Tuscaloosa Housing Authority
&
Hollyhand Companies

Rosedale Redevelopment

ROSEDALE REDEVELOPMENT

ROSEDALE WAS THA'S OLDEST PUBLIC HOUSING DEVELOPMENT (1951)

THA PREVIOUSLY SUBMITTED THREE (3) UNSUCCESSFUL HOPE VI APPLICATIONS IN AN EFFORT TO REVITALIZE ROSEDALE (2006, 2007, & 2009)

DECISION WAS MADE TO SEEK LOW-INCOME HOUSING TAX CREDITS USING A PHASED APPROACH

PRIOR TO DEVELOPMENT ACTIVITY

PHA MUST INCLUDE PROPOSED DEVELOPMENT ACTIVITY IN ANNUAL AGENCY PLAN (OR AMEND THE PLAN)

PHA MUST HOLD A PUBLIC HEARING

PHA PROCURES A DEVELOPMENT PARTNER, HUD ATTORNEY AND A PROGRAM MANAGER (IF NECESSARY)

PHA AND DEVELOPMENT PARTNER BEGIN PROCESS OF PUTTING THE DEAL TOGETHER

?? QUESTIONS NEEDING ANSWERS ??

WHAT ARE THE PROJECTED DEVELOPMENT COSTS?

WHERE DOES THE DEVELOPMENT MONEY COME FROM?

WHAT IS THE DEBT CALCULATION?

- PROJECTED INCOME?
- EXPENSES/ RESERVES?
- NET OPERATING INCOME?
- 1ST MORTGAGE AMOUNT?

HOW WILL THE PARTNERSHIP BE STRUCTURED?

ROSEDALE PHASE I

HOLLYHAND CREATES PRELIMINARY PRO-FORMA TO ANSWER MANY OF THE AFOREMENTIONED QUESTIONS

HOLLYHAND WILL COORDINATE A LOW-INCOME HOUSING TAX CREDIT APPLICATION WITH THE HELP OF THA

HOLLYHAND WILL SERVE AS GENERAL PARTNER/ THA TO GET 25% OF DEVELOPER FEE, RIGHT OF FIRST REFUSAL AFTER 15 YEAR COMPLIANCE PERIOD, AND ALL CASH FLOW

ROSEDALE PHASE I

PHASE I WILL CONSIST OF 88 TOTAL UNITS
36 PUBLIC HOUSING/ 52 LIHTC UNITS

THA WILL SUBMIT DEMOLITION/ DISPOSITION APPLICATION TO HUD SPECIAL APPLICATIONS CENTER FOR REVIEW AND APPROVAL

THA WILL PROCURE AND PAY FOR THE INFRASTRUCTURE ASSOCIATED WITH THE PROJECT

ROSEDALE PHASE I

THA ADVANCES 75% OF ELIGIBLE PREDEVELOPMENT EXPENSES INCURRED BY HOLLYHAND UPON RECEIPT OF HUD PREDEVELOPMENT APPROVAL

THA PAYS FOR AND COORDINATES THE RELOCATION OF ROSEDALE RESIDENTS BASED ON APPLICABLE REQUIREMENTS

HOLLYHAND WILL SERVE AS THE GENERAL CONTRACTOR – REQUIRING AN IDENTITY OF INTEREST WAIVER REQUEST TO BE SUBMITTED TO HUD FOR APPROVAL PRIOR TO CLOSING

ROSEDALE PHASE I

THA SECURES $450,000 HOME FUND COMMITMENT FROM CITY FOR VERTICAL CONSTRUCTION

AHFA QAP - $15,000/ PER UNIT FOR MAXIMUM POINTS

88 UNITS @ $15,000 PER = $1,320,000

THA PROVIDES $870,000 CAPITAL FUND COMMITMENT / $1,320,000 - $450,000 = $870,000

ROSEDALE PHASE I

EQUITY IN THE AMOUNT OF $14,100,000

THA ORIGINALLY INCLUDED A SOFT COMMITMENT OF $754,100. THIS COMMITMENT WAS NO LONGER NECESSARY DUE TO OBTAINING A HIGHER EQUITY PRICE (BECAUSE POINTS COVERED IN OTHER FUNDS)

ROSEDALE PHASE I

THA SUBMITS THE RENTAL TERM SHEET/ MIXED-FINANCE PROPOSAL , INDEPENDENT COST ESTIMATE & IDENTITY OF INTEREST WAIVER REQUEST TO HUD FOR REVIEW AND APPROVAL PRIOR TO CLOSING

HOLLYHAND WILL MANAGE THE DEVELOPMENT UPON COMPLETION TO ENSURE TAX CREDIT COMPLIANCE

HOLLYHAND AGREES TO A MENTORSHIP PROGRAM WHICH ALLOWS THA TO GAIN THE CAPACITY TO TAKE OVER THE MANAGEMENT IN THE FUTURE

ROSEDALE PHASE I DEAL SUMMARY

THA'S ROSEDALE I RESPONSIBILITIES:

- ALL HUD SUBMISSIONS
- INFRASTRUCTURE
- AHFA QAP MATCHING FUNDS/ FUNDING GAPS
- 75% ELIGIBLE PREDEVELOPMENT EXPENSES
- RELOCATION COSTS & COORDINATION

ROSEDALE PHASE I DEAL SUMMARY

HOLLYHAND'S ROSEDALE I RESPONSIBILITIES:

- CREATION OF PRELIMINARY PROFORMA
- AHFA APPLICATION & SUBSEQUENT SUBMISSIONS
- 25% ELIGIBLE PREDEVELOPMENT EXPENSES
- 100% NON-ELIGIBLE PRED. EXPENSES
- SELECTION OF EQUITY INVESTOR/GUARANTIES
- GENERAL CONTRACTOR – VERTICAL CONSTR.
- MANAGEMENT OF PROPERTY/ MENTORSHIP
- TAX CREDIT COMPLIANCE
- MONTHLY & QUARTERLY REPORTS TO THA

ROSEDALE PHASE II

PHASE II WILL CONSIST OF 86 TOTAL UNITS
34 PUBLIC HOUSING/ 52 LIHTC UNITS

THA SECURES $1,290,000 FUNDING COMMITMENT (CDBG-DR) FROM CITY (VERTICAL CONSTRUCTION)

AHFA QAP - $15,000/ PER UNIT FOR MAXIMUM POINTS

86 UNITS @ $15,000 PER = $1,290,000

ROSEDALE PHASE II

EQUITY IN THE AMOUNT OF $13,600,000

THA ORIGINALLY INCLUDED A SOFT COMMITMENT OF $837,900. THIS COMMITMENT WAS NO LONGER NECESSARY DUE TO HIGHER EQUITY PRICE

ROSEDALE PHASE III

PHASE III WILL CONSIST OF 120 TOTAL UNITS
MIX OF PUBLIC HOUSING/PROJECT-BASED SECTION 8 UNITS

THA & HOLLYHAND MAY TO SUBMIT 4% RATHER THAN 9% APPLICATION

THA & HOLLYHAND CURRENTLY LOOKING FOR ALTERNATIVE FUNDING SOURCES TO FILL IN GAPS

2702

MCKENZIE REDEVELOPMENT

256 TOTAL UNITS COMPLETED IN 2 PHASES

$20 MILLION HUD HOPE VI AWARD

$1 MILLION FROM CITY

$1 MILLION FROM COUNTY

$32 MILLION TAX CREDIT EQUITY (2 PHASES)

$4.5 MILLION HUD TCAP AWARD

McKenzie Court
Office 205•758•0479 TDD 800•548•2546

EXIT

WORLDBOOK
STARS

CHALLENGES

MANAGING MULTIPLE "BOSSES":

- HUD RULES
- LOCAL PHA BOARD AND LOCAL FUNDING SOURCES
- HOUSING FINANCE AGENCY:
  - DESIGN GUIDELINES
  - WHAT DO YOU HAVE TO DO TO GET POINTS?
  - TIMING ISSUES
- INVESTOR:
  - RISK PROFILE OF DEAL (DEBT, ETC)
  - GUARANTIES: FINANCIAL REQUIREMENTS
  - MANAGEMENT CONCERNS

CHALLENGES

KEY: GOOD WORKING RELATIONSHIPS

- PICK YOUR PARTNERS CAREFULLY – ARCHITECTS, CONTRACTORS, INVESTORS
- TRACK RECORD AND FAMILIARITY WITH TAX CREDIT S AND HUD A PLUS

STRATEGY TO MEET FINANCIAL CHALLENGES:

- ACC UNITS CREATE A BIGGER GAP
- WHAT IS NEEDED TO GET "POINTS"
- HIGHER COSTS: ENHANCED DESIGN REQUIREMENTS, LOCAL PREFERENCES
- HOPE VI VS TAX CREDIT DRIVEN APPROACH

THANK YOU.

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