

**Mixed Finance  
Developments**



**Indianapolis  
Housing Agency**




NCRC – NAHRO  
Spring Conference


*April 2010*

**Tax Credits as Tools**





- Established by Congress in 1986
- Nonprofit + private developers
- Community development movement through creation of affordable housing using credits
- Designed for working families (50 – 60% AMI served well)
- Rules prevent PHA's from using (0 – 30% AMI not well served)


<b>Tax Credits as Tools</b>	
<ul style="list-style-type: none"><li>• 1990's policy + rules change</li><li>• HOPE VI</li><li>• PHAs allowed to participate in LIHTC</li><li>• Mixed finance allowed</li><li>• Public - private partnerships evolve</li></ul>	

<b>PHA's Unique Structure</b>	
<ul style="list-style-type: none"><li>• Ownership of land + housing</li><li>• Housing development</li><li>• Property management</li><li>• Supportive service delivery</li><li>• Operating subsidy – ACC</li><li>• Section 8 vouchers</li></ul>	


Mixed Finance Experience		
• Concord – Eagle Creek	1995 - 2001	
• Red Maple Grove	2003 - 2010	
• The Georgetown	2007 - 2009	
• Welcome Home	2008 - 2012	
• 16 Park	2009 - 2012	


Concord – Eagle Creek 1995 - 2001		
HOPE VI revitalization grant \$29.6 M	➤ 171 on-site units: 110 public housing units 61 tax credit units	
LIHTC equity	➤ All very low income ➤ 50 off-site tax credit units: 19 public housing units ➤ IHA forms 501(c)3 – Partners for Affordable Housing (PAH)	

Red Maple Grove 2003 - 2010		
HOPE VI demolition grants Brokenburr Trails Clearstream Gardens		➤ 165 affordable + public housing units in 3 phases
HOPE VI revitalization grant		➤ 52 for sale homes
LIHTC		➤ \$117K per unit construction cost
FHLB AHP grants		➤ community center with classroom, computer lab, exercise room
Private debt/mortgages		➤ swimming pools + tennis courts
HOME funds		➤ 2-acre City park
TIF bond proceeds for infrastructure		➤ 10,000 sq. ft. commercial

Red Maple Grove Detailed Development Sources		
HOPE VI demolition grants	\$ 3.5M	
HOPE VI revitalization grant	\$16.8M	
LIHTC (Three 9% awards)	\$12.2M	
FHLB AHP grants	\$ 893K	
Private debt/mortgages	\$ 5.6M	
HOME funds	\$ 3.1M	
TIF bond proceeds for infrastructure	\$ 2.6M	


<h3>Red Maple Grove</h3>		
		
		


<h3>The Georgetown</h3> <p>2007 - 2009</p>		
HUD RHF funds	➤ 90 mixed income units	
LIHTC equity	➤ 14 market rate units	
FHLB AHP grant	➤ 76 LIHTC units	
INHP interest buy-down grant	➤ 37 (of 76) public housing units	
Property donated by City of Indianapolis	➤ \$107K per unit construction cost	
	➤ townhomes with multiple floor plans	
	➤ 26 garages + 35 storage units	

<b>The Georgetown</b> Detailed Development Sources		
HUD RHF funds	\$ 5.1M	
LIHTC equity (98 cents)	\$ 7.6M	
FHLB AHP grant	\$ 500K	
INHP interest buy-down grant	\$ 71K	
LISC pre-development loan	\$ 90K	
Property donation	\$ 500K	




<h2>The Georgetown</h2>		
		
		

<h2>Welcome Home 1</h2> <p>2008 - 2012</p>		
<p>\$ 24 M mixed financing:</p> <ul style="list-style-type: none"><li>HUD Capital Funds</li><li>Formula stimulus funds</li><li>Competitive stimulus funds</li><li>LIHTC equity</li><li>Energy Performance Contracting</li></ul>	<ul style="list-style-type: none"><li>➤ 4 public housing family communities</li><li>➤ 538 units renovated</li><li>➤ \$35K per unit construction cost</li><li>➤ investment in resident services</li></ul>	


<i>Welcome Home 1</i> Detailed Development Sources		
<b><u>Permanent</u></b>		
HUD Capital Funds (includes formula stimulus funds)	\$ 5.1M	
LIHTC equity (67 cents)	\$ 20.3M	
Tax credit exchange	\$ 2M	
Energy performance loan	\$ 2.2M	
Seller financing	\$ 9.5M	
<b><u>Construction Only</u></b>		
Competitive stimulus	\$ 3.3M	
Tax Credit Assistance Program	\$ 12M	





## Welcome Home 1




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## 16 Park

2008 - 2012



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<p>\$ 32 M mixed financing:</p> <p>Competitive stimulus funds</p> <p>LIHTC equity</p> <p>Local Housing Trust Fund grants</p> <p>LISC pre-development loan</p>	<ul style="list-style-type: none"> <li>➤ demolition</li> <li>➤ new construction</li> <li>➤ contemporary design</li> <li>➤ mixed income</li> <li>➤ 65 project-based Section 8 units</li> <li>➤ renovation of former IPS #27</li> <li>➤ \$157K per unit construction cost</li> </ul> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Old</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>New</u></td> </tr> <tr> <td style="text-align: center;">65 units</td> <td style="text-align: center;">155 units</td> </tr> <tr> <td style="text-align: center;">12.5 un/acre</td> <td style="text-align: center;">29.8 un/acre</td> </tr> </table>	<u>Old</u>	<u>New</u>	65 units	155 units	12.5 un/acre	29.8 un/acre
<u>Old</u>	<u>New</u>						
65 units	155 units						
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<b>16Park</b> Detailed Development Sources		
Competitive stimulus funds	\$ 4.2M	
LIHTC equity (62.5 cents)	\$ 21M	
Tax credit exchange	\$ 7.8M	
Construction/Equity bridge loan	\$ 17M	
Local Housing Trust Fund grants	\$ 411K	
LISC pre-development loan	\$ 50K	















**Welcome Home 2**  
2010 - 2012



\$ 6 M leverage  
anticipated:


HUD Capital Funds


Competitive stimulus  
funds

LIHTC equity


Energy Performance  
Contracting


- 2 public housing family communities
- 317 units renovated
- \$35K per unit construction cost
- 884 residents
- investment in resident services

<b>Barton Tower</b> <i>Welcome Home 2</i>		
\$ 6.5 M financing:		
HUD Capital Funds		➤ 21-story high rise
Competitive stimulus funds		➤ 245 units renovated
No LIHTC		➤ \$30K per unit construction cost
		➤ major mechanical upgrades
		➤ common area upgrades


<b>Lugar + New Lugar</b> <i>Welcome Home 3</i>		
\$ 21.6 M leverage anticipated:		➤ 15-story high rise
HUD Capital Funds		➤ 220 units renovated
Competitive stimulus funds		➤ 74 new units
RHF funds		➤ \$38K per unit cost (rehab)
Future LIHTC (2010 wait list)		➤ \$132K per unit cost (new)
		➤ sustainable urban principles
		➤ investment in supportive services




Mixed Finance Tool Kit	 insight development corp.
<ul style="list-style-type: none"><li>➤ 4% LIHTC</li><li>➤ Tax exempt bonds</li><li>➤ 9% LIHTC</li><li>➤ HUD Capital Funds</li><li>➤ Stimulus funds</li><li>➤ Choice Neighborhoods Initiative</li><li>➤ Energy Performance Contracting</li></ul>	<ul style="list-style-type: none"><li>➤ HOME + CDBG</li><li>➤ Local trust funds</li><li>➤ FHLB AHP</li><li>➤ RHF funds</li><li>➤ LISC or Enterprise loans</li><li>➤ TIFs for infrastructure</li><li>➤ Bank loans + mortgages</li></ul>

Mixed Finance Benefits	 insight development corp.
<ul style="list-style-type: none"><li>➤ Development fees can support PHA's central office costs, increase liquidity + fund enhanced resident services.</li><li>➤ Diversification of portfolio results in multiple sources of future operating funds.</li></ul>	<ul style="list-style-type: none"><li>➤ Project-level reserves can increase PHA's balance sheet.</li><li>➤ Effectively addressing capital needs can reduce AMP operating expenses.</li><li>➤ Result is high quality, sustainable, affordable housing.</li></ul>


Critical Aspects	
<ul style="list-style-type: none"><li>➤ Don't be afraid to dream big and design a longer term plan that includes the use of mixed finance tools. And, aggressively go after these tools.</li><li>➤ Go back to the tool kit with each development. Use it creatively. Different sources, different programs can help you accomplish your overall goals.</li></ul>	

Critical Aspects	
<ul style="list-style-type: none"><li>➤ Economies of scale are relevant. The larger the size of your deal, the more you can spread your fixed costs – both PHA overhead and project costs.</li><li>➤ Design thoughtful and participatory relocation plans.</li><li>➤ Evaluate the use of in-house versus third-party property management.</li></ul>	


Questions + Comments



**Indianapolis  
Housing Agency**



Thank you.



**Glossary**

AHP	Affordable Housing Program
CDBG	Community Development Block Grant
FHLB	Federal Home Loan Bank
INHP	Indianapolis Neighborhood Housing Partnership
LIHTC	Low Income Housing Tax Credits
LISC	Local Initiatives Support Corporation
RHF	Replacement Housing Factor
TIF	Tax Increment Financing

## Bruce R Baird



*Managing Director, insight  
Director of Strategic Planning  
+ Development, IHA*

Mr. Baird has over 20 years of experience in community economic development + substantial experience in affordable housing development + asset management. He has a sophisticated knowledge of financing mechanisms + an ability to creatively apply them for the acquisition, disposition, and redevelopment of properties. And, he has extensive working relationships with public, nonprofit, + private partners necessary for affordable housing development in Indiana.

## Jennifer Green



*Project Director,  
Indianapolis Housing Agency*

Ms. Green is the Project Director for IHA. She is responsible for managing IHA's planning + construction initiatives. Ms. Green previously served the City of Indianapolis as Project Manager for the nationally recognized Fall Creek Place development. Additionally, she has been the Assistant Administrator of Community Development for the City of Indianapolis. Ms. Green brings substantial knowledge + expertise to IHA's development of affordable housing projects.