

**AGREEMENT BETWEEN CITY OF MERIDIAN AND THE HOUSING COMPANY FOR
USE OF AMERICAN RESCUE PLAN ACT FUNDS**

This AGREEMENT BETWEEN CITY OF MERIDIAN AND THE HOUSING COMPANY FOR USE OF AMERICAN RESCUE PLAN ACT FUNDS (“Agreement”) is entered into this 23rd day of May, 2023 (“Effective Date”) by and between the City of Meridian, a municipal corporation organized under the laws of the state of Idaho (“City”), and The Housing Company, a nonprofit corporation organized under the laws of the state of Idaho (“THC”) (collectively, “Parties”).

WHEREAS, in response to the public health and economic crises caused by the COVID–19 pandemic, in March 2021, Congress passed the American Rescue Plan Act of 2021 (“ARPA”) which, among other things, established the Coronavirus State and Local Fiscal Recovery Fund (“SLFRF”) to provide local governments with the resources needed to respond to the economic effects of the pandemic and build a stronger, more equitable economy during the recovery;

WHEREAS, pursuant to ARPA, the City of Meridian has received SLFRF funding from the United States Department of Treasury (“Treasury”) under Federal Award Identification Number (FAIN) SLFRP5436;

WHEREAS, THC’s purpose includes providing and managing apartment communities which offer affordable rents and desirable living conditions;

WHEREAS, at its meeting on July 19, 2022, the City Council of the City of Meridian committed to dedicating SLFRF funds (“Funds”) to THC for the development and operation of affordable housing in Meridian, *i.e.*, for government services, as authorized by 31 CFR section 35.6(d);

WHEREAS, THC has committed to use such funds to supplement funding for permitting, development and/or construction of the Wood Rose Apartments, an affordable housing project to be constructed at 1160 W. Ustick Road, in Meridian (“Project”), by Wood Rose Apartments LP, a limited partnership organized under the laws of the state of Idaho; and

WHEREAS, pursuant to 2 CFR § 200.400(c), given City’s unique combination of staff, facilities, and experience, shall use all sound organization and management techniques, as set forth in this Agreement or in City policy or procedure, as may be necessary to assure proper and efficient administration of the Funds; and

WHEREAS, the City has determined that it will fund the award using SLFRF funds obligated through Expenditure Category 6.1 – Revenue Replacement – Provision of Government Services;

NOW, THEREFORE, in consideration of the mutual covenants of the parties, the Parties agree as follows:

I. THC’S RESPONSIBILITIES; SERVICES ADMINISTRATION.

- A. Activities.** THC shall use the Funds, in the amount of four hundred thousand dollars (\$400,000.00), toward the permitting, development, and/or construction of Project, as set

forth in *Exhibit A*, pursuant to the Development Agreement entered into by the Parties on November 9, 2022 (recorded with the Ada County Recorder as instrument no. 2022-092438), and conditional use permit no. H-2022-0086 granted by City on February 2, 2023. THC shall use the Funds only for costs directly related to the permitting, development, and/or construction of Project. THC shall not use the Funds for salaries, staffing, or any other administrative expenses. THC's use of the Funds shall be consistent with any and all terms and conditions of this Agreement, ARPA, and rules and guidance issued by Treasury regarding SLFRF funds.

- B. Time of performance.** Unless otherwise agreed to by the City, THC shall expend the Funds on the Project by September 30, 2024. The term of this Agreement and the provisions herein shall apply during this term, and for any additional time period during which THC remains in control of Funds. THC shall return to City all Funds unused as of November 1, 2024 within thirty (30) days.
- C. Closeout.** By January 31, 2025, THC shall submit a final report to City. The final report shall include:
 - 1. Written narrative describing the use of the Funds toward the permitting, development, and/or construction of Project.
 - 2. Detailed final budget, showing date(s) and use(s) of the Funds, and receipt(s).
 - 3. Check payable to City of Meridian for any unused Funds.
- D. Term.** Notwithstanding Closeout as set forth above, THC's obligations to City under this Agreement shall not end until full and final completion of the construction of Project.
- E. Payment.** Funds will be available following execution of this Agreement and City's receipt of THC's completed W-9 form. To obtain Funds, THC shall submit a detailed invoice to the Grant Administrator documenting the expenditures to be funded by the City's award. The Grant Administrator will forward to the City Finance Department authorization for the City to remit a check to THC in the amount of four hundred thousand dollars (\$400,000.00).
- F. Performance monitoring.** City's Grant Administrator shall monitor THC's expenditure of the Funds to ensure that THC is spending such funds for costs directly related to the permitting, development, and/or construction of Project. Performance monitoring may include quarterly reviews of financial and performance reports, as well as site visits, as appropriate. City may make unannounced visits to THC's location in order to review financial and performance reports and/or verify compliance with all program requirements.

II. THC'S ADMINISTRATIVE REQUIREMENTS

- A. General Compliance.** THC agrees to comply with all applicable laws and policies in the course of using the Funds, including, without limitation:
 - 1. 31 CFR Part 35 (pursuant to 2 CFR § 200.300(b));
 - 2. City of Meridian Procurement Policy; and
 - 3. 2 CFR §§ 200.403(a), (c), (d), (g), and (h).
- B. Supplementation of other funds.** THC shall utilize funds available under this Agreement to supplement, rather than supplant, funds otherwise available.

C. Audits and inspections. Pursuant to 2 CFR § 200.337, all THC records with respect to any matters covered by this Agreement shall be made available to City at any time during normal business hours, as often as deemed necessary, to audit, examine, and make copies of all relevant records in order to ascertain compliance with applicable laws, regulations, policies, and provisions stated herein. Any deficiencies noted must be fully repaired by THC within thirty (30) days after receipt of such report by THC. Repair shall include THC's repayment to City of any funds used in any manner or for any purpose not contemplated by this Agreement.

D. Records retention. Pursuant to 2 CFR § 200.334, THC shall retain all records pertinent to the expenditures incurred under this Agreement for a period of five (5) years after the provision of Services funded under this Agreement. If, prior to the expiration of the five-year period, any litigation, claims, audits, negotiations or other actions begin that involve any of the records cited, such records shall be retained until completion of the actions and resolutions of all issues.

E. Insurance coverages and limits of liability. THC shall obtain, maintain throughout the term of this Agreement, and provide to City proof of insurance coverage in the following amounts:

1. Workers' compensation. Workers' compensation insurance coverage, in the amount required by Idaho law, for all employees involved in the performance of this Agreement. If any work is subcontracted, THC shall require its subcontractors to provide proof of workers' compensation insurance coverage.

2. Commercial insurance. Commercial general liability insurance, with the following minimum limits of liability:

General aggregate:	\$2,000,000
Product/completed operations aggregate:	\$2,000,000
Personal & advertising injury liability:	\$1,000,000
Per occurrence:	\$1,000,000

3. Additional insured. THC shall include City as an additional insured party to all of the insurance coverage listed above.

4. No limitation of liability. Insurance coverage and limits of liability as specified herein are minimum coverage and liability requirements only. Nothing in this Agreement's requirements for minimum insurance coverage shall be interpreted to limit or release the liability of THC or any of THC's insurers. THC's insurance policy shall not contain any provisions, exclusion, or endorsement that limits, bars, or effectively precludes City from coverage or asserting a claim under THC's insurance policy on the basis that the coverage or claim is brought by an insured or additional insured against an insured or additional insured under the policy.

5. Documentation to be furnished. At any time upon City's request, THC shall also cause to be timely furnished to City a copy of declarations pages, schedules of forms and endorsements, and/or a complete and certified copy of the requested policy.

6. **Notice of cancellation or modification; renewal.** THC's certificates of insurance shall be signed by an authorized representative of the issuing insurance carrier and shall state that the issuing company shall provide the Parties a minimum of thirty (30) days' written notice prior to canceling or reducing any of the policies or limits required by this Agreement. Renewal certificates must be provided to the Parties a minimum of five (5) days prior to the effective date of the renewal.

III. GENERAL PROVISIONS.

A. Termination.

1. Termination.

- a. **Grounds for termination.** City may terminate this Agreement, in whole or in part, for cause, which cause may include, but shall not be limited to, the following:
 - 1) Failure to materially comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and Treasury guidelines, policies or directives as may become applicable at any time;
 - 2) Failure to fulfill in a timely and proper manner its obligations under this Agreement;
 - 3) Failure to comply with any term or condition of the Development Agreement entered into by the Parties on November 9, 2022 (recorded with the Ada County Recorder as instrument no. 2022-092438);
 - 4) Failure to comply with any term or condition of conditional use permit no. H-2022-0086 granted by City on February 2, 2023;
 - 5) Ineffective or improper use of funds provided under this Agreement; or
 - 6) Submission of reports that are incorrect or incomplete in any material respect.
- b. **Process of termination.** Termination shall be effectuated by providing written notice of intent to terminate, stating the basis of termination. THC shall have fourteen (14) days to cure the deficiency or non-compliance. If the deficiency or non-compliance is not cured within this time period, this Agreement shall be terminated upon City's mailing of notice of termination. Notwithstanding the foregoing, the City hereby agrees that THC's limited partner shall have the right, but not the obligation, to cure any defaults of THC hereunder, and the City hereby agrees to accept cures tendered by THC's limited partner on behalf of THC, as applicable, within the applicable cure periods set forth herein.
- c. **Effects of termination.** Following termination, City shall invoice THC for repayment of all Funds provided under this Agreement, which THC shall remit to City within thirty (30) days of such invoice. In addition to any other remedies as provided by law, City may declare THC ineligible for any further participation in City grant programming.

- B. No agency; independent contractor.** It is understood and agreed the THC is not, and shall not be considered, an agent of City in any manner or for any purpose whatsoever in THC's use of the Funds. In all matters pertaining to this Agreement, THC shall be acting as an

independent contractor, and neither THC nor any volunteer, employee, invitee, or agent of THC shall be deemed an employee of City. THC shall have no authority or responsibility to exercise any rights or power vested in City.

- C. Acknowledgment of risk.** THC acknowledges that activity undertaken in conjunction with this Agreement presents risks, some of which are unknown, and THC agrees to assume all such risks.
- D. Indemnification; waiver.** THC shall indemnify, save and hold harmless, release and forever discharge City and its agents and employees from and for any and all losses, claims, actions, judgments for damages, or injury to persons or property and losses and expenses caused or incurred by THC or City in the course of any activity associated with this Agreement not caused by or arising out of the tortious conduct of City, regardless of the manner by which such claim may be brought.
- E. Notices.** Day-to-day communications between THC and the Grant Administrator shall occur by email or phone, as appropriate. All other notices to be provided under this Agreement shall be in writing and addressed as follows:

If to THC:
The Housing Company
P.O. Box 6943
Boise, Idaho 83707-0943

If to City:
City Clerk, City of Meridian
33 East Broadway Avenue
Meridian, Idaho 83642

With copies to:
Red Stone Equity Partners, LLC
Attn: General Counsel & President
90 Park Avenue, 28th Floor
New York, NY 10016
and
Applegate & Thorne-Thomsen, P.C.
Attn: Bennett P. Applegate
425 S. Financial Place, Suite 1900
Chicago, IL 60605

Notices shall be either personally delivered or sent by U.S. mail, postage prepaid. Notice shall be deemed to have been given upon deposit in the U.S. mail, or upon personal delivery to the party above specified.

- F. No waiver.** City's waiver on one or more occasion of any breach or default of any term, covenant or condition of this Agreement shall not be construed as a waiver of any subsequent breach or default of the same or a different term, covenant or condition, nor shall such waiver operate to prejudice, waive, or affect any right or remedy City may have under this Agreement with respect to such subsequent default or breach by THC.
- G. Nondiscrimination.** Both Parties warrant and agree that there shall be no discrimination against any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the granting or expenditure of Funds or any activity

associated with Services.

- H. Applicable law; non-appropriation.** This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho, including, without limitation, Article VIII, Section 3, of the Idaho Constitution and the Idaho Public Records Act, as well as 2 CFR section 200.338. Notwithstanding anything in this agreement to the contrary, City's obligations under this Agreement are subject to and dependent upon appropriations being made by Meridian City Council for such purpose. Throughout the course of this Agreement, THC and each and all of THC's employees, guests, invitees, contractors, and agents shall comply with any and all applicable federal, state, and local laws.
- I. Severability.** If any provision of this Agreement is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remainder of this Agreement shall not be affected.
- J. Amendments.** The parties hereto may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of each party, and approved by City's governing body.
- K. Exhibits.** All exhibits to this Agreement are incorporated by reference and made a part of hereof as if the exhibits were set forth in their entirety herein.
- L. Entire agreement.** This Agreement contains the entire agreement of the parties and supersedes any and all other agreements, agreements, or understandings, oral or written, whether previous to the execution hereof or contemporaneous herewith. No verbal or written inducements to execute this Agreement have been made to THC. In entering into this Agreement, THC relies upon no statement, fact, promise or representation, whether express or implied, written or oral, not specifically set forth herein in writing.
- M. Successors and assigns.** All of the terms, provisions, covenants and conditions of this Agreement shall inure to the benefit of, and shall be binding upon, each party and their successors, assigns, legal representatives, heirs, executors, and administrators.
- N. Advice of attorney.** Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.
- O. Approval required.** This Agreement shall not become effective or binding until approved by the respective governing bodies of both City and THC.
- P. Counterparts.** This Agreement may be executed in counterparts, each taken together with the other counterparts shall constitute one instrument, binding and enforceable against each signatory to any counterpart instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the Effective Date first written above.

THC:

Erin Anderson

Erin Anderson, Director
The Housing Company

CITY OF MERIDIAN:

Attest:

Robert E. Simison, Mayor

Chris Johnson, City Clerk

Exhibit A



The Housing Company

Wood Rose Apartments

Proposal for City of Meridian Financial Participation

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.

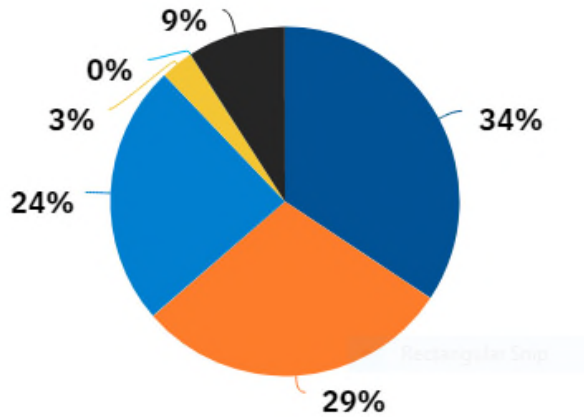
Idaho lost \$670M to foregone spending in 2018 & \$971M in

2020 *Source [National Housing Act of 1937](#) | **Source [Shift](#)

[Research Labs](#)

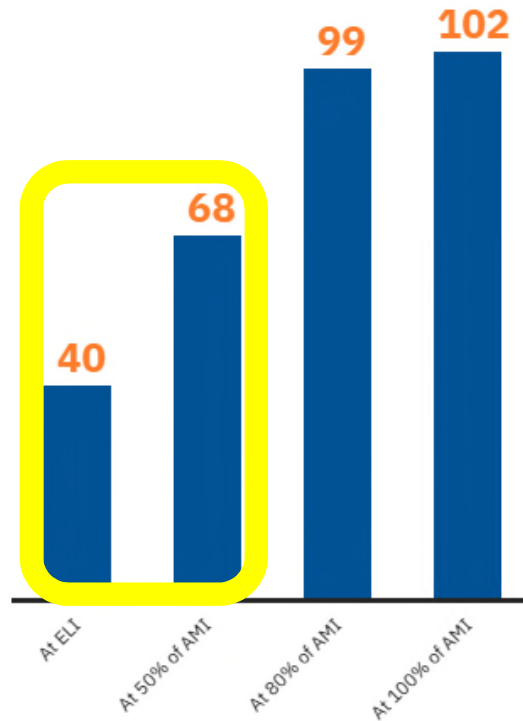
Many local restaurants are closing and one reason is being unable to staff the restaurant because housing costs are too high.

EXTREMELY LOW INCOME RENTER HOUSEHOLDS

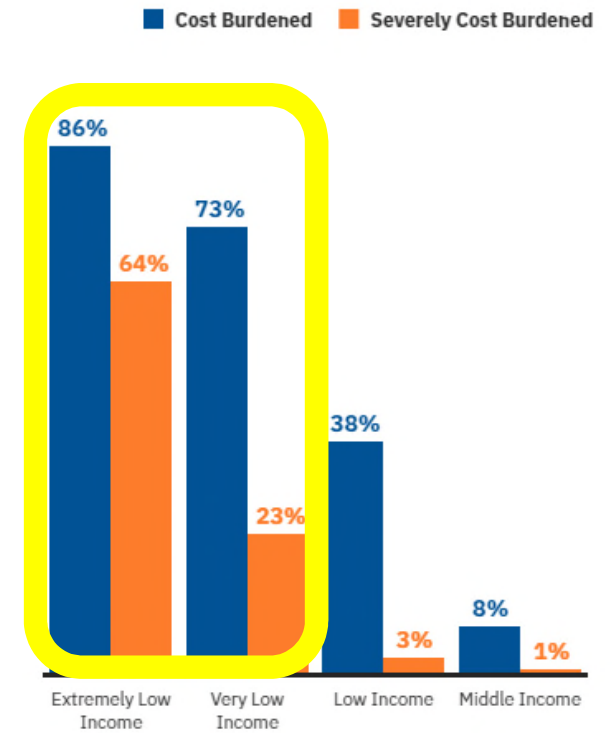


- In Labor Force
- Senior
- Single Caregiver
- Disabled
- School
- Other

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



HOUSING COST BURDEN BY INCOME GROUP



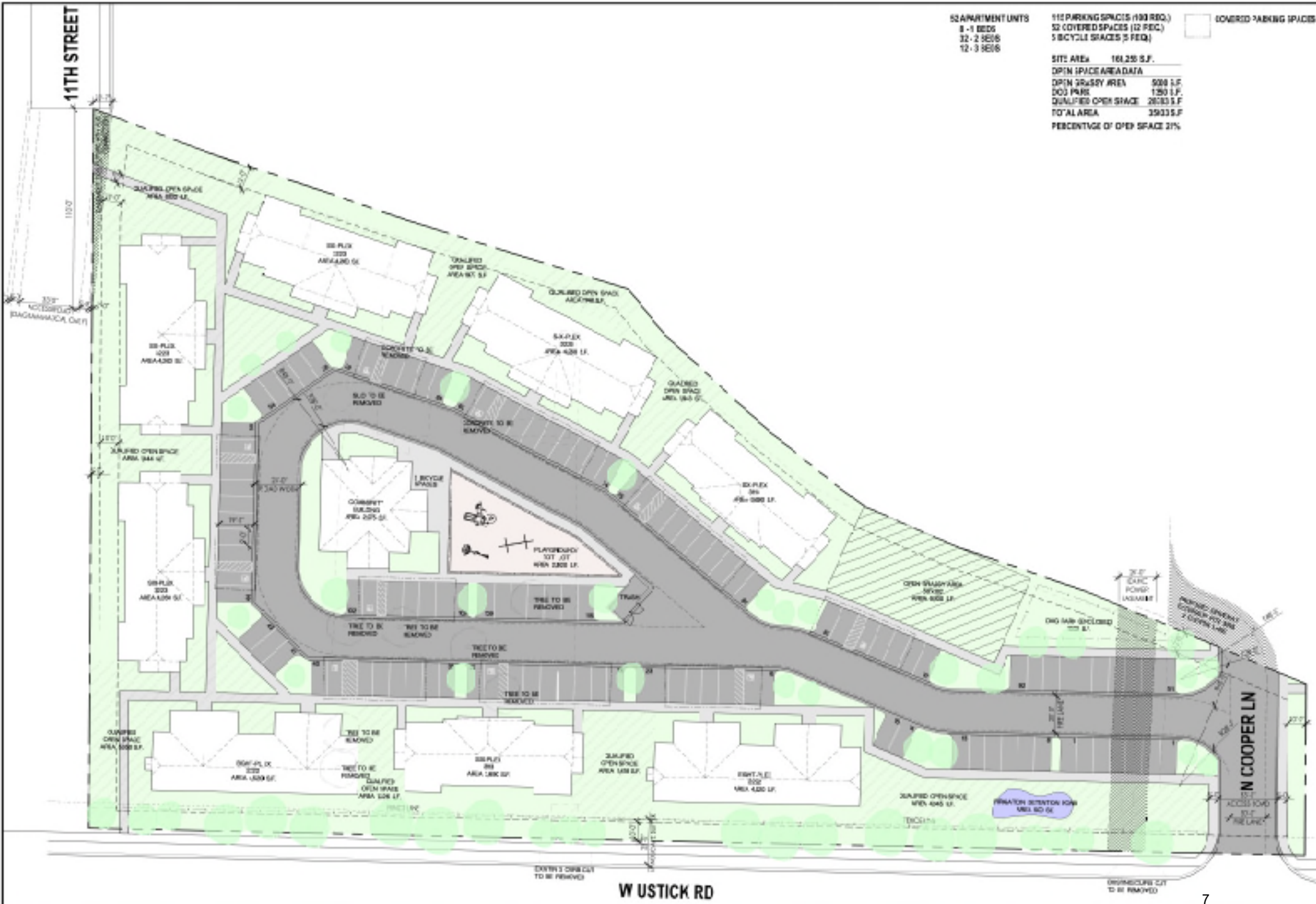
%AMI: 1-30% | 30-50% | 50-80% | 80-120%

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

	<i>Single Person</i>	<i>Single Mother, Two Sons</i>	<i>Three Person Household</i>	<i>Four Person Household</i>
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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



52 APARTMENT UNITS
 8 - 1 BEDS
 22 - 2 BEDS
 12 - 3 BEDS

112 PARKING SPACES (100 REQ.)
 52 COVERED SPACES (12 FEQ.)
 5 BICYCLE SPACES (3 FEQ.)

COVERED PARKING SPACES

SITE AREA: 161,250 S.F.
 OPEN SPACE AREA DATA
 OPEN GRASSY AREA: 5000 S.F.
 DOG PADS: 1,250 S.F.
 QUALIFIED OPEN SPACE: 26,533 S.F.
 TOTAL AREA: 39,333 S.F.
 PERCENTAGE OF OPEN SPACE: 21%

W USTICK RD

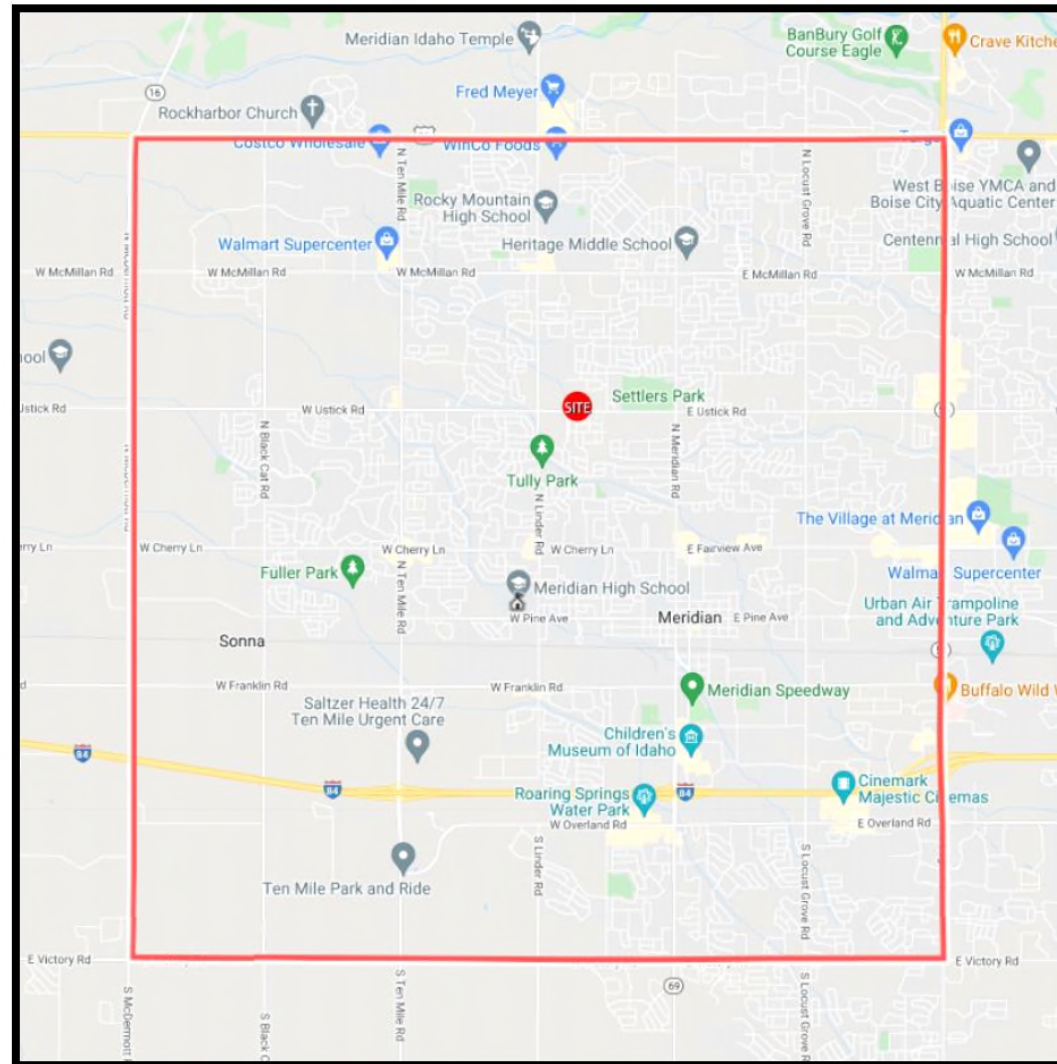
TheHousingCompany

Brought to you by Idaho Housing and Finance Association

HSA 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

<u>UNIT TYPE</u>	<u>UNITS</u>		<u>VACANCIES</u>	
	<u>NUMBER</u>	<u>PERCENT</u>	<u>NUMBER</u>	<u>PERCENT</u>
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

<u>UNIT TYPE</u>	<u>UNITS</u>		<u>VACANCIES</u>	
	<u>NUMBER</u>	<u>PERCENT</u>	<u>NUMBER</u>	<u>PERCENT</u>
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 - "

Project Location

#1 Located within the stated distances from goods, services, or a major employer:

#11 Areas of Opportunity

#14 Located in a city that has not received an allocation of credit in past 5 calendar years

#12 Rehab that includes the use of existing housing as part of a community revitalization plan.

Housing Needs Characteristics

#17 "LIHTC" rental vacancy of 3.00% or less

Project Characteristics

#2 Developments which offer selected amenities

#4 Developments with mix of rent-restricted and market units

#9 Contributions, donations, local government assistance in an amount equal to listed percentages of

#15 Cost Containment

#20 Adjacent 4% & 9% developments developed by same team targeted to 80% AMI or less

Sponsor Characteristics

#5 Sponsor(s) and Developer(s) are residents of Idaho

#10 Program sponsors who have a history of satisfactory LIHTC compliance ratings of their §42

#21 Sponsor(s) and Developer(s) have not received an allocation of competitive LIHTCs in Idaho

#22 Sponsor(s) and Developer(s) have completed projects from LIHTC award through PIS

Tenant populations with special housing needs

#6 Waitlist preference to households that contain one or more members with a handicap

#7 Housing for older persons

#18 Permanent Supportive Housing ("PSH")

#19 Waitlist preference to persons with HUD Veterans Affairs Supportive Housing ("VASH") vouchers

Points Available	Self Score
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Max 5	5
2	2
3	3
1	0
6	6
Max 5	5
2	2
Max 10	6
Max 8	5
3	0
2	2
15	15
2	0
Max 6	6
1	1
3	0
3	3
2	2

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

- 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*.

% of Total Development Cost	Points	
2.00% to 3.99%	2	<input type="radio"/> Choose
4.00% to 5.99%	4	<input type="radio"/> Choose
6.00% to 7.99%	6	<input type="radio"/> Choose
8.00% to 9.99%	8	<input checked="" type="radio"/> Choose
Greater than 10.00%	10	<input type="radio"/> Choose

N/A

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

	Max 10	8
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9% Tax Credit Rent and Income Limits Proposal

Description	Unit	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
		<u>52</u>		\$	\$		\$ 641,292
		0.115385					
							2,736
		VACANCY		#	5%		\$ (32,201)
							<u>\$ 611,827</u>

9% Tax Credit Operating Assumptions

OPERATING EXPENSES:	Cost		% of Total	Annual Expense
	Per Unit	Per Year		
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)
Financing										
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 - HOME		(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

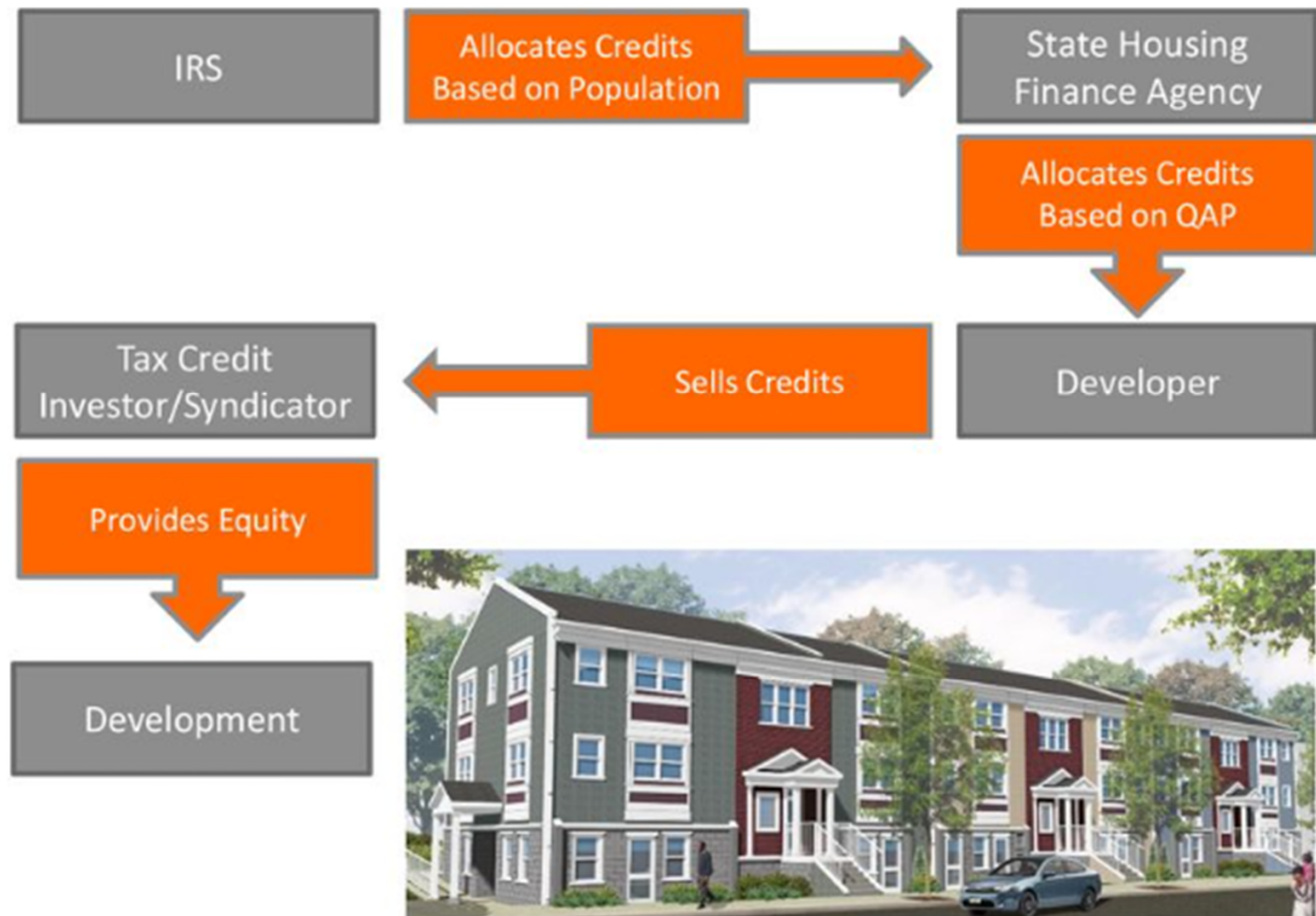
On April 19, 2022 there as a presentation made by City Staff in a Council Work session where one of the strategies presented in a matrix of ideas as a way to address housing needs would be to reduce impact fees for affordable housing developments.

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 10/1/2021)	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				
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
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)		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



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**

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 SOURCES:	AMOUNT
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 SOURCES:	AMOUNT
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.