

# The Mixed-Finance Method of Development

“Creating Sustainable Public Housing  
in Mixed-Income Projects”

Presented By

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An Affiliate of Housing Solutions Alliance, LLC

# This presentation covers:

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- Background on the Katrina Aftermath
- Design Process
- Oak Haven Case Study
- Financing Considerations
- Results and Lessons Learned

# Hurricane Katrina

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- Waveland Housing Authority-75 units
- Bay St. Louis Housing Authority-101 units
- All units destroyed in Waveland
- Bay St. Louis and Waveland Housing Authorities merged into a single PHA
- New challenges emerged from Katrina, including base flood elevations, greater code constraints and insurance rating

# Hurricane Katrina: Oak Haven



# Design Process

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- Katrina created opportunity for BWHA to start with fresh ideas involving community stake holders
- Leverage 176 pre-Katrina units into 250 post-Katrina units
- Engaged partner for re-development as mixed-finance transaction
- Mixed-finance generated \$7 million in new sources above CDBG
- Leveraging sources included LIHTC, CDBG, and AHP grant

# Design Process

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- Challenges-operating costs, tenant confidence, neighborhood acceptance, “getting units on ground quickly”, IRC 130 mph design
- BWAHA Board established set of goals after holding public meetings
- Criteria included building sustainable, energy efficient housing in character with community

# Project Example

## Oak Haven

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- 80 total rental units
  - 41 Elderly PHA rental units
  - 39 Elderly PBV rental units
- Units constructed on former public housing site, destroyed by Hurricane Katrina
- Bay St. Louis and Waveland Housing Authorities merged with HUD approval to form Bay-Waveland Housing Authority
- 176 pre-Katrina Units to be replaced with 257 new units

# Project Example

## Oak Haven

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### ■ Rental Project Sources and Uses:

Total Development Costs: \$15.5 million

Funding: Tax Credit Equity	\$6.5 million
MDA/HUD	\$8.5 million
FHLB-AHP	\$500,000

# Project Example

## Oak Haven

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### UNIT MIX

<u>Income Tier</u>	<u>1 BR</u>	<u>2 BR</u>	<u>TOTAL</u>
ACC 0-25%	31	10	41
PBA 0-50%	29	10	39
TOTAL	60	20	80

# Project Example

## Oak Haven

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### Rent

<u>Income Tier</u>		<u>1 BR</u>	<u>2BR</u>
ACC	0-25%	\$330	\$330
PBA	0-35%	\$475	\$575

# Project Example

## Oak Haven

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### ■ Project Facts

- Average Operating Expense \$4,388 per unit per year.
- Construction completed three months ahead of schedule.
- 100% occupancy achieved within 8 months of construction completion.

# Construction Process



# Oak Haven

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# Lessons Learned

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- Quality Matters
- Long Term Vision
- Dedicated Team
- Prepare for the Unexpected
- Local Participation is Vital