserve affordable housing units

GOALS

- Rehab will bring property into compliance with USDA RD and up to code
- As a result of transfer, tenant rents remain affordable
- Tenants will not be displaced



NOT As easy as 1....2.....3

Solution = Project Phasing

- 1. SITE CONTROL**
- 2. TRANSFER APPLICATION**
- 3. PRE-CONSTRUCTION MEETING**
- 4. REHABILITATION**
- 5. MORE REHABILITATION**

SITE CONTROL



- Purchase & Sale Agreement
- Ample feasibility time
- Request extension(s)
- Document release from seller

TRANSFER RD Checklist

HB-3-3560 Attachment D Chapter 7

#1-43 items, categorized as follows:

1. Proposed transaction
 2. Proposed Repairs
 3. Market Rents Value
 4. Third Party Funding
 5. Proposed Purchaser
 6. Proposed Management
 7. Purchaser Organizational Documents
 8. Other
- BV RD Transfer & HTF closing 10/3/22
 - Sources – RD loan assumption & HTF Preservation funds





Pre-Construction Meeting Checklist

MFH 514, 515 and 516

CONSTRUCTION DOCUMENT SUBMITTAL

Prior to Construction Submittals		
1	Capital Needs Assessment (CNA)	MFH to confirm when CNA is required; 7 CFR 3560.103; 3560.406
2	Architectural Services Agreement (ASA)	7 CFR 1924.13(a)
3	Preliminary Design and/or Scope of Work	7 CFR 3560.58-60
4	Construction Documents- Drawings and Specifications	7 CFR 1924.5; 1924.13
Project Delivery Method: Choose ONE method 5, 6, 7 or 8 (only ONE method will apply per project): 7 CFR 1924.13 (3)(1)		
5	Contract Method: Competitive Bid	7 CFR 1924.13 (e)(1)(i)
6	Contract Method: Negotiated Contract	7 CFR 1924.13 (e)(1)(vii)
7	Exception to Contract Method- Public Body	7 CFR 1924.13 (e)(1)(viii)
8	Owner-Builder Method	7 CFR 1924.13 (e)(2)
9	Preconstruction Conference	7 CFR 1924.6(a)(11)(1)

Rehabilitation Starts!



- **Do what you can, with available resources**
- Big gap
- Covid 19, material and labor cost increases, inflation, etc...
- SOW Priorities - Exterior, Health & Safety, ADA
- Sources: HTF Preservation grant balance and HPP Grant

Rehabilitation continues...

- Gap continues
- SOW balance – 22 units interior, roofing, parking lot repairs, and common area flooring
- Proposed Sources:
- Subsequent Section 515 RD Loan
- Application submitted 4/30/23 – pending review, approval, underwriting and closing
- MPR funding





Things to Consider

- Have alternate Plans B, C, D..... Z
- Lengthy RD Transfer application/review/underwriting and closing process
- Sponsor/Developer Risk and Cost
- RD Developer fee limited to 2%-4% max
- Scope of Work vs. CNA
- Competitive bid request
- Layers of funding – timeline and funding requirements
- Environmental requirements, Meth Testing and mitigation
- Acquisition tied to Transfer process
- Transfer process tied to health and safety, ADA requirements
- Relocation costs – Limited funding sources to cover cost
- Evergreen Project Plan requirement
- Long start to finish timeline - patience



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- Isabel Garcia
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- 509-248-7014



RICHLAND GARDENS

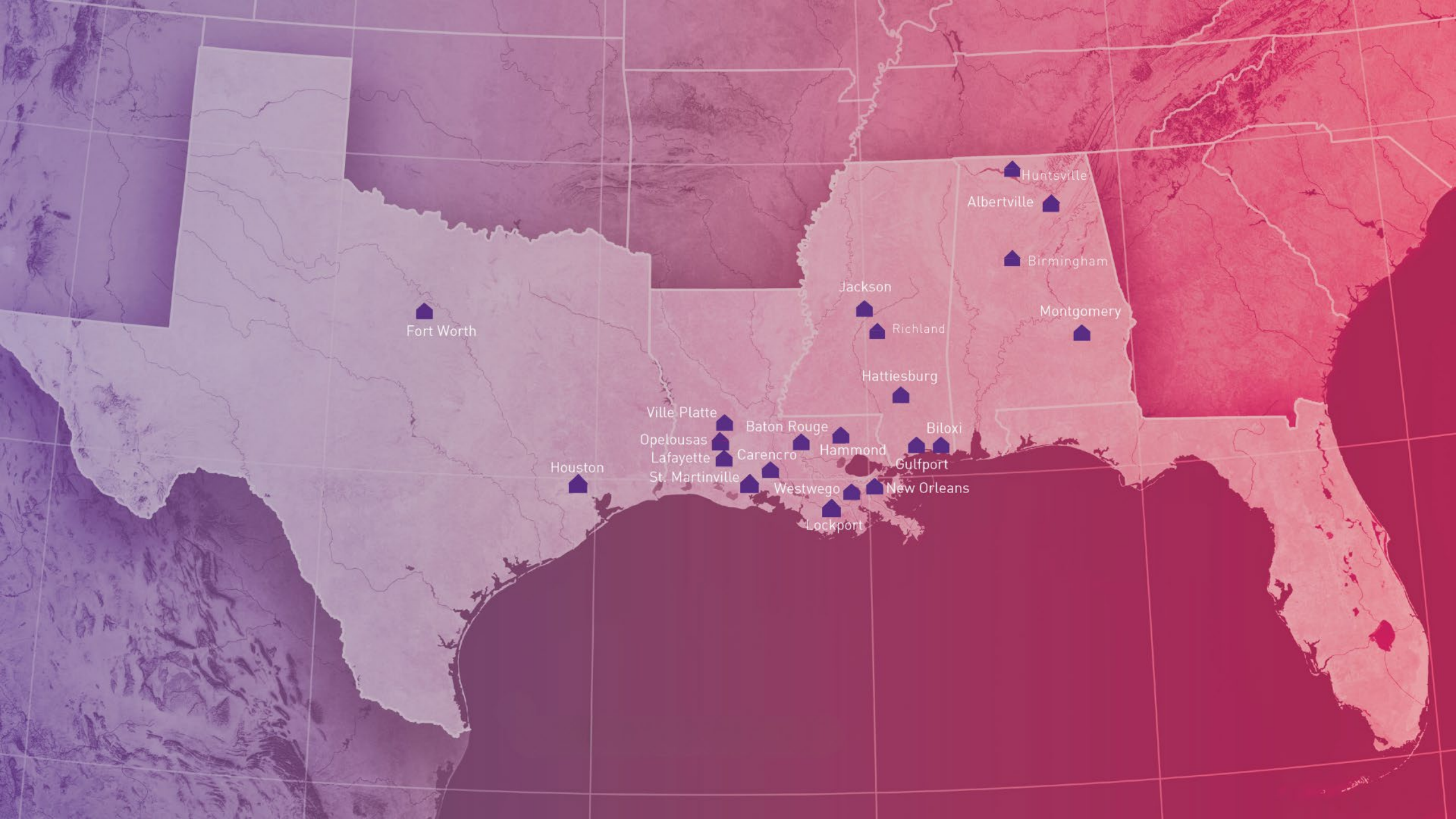


Kendra Home
Real Estate Development Project Manager
Gulf Coast Housing Partnership

REAL CHANGE THROUGH REAL ESTATE



GCHP



Fort Worth

Houston

Ville Platte

Opelousas

Lafayette

St. Martinville

Baton Rouge

Carencro

Westwego

Lockport

Jackson

Richland

Hattiesburg

Hammond

New Orleans

Biloxi

Gulfport

Huntsville

Albertville

Birmingham

Montgomery

BUILDING HOMES & PARTNERSHIPS



Since 2006

4,100 HOMES

CREATED OR PRESERVED

71

UNIQUE PARTNERS

\$14⁺ MILLION

EARNED BY PARTNERS IN SHARED DEVELOPMENT FEES

STRENGTHENING COMMUNITIES



Since 2006

84

RESIDENTIAL & COMMERCIAL DEVELOPMENTS

732,699

SQ. FEET

COMMERCIAL & COMMUNITY SPACE

22

COMMUNITIES

\$800

MILLION

INVESTED

30 %

Healthcare

33 %

Community Space

13 %

Multi-Service

9 %

Homelessness Services

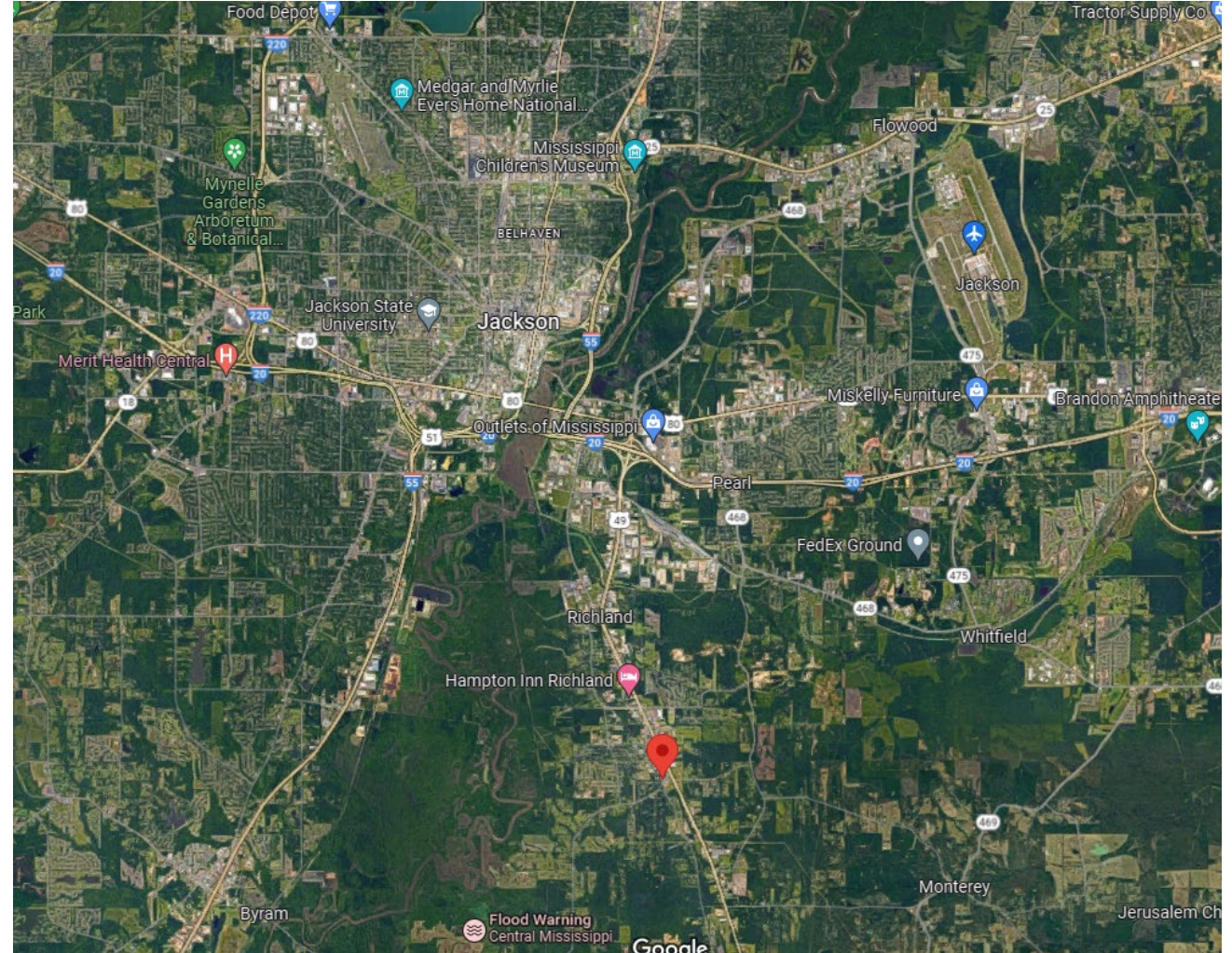


Richland Gardens **Acquisition & Rehabilitation | Multifamily | 54 Units** **Richland, MS**

RICHLAND GARDENS



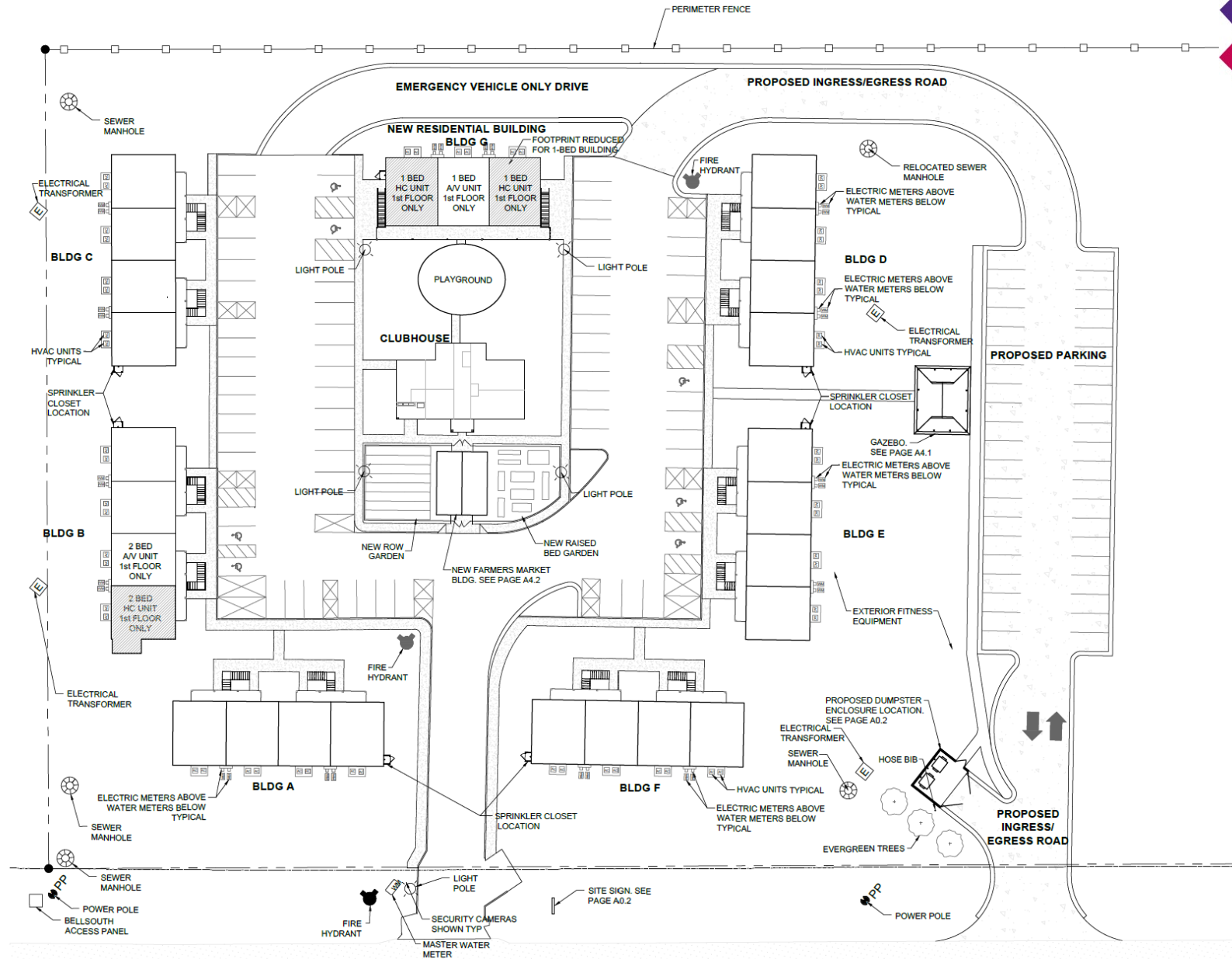
- 54 units (48 rehab, 6 new construction)
- Located in Richland, MS
- Development/Ownership Partner:
Trinity Development
- LIHTC award 2019
- 515/538 application 2021
- Closing: January 2023





Built 1982, partially rehabbed in 1995 after original LIHTC award







Richland Gardens, LP
Closing: January 19, 2023

Sources

Lender/Investor

Construction Period

Construction Loan	\$	6,197,000	Regions Bank
OZ Investment	\$	525,000	HOPE Credit Union

Permanent

RD 538 Perm Loan	\$	1,916,000	Churchill Stateside Group
RD 515 Perm Loan	\$	1,024,743	USDA Rural Development
9% Tax Credit Equity	\$	8,387,576	Regions Bank
AHP Atlanta	\$	479,307	FHLB Atlanta
GP Capital Contribution	\$	110	
Deferred Developer Fee	\$	512,252	

Total \$ **12,319,988**

JUNE 2023



THANK YOU!



REGISTER FOR OUR NEXT SESSION