The Housing Company

Wood Rose Apartments

1160 W Ustick Zoning and Annexation

TheHousingCompany
Brought to you by Idaho Housing and Finance Association

Our Purpose:

The Housing Company is a nonprofit organized in 1990 with the mission to address the concern of an inadequate supply of affordable, decent rental housing within the state of Idaho and recently surrounding states. We play an active role in bringing affordable housing resources to areas of the state not being adequately served. Through local public/private partnerships we have been able to bring creative housing solutions to areas struggling with insufficient housing. Our goal is to partner with local government and other interested parties to solve local housing needs.

We have developed more than 800 units in two dozen affordable rental communities. The Housing Company provides professional property management services for affordable apartment communities serving low-income families, seniors, and the disabled.

We own our properties in the long term and take pride in building an asset for the community that will stand the test of time. We are able to put together complex financing in order to make these housing communities a reality.

Our nearest developments are Moon Valley Apartments in Star, Nampa Duplexes, and Hazel Park in Caldwell. We also have Canyon Terrace in Nampa and Sunset Landing in Caldwell under construction.

HUD Income Limits (4 Person: Ada County, ID)**	
30% of Area Median Income 4-Person Household	$25,260
Idaho Minimum Wage ($7.25/hr)	*$15,080*
40% of Area Median Income 4-Person Household	$33,680
60% of Area Median Income 4-Person Household	$50,520
4-Person Area Median Income	$87,500

***Source. 2022 HUD income limits for tax credit projects (Section 42)*

Economic Reasons to Invest

Housing types and prices that reflect local needs and incomes

What is 'affordable' relative to Household Income (HHI)?

< 30% of HHI = **affordable**

> 30% of HHI = **housing cost burdened**

> 50% of HHI = **severely housing cost burdened**

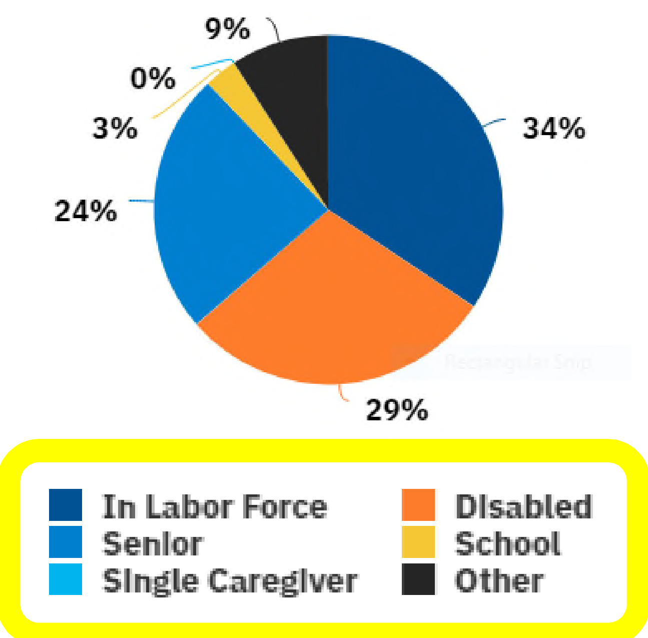
Impact of speculation, inflation on government finance

Foregone spending = money lost to housing cost burden.

Idaho lost **$670M** to foregone spending in **2018 & $971M in 2020** ***Source** *National Housing Act of 1937* | ****Source** *Shift Research Labs*

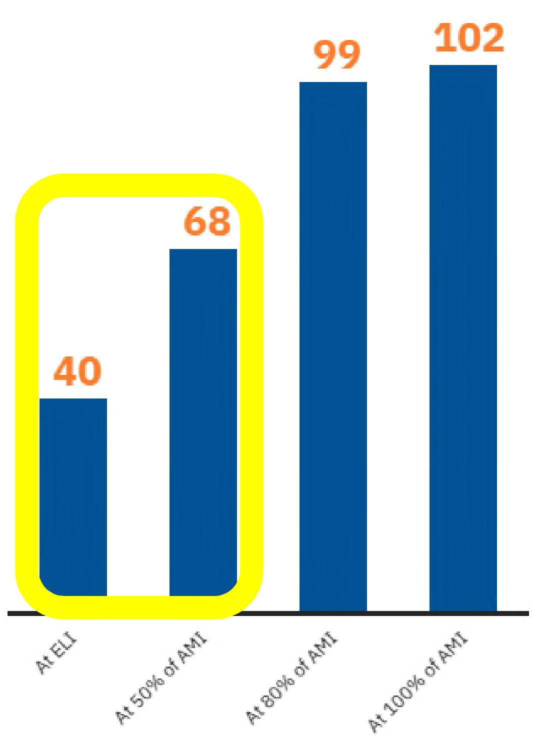
Many local restaurants are closing and one reason is being unable to staff the restaurant because housing costs are too high.

EXTREMELY LOW INCOME RENTER HOUSEHOLDS

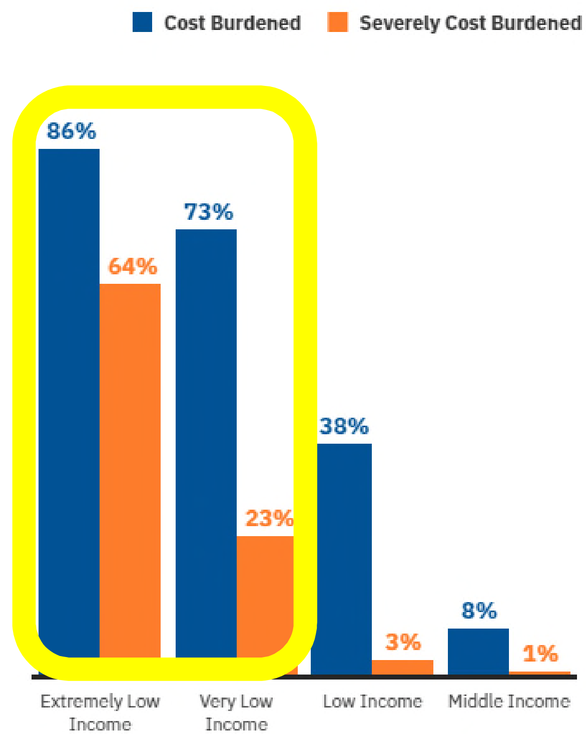


*Source. NLIHC ‘Out of Reach’ report. nlihc.org/housing-needs-by-state/idaho

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



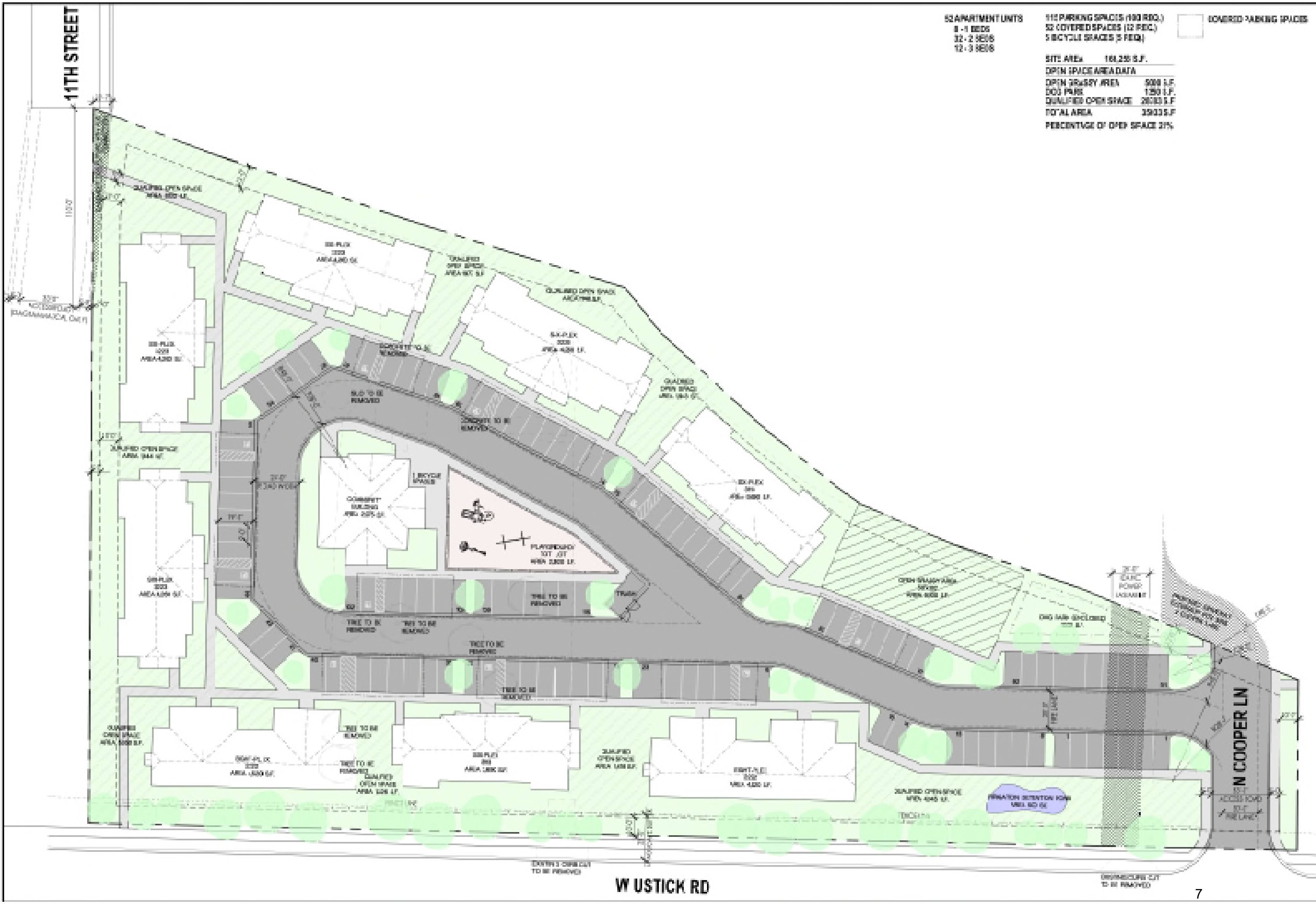
HOUSING COST BURDEN BY INCOME GROUP



%AMI: 1–30% | 30–50% | 50–80% | 80–120%

	Single Person	*Single Mother, Two Sons*	*Three Person Household*	*Four Person Househol*
Age(s)	Sixties	Twenties	Forties	Thirties
Job	Customer Service	Student w/ Part Time Job as Cashier	Warehouse laborer	Cook
Income	35,400	38,000	45,480	50,520
Bedrooms Desired	1	2	3	3
Monthly Rent Paid by Resident	895	935	1,159	1,234

Site Plan for Wood Rose Apartments- 1160 W Ustick



Moon Valley, Star ID

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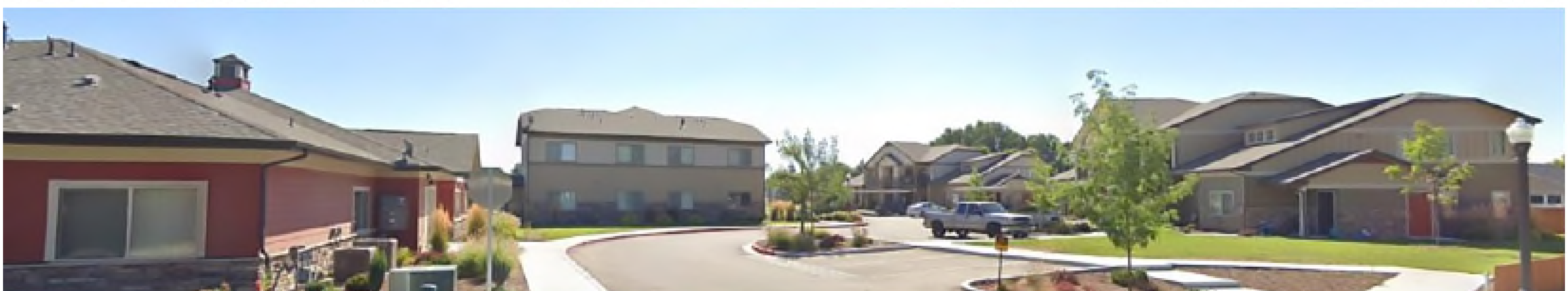
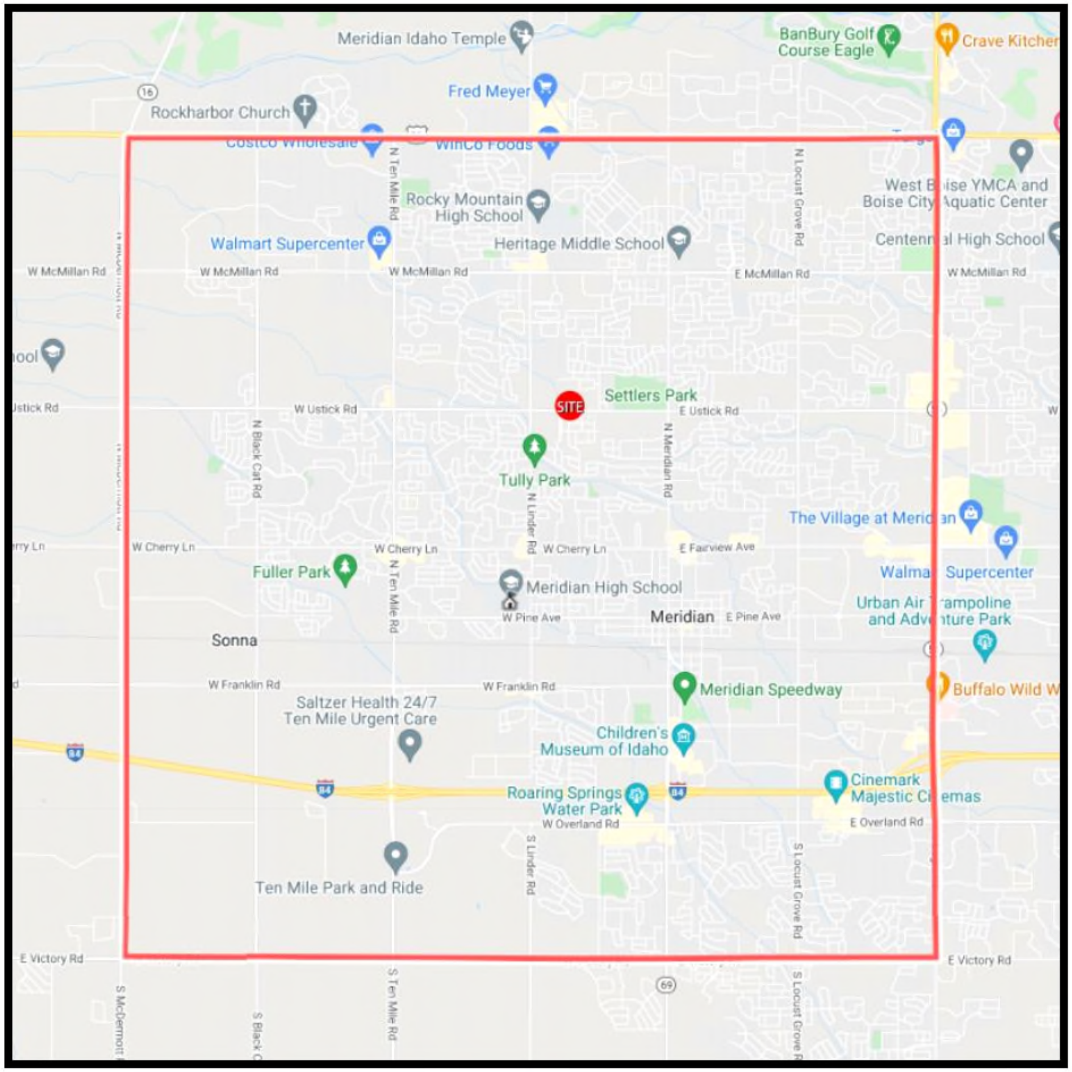
HUTCHISON SMITH ARCHITECTS



Effective Market Area: Chinden to North, Hwy 55 to East, Victory Road to South, and McDermott Road to West



MERIDIAN, IDAHO

DISTRIBUTION OF
MODERN APARTMENT UNITS
AND VACANCIES
MERIDIAN, IDAHO
SITE EFFECTIVE MARKET AREA
MAY 2022

MARKET RATE UNITS

UNIT TYPE	UNITS		VACANCIES	
	NUMBER	PERCENT	NUMBER	PERCENT
STUDIO	78	1.4%	0	0.0%
ONE-BEDROOM	1,591	28.2%	28	1.8%
TWO-BEDROOM	3,216	57.0%	69	2.1%
THREE-BEDROOM	699	12.4%	25	3.6%
FOUR-BEDROOM +	58	1.0%	0	0.0%
TOTAL	**5,642**	**100.0%**	**122**	**2.2%**

SUBSIDIZED

UNIT TYPE	UNITS		VACANCIES	
	NUMBER	PERCENT	NUMBER	PERCENT
ONE-BEDROOM	20	40.0%	0	0.0%
TWO-BEDROOM	20	40.0%	0	0.0%
THREE-BEDROOM	10	20.0%	0	0.0%
TOTAL	**50**	**100.0%**	**0**	**0.0%**

Capture Rate - All Income-Qualified Households

In 2023, there will be an estimated 2,938 renter households within the Site EMA with incomes between $14,220 and $50,520. Following is an analysis of housing costs as a percent of household income by the number of renter qualified households in the Site EMA:

PERCENT OF INCOME TO GROSS HOUSING COST	INCOME RANGE	INCOME-APPROPRIATE RENTER HOUSEHOLDS	UNITS PROPOSED	CAPTURE RATE
40%	$14,220 - $50,520	2,938	45*	1.5%

*Includes only Tax Credit and Home Units

There are 2,938 income-appropriate households in the Effective Market Area that would qualify for Wood Rose Apartments.

Tax Credit rules by State:

Qualified Allocation Plan (QAP)

- The plan sets forth the criteria which will be used to determine how developments will qualify for the credit
- It provides Mandatory and Threshold requirements
  – Competitive Scoring criteria, Set-Asides, Allocation timelines, and further protocol and requirements.
  - preferences must be given to developments which
    - serve the lowest income tenants
    - agree to remain in the program for the longest period of time
    - are located in a qualified census tract which contribute to a concerted community revitalization plan

Selection Criteria Points Section 42(m)(1)(C) "Certain selection criteria must be used. The selection criteria set forth in a qualified allocation plan must include - "	Points Availab le	Self Score
Project Location		
#1 Located within the stated distances from goods, services, or a major employer:	Max 5	5
#11 Areas of Opportunity	2	2
#14 Located in a city that has not received an allocation of credit in past 5 calendar years	3	3
#12 Rehab that includes the use of existing housing as part of a community revitalization plan.	1	0
Housing Needs Characteristics		
#17 "LIHTC" rental vacancy of 3.00% or less	6	6
Project Characteristics		
#2 Developments which offer selected amenties	Max 5	5
#4 Developments with mix of rent-restricted and market units	2	2
#9 Contributions, donations, local government assistance in an amount equal to listed percentages of	Max 10	6
#15 Cost Containment	Max 8	5
#20 Adjacent 4% & 9% developments developed by same team targeted to 80% AMI or less	3	0
Sponsor Characteristics		
#5 Sponsor(s) and Developer(s) are residents of Idaho	2	2
#10 Program sponsors who have a history of satisfactory LIHTC compliance ratings of their §42	15	15
#21 Sponsor(s) and Developer(s) have not received and allocation of competitive LIHTCs in Idaho	2	0
#22 Sponsor(s) and Developer(s) have completed projects from LIHTC award through PIS	Max 6	6
Tenant populations with special housing needs.		
#6 Waitlist preference to households that contain one or more members with a handicap	1	1
#7 Housing for older persons	3	0
#18 Permanent Supportive Housing ("PSH")	3	3
#19 Waitlist preference to persons with HUD Veterans Affairs Supportive Housing ("VASH") vouchers	2	2

Public Housing Waiting Lists		
#3 Developments which give preference to persons on Public Housing Authority waiting lists.	1	1
Tenant populations of individuals with children		
#8 Family developments that contain three-bedroom or larger units for households.	Max 3	3
Projects intended for eventual tenant ownership		
#13 Developments intended for eventual tenant ownership after the 15-year compliance period has ended.	1	0
The Historic Nature of the Project		
#16 Developments which utilize Historic Rehabilitation Tax Credit as a funding source.	1	0
Preference Points		
Section 42(1)(B)(ii)		
"which also gives preference in allocating housing credit dollar amounts among seleced project to -		
Projects serving the lowest income tenants		
#2 40% AMI units	6	6
#3 45% AMI units	3	3
#4 50% AMI units	2	2
Projects obligated to serve qualified tenants for the longest periods		
#1 40 year extended use	15	15
Projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan		
#5 QCT and Revitalization	1	0
TOTAL SELF SCORE		**93**

Points for Local Leverage

- In listening to the IHFA presentation made a few weeks ago, I noticed that the example projects were from several years ago and not a current representation of the funding challenges/increased gap we face for an affordable housing project.

- There have been changes to the States Qualified Allocation Plan which raised the bar in terms of how much local contribution is needed to generate the maximum number of points from 2.5% of total development costs to a sliding scale where there is a sliding scale for points up to 10% of total development costs.

- Due to the highly competitive nature of the 9% Credit, it is important that we strive for as many points as possible, or risk not being selected in which case the project has to wait another year to apply.

- Scoring excerpt from the 2022 Idaho Low Income Housing Tax Credit Qualified Allocation Plan:

9. Developments which receive non-related private party contributions, charitable cash donations, local government assistance, or federal government assistance through the FHLB AHP or CDBG programs, in a cumulative amount within of the following percent ranges of Total Development Cost*.

Max 10 8

% of Total Development Cost	Points	
2.00% to 3.99%	2	○ Choose
4.00% to 5.99%	4	○ Choose
6.00% to 7.99%	6	○ Choose
8.00% to 9.99%	8	◉ Choose
Greater than 10.00%	10	○ Choose
		○ N/A

<u>Total Development Cost</u> in this category does not include Developer/Consultant Fees or Development Reserves.

Unit Description		No. of Units	Square Footage	Gross Rent/ Unit			Utility Allow.	Monthly Rent	Annual Rent	
1	Bdrm	1	737	$	474	$	$67	407	$	4,884
1	Bdrm	1	737	$	706	$	$53	653	$	7,836
1	Bdrm	1	737	$	632	$	$53	579	$	6,948
1	Bdrm	3	600	$	948	$	$53	895	$	32,220
1	Bdrm	1	684	$	801	$	$53	748	$	8,976
1	Bdrm	1	684	$	1000	$	$0	1,000	$	12,000
2	Bdrm	1	851	$	568	$	$67	501	$	6,012
2	Bdrm	1	851	$	758	$	$67	691	$	8,292
2	Bdrm	3	851	$	852	$	$67	785	$	28,260
2	Bdrm	1	873	$	847	$	$67	780	$	9,360
2	Bdrm	1	873	$	1002	$	$67	935	$	11,220
2	Bdrm	20	873	$	1137	$	$67	1,070	$	256,800
2	Bdrm	4	912	$	1300	$	$67	1,233	$	59,184
3	Bdrm	1	1119	$	1239	$	$80	1,159	$	13,908
3	Bdrm	10	1000	$	1314	$	$80	1,234	$	148,080
3	Bdrm	1	1119	$	1556	$	$80	1,476	$	17,712
2	Bdrm	1	851	$	800	$	$0	800	$	9,600
		52		$		$			$	641,292
		0.115385								
										2,736
			VACANCY	#	5%				$	(32,201)
EFFECTIVE GROSS INCOME									$	611,827

OPERATING EXPENSES:	Cost Per Unit Per Year	% of Total	Annual Expense
Administrative	1,100	21.76%	$ 57,200
Management Fee (5% vacancy)	706	13.96%	36,710
HOME/Tax Credit Compliance Monitor Fee	50	0.99%	2,600
Maintenance & Utilities	1,900	37.58%	98,800
Real Estate Taxes and Insurance	1,000	19.78%	52,000
Reserves	300	5.93%	15,600
TOTAL	$5,056	100.00%	$ 262,910

Year 1 is a partial year, inflation on expenses is at 3% and income at 2%.

	YEAR 1 2022	YEAR 2 2023	YEAR 3 2024	YEAR 4 2025	YEAR 5 2026	YEAR 6 2027	YEAR 7 2028	YEAR 8 2029	YEAR 9 2030	YEAR 10 2031
GROSS RENTAL INCOME	320,646	641,292	641,292	654,118	667,200	680,544	694,155	708,038	722,199	736,643
MISC. INCOME	2,736	2,736	2,791	2,847	2,903	2,962	3,021	3,081	3,143	3,206
LESS VACANCY (7%)	(16,032)	(32,065)	(32,065)	(32,706)	(33,360)	(34,027)	(34,708)	(35,402)	(36,110)	(36,832)
ancing										
EFFECTIVE GROSS INCOME	307,350	611,963	612,018	624,258	636,744	649,479	662,468	675,717	689,232	703,016
OPERATING EXP & RESERVES	(262,910)	(262,910)	(262,910)	(270,797)	(278,921)	(287,288)	(295,907)	(304,784)	(313,928)	(323,346)
NET OPERATING INCOME	$ 44,440	349,054	349,109	353,462	357,823	362,190	366,561	370,933	375,304	379,671
ANNUAL DEBT SERVICE PERM LOAN		(284,705)	(284,705)	(284,705)	(284,705)	(284,705)	(284,705)	(284,705)	(284,705)	(284,705)
ANNUAL DEBT SERVICE										
ANNUAL DEBT SERVICE - JOME		(42,613)	(42,613)	(42,613)	(42,613)	(42,613)	(42,613)	(42,613)	(42,613)	(42,613)
OPERATIONAL CASH FLOW	44,440	21,736	21,790	26,143	30,505	34,872	39,243	43,615	47,986	52,353
ANNUAL PRINCIPAL REDUCTION PERM	32,000	32,517	34,351	36,289	38,336	40,498	42,782	45,196	47,745	50,438
ANNUAL PRINCIPAL REDUCTION - HOME	33,000	33,896	34,235	34,577	34,923	35,272	35,625	35,981	36,341	36,705
ANNUAL RESERVES	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600
DEPRECIATION	(113,822)	(609,343)	(262,910)	(576,943)	(563,083)	(550,483)	(544,543)	(544,543)	(544,723)	(544,543)
OPERATIONAL GAIN/(LOSS)	11,219	(505,594)	(156,933)	(464,333)	(443,719)	(424,241)	(411,293)	(404,151)	(397,051)	(389,447)
BRIDGE INTEREST										
EXPENSES FUNDED W/ OTHER SOURCES										
AMORTIZED EXPENSE	(22,461)	(4,260)	(4,260)	(4,260)	(4,260)	(4,260)	(4,260)	(4,260)	(4,260)	(4,260)
PARTNERSHIP EXPENSE	(2,999)	(2,999)	(3,056)	(3,114)	(3,173)	(3,234)	(3,295)	(3,358)	(3,421)	(3,486)
NET GAIN/(LOSS)	(14,241)	(512,854)	(164,249)	(471,708)	(451,153)	(431,734)	(418,848)	(411,769)	(404,732)	(397,194)
DEBT SERVICE COVERAGE		1.23%	1.23%	1.24%	1.26%	1.27%	1.29%	1.30%	1.32%	1.33%
DEBT SERVICE COVERAGE W/HOME Payment		1.07	1.07	1.08	1.09	1.11	1.12	1.13	1.15	1.16
PROJECT CASH FLOW (Operational Cash Flow Minus Partnership Expense)	41,441	18,737	18,734	23,029	27,331	31,638	35,948	40,257	44,565	48,866
Deferred Developer Fee Payback		(18,737)	(18,734)	(23,029)	(27,331)	(31,638)	(35,948)	(40,257)	(44,565)	(48,866)
TOTAL CASH FLOW	41,441									

City Permit and other Impact Fees estimated at $595,000. Could we decrease cost through reduced fees?

ITEM DESCRIPTION			TAX CREDIT
Land Cost	price p	7.30	1,590,000
Offsite Improvements			
Special Space for St Als Services			
Site Improvements/ Environmental		$10,380,000	1,800,000
Contingency			429,000
Clubhouse Equip. & Furnishings			70,000
Building			8,580,000
Permits & Fees			595,000
IHFA Equity Financing			
Bond related costs			
Construction Insurance and Payment and Performance Bond			80,000
Construction Interest			286,000
Taxes			5,000
Construction Loan Fee			50,000
Title Fees/close/disburse			25,000
Legal/Accounting (El.Basis Audit)			40,000

City Permit and other Impact Fees estimated at $595,000. Could we decrease cost through reduced fees?

Permanent Loan			
Loan Fee/ Rate Lock			3,800
Org Legal Fees			35,000
Title Fees/close/disburse			10,000
Soft Cost Contingency			75,000
Architect/Engineering Fees			350,000
Survey			15,000
Soils/mkt/enivronmental			30,000
Const. Lender Arch. Inspections			10,000
Appraisal			15,000
Tax Credit Fees			64,000
Developer Fee			1,528,840
Subtotal			15,686,640
Lease Up Expense			
Reserves for Lease Up Expenses			40,000
Total Development Costs		$15,106,248	15,726,640
Operating Reserve			273,807
1/2 MADS			
Revenue Fund Deposit			
05/31/22			16,000,447

On April 19, 2022 there as a presentation made by City Staff in a Council Work session where one of the strategies presented in a matrix of ideas as a way to address housing needs would be to reduce impact fees for affordable housing developments.

Multi Family Building Permit and Fee Calculator (Estimate Only)

How to use this worksheet:

Fill out the applicable blue fields with the information descibed in the "Description" column.
Verify that you're using the correct unit, which is specified in the "Unit to Enter" column.
Many fees are auto calculated based off information you provide in various locations. These are estimates only.

DESCRIPTION	QUANTITY	UNIT TO ENTER		UNIT PRICE		AMOUNT
BUILDING PERMIT FEES:						
Enter the total number of dwelling units	52	Number of Units				
Total Project Value (There is a $50.00 base fee + $5.50 per $1000 project value)	$10,833,000.00	Dollars		$5.50	$	59,631.50
Total Square Footage of Climate Controlled Space	51973	Square Feet				
Building plan review fee		% of Building Permit Fee		65%	$	38,760.48
Fire plan review fee		% of Building Permit Fee		30%	$	17,889.45
IMPACT AND ASSESSMENT FEES:						
Meridian Police Impact Fee		999	Average Unit Size	$56.00	$	2,912.00
Meridian Fire Impact Fee		999	Average Unit Size	$258.00	$	13,416.00
Meridian Park Impact Fee		999	Average Unit Size	$781.00	$	40,612.00
Choose whether your project is Lowrise (1-2 floors) or Midrise (3-10 floors) to calculate Ada County Highway District Impact Fee. Calculated per unit. (Updated 101/2021)	Lowrise (1-2 floors)	52	Number of Units	$1,889.00	$	98,228.00
Water Assessment		52	Number of Units	$1,973.00	$	102,596.00
Sewer Assessment		52	Number of Units	$3,884.00	$	201,968.00
Water Assessment Landscaping (calculated by "Assessments Calculator")			ERU	$3,884.00		
METER FEES:						
1 1/2 Inch Water Meter	9	1 1/2 Inch Water Meter		$1,557.85	$	14,020.65
2 Inch Landscape Meter	2	2 Inch Landscape Meter		$1,344.81	$	2,689.62
PUBLIC WORKS PLAN REVIEW FEES:						
Does your project have new water or sewer main (including fire hydrants or fire service lines)	Yes					
Does your project have any new water or sewer service lines?	Yes					
ED New Water Main, Hydrants, Fire Line, and/or Sewer Main ($288 base fee + $0.40 per linear foot)	901	Linear Feet		$0.40	$	648.40
ED Qualified Licesned Professional Engineer (QLPE) Review: needed for projects with new main	2	Number of Sheets		$298.70	$	597.40
Drainage Plan Review	3.82	Square Acres		*	$	96.00
PUBLIC WORKS INSPECTION FEES:						
Inspection with No Public Main (services existing or new services installed)	Based off information provided in "PUBLIC WORKS PLAN REVIEW FEES" section	Flat Fee		$72.00		
Inspection for New Water Main, Hydrants, Fire Line, and/or Sewer Main ($0.69 per linear foot)		901	Linear Feet	$0.69	$	621.69
				TOTAL	**$**	**594,687.19**

Need City to Review Estimate- Developer/Architect completed form

HOW LIHTC INVESTMENT WORKS

IRS

Allocates Credits Based on Population

State Housing Finance Agency

Allocates Credits Based on QAP

Developer

Sells Credits

Tax Credit Investor/Syndicator

Provides Equity

Development

HOW LIHTC WORKS FOR DEVELOPERS

9% LIHTC can cover 70-90% of a project's cost, depending on the market, but affordable housing developers usually cannot use the tax credits themselves

4% LIHTC covers 30-40% of a project's costs and requires that over 50% of project financing comes from tax-exempt bond debt

- Developers secure credits and "sell" them to investors or syndicators for equity
- That equity comes in scheduled capital contributions, often at closing, completion of construction, and stabilized occupancy

How many tax credits will a project receive?

How's it calculated:

A project receives, for each year of the ten-year credit period, tax credits equal to.....

Tax Credit Calculation:		
Eligible Basis		$6,000,000
QCT/DDA basis boost	x	130%
Eligible Basis (adjusted)		$7,800,000
Applicable Fraction	x	75%
Qualified Basis		$5,850,000
Credit Rate	x	9.00
Annual Tax Credits		$526,500
Ten years	x	10
Total Tax Credits		$5,265,000

Eligible basis is basically depreciable basis; Eligible basis does not include land, syndication, organization, or permanent financing costs;

Qualified census tracts or **Difficult development areas** can increase the Eligible basis by 30%- for projects within these QCTs or DDAs

Qualified basis equals a building's eligible basis multiplied by the building's **applicable fraction**

Annual credit amount is calculated using the qualified basis of each building in the project, multiplied by the monthly (or fixed) **tax credit rate**

Enterprise NOVOGRADAC & COMPANY LLP CERTIFIED PUBLIC ACCOUNTANTS NCSHA

Unfortunately, this project does not work well for noncompetitive 4% credits due to its smaller size and the fact that it is not in a HUD qualified census tract. The Idaho Workforce Housing Credit funded through Federal ARPA is intended to be paired with 4% tax credit projects rather than 9% credit projects.

Competitive 9% Tax Credit Potential sources:

9% Tax Credit		AMOUNT
SOURCES:		
Permanent Loan		4,600,000
HOME/Housing Trust Fund Loan (IHFA)		1,099,743
Funding Gap		1,350,000
Deferred Developer Fee		251,574
Tax Credit Equity		8,699,130
TOTAL	$	16,000,447

Noncompetitive 4% Tax Credit Tax Exempt Bond scenario gap is much larger, even with Idaho Workforce Housing Trust Fund (ARPA). It also has higher cost due to legal and financing associated costs associated with the Bonds. Typically 4% bond projects are 60 units or more- many are around 100+ units.

4% Tax Credit		AMOUNT
SOURCES:		
Permanent Loan		5,000,000
HOME Loan		1,099,743
Gap		2,479,928
Idaho Workforce Housing Trust Fund		2,600,000
Deferred Developer Fee		251,574
Tax Credit Equity		4,960,397
TOTAL	$	16,391,642

Our ask is for $1,350,000 from the City of Meridian which could come from a number of possible combined sources:

Option 1: $1,350,000 grant from Meridian General Fund:

1) Our understanding is that the City is not set up to provide lending directly to projects at this time, so our suggestion would be a $1,350,000 grant out of the Meridian General Fund to The Housing Company. The Housing Company would then loan at 0% interest the $1,350,000 to the project. The reason it needs to be structured this way is as follows:
2) If it is granted directly to the project before going through The Housing Company it would generate taxable grant income to the Partnership (the ownership entity will be a Limited Partnership and is taxable). This Limited Partnership has The Housing Company as General Partner and the tax credit investor as limited partner.
3) If the grant goes directly to the Partnership it would reduce tax credit eligible basis to the project.
4) The result is a 40% reduction in the net benefit to the project if it is a direct grant to the partnership.
5) Having a grant pass through a non-profit entity before going to a project is incredibly common in the affordable housing industry due to the reasons above and we have done many projects this way.

Option 2: Combination of reduced impact fees and grant from General Fund totaling $1,350,000 between the reduced impact fees and grant. Based on the current estimate of fees, that would be $595,000 fees, and $755,000 grant from the City of Meridian General Fund.

Milestone	Date
Zoning and Annexation	January-February 2022
CUP and Certificate of Zoning Appropriateness	September 2022
Application submitted to IHFA	August 5, 2022
IHFA awards announced	November 2022
Building Permit Application	Summer 2022 – Winter 2022
Close Financing/Construction start	Spring of 2023.