

# Louisville CARES



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# Louisville Creating Affordable Residences for Economic Success (CARES)

<https://LouisvilleKy.gov/LouisvilleCARES>



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# \$12 Million Revolving Loan Pool

- \$11 million – 750 workforce multifamily units over next two years
- \$1 million – acquisition of land to be used for workforce multifamily housing



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# Flexible Loan Program

- Development can be 100% affordable, or market rate with a portion of affordable units
- Gap financing – \$10,000 minimum/no maximum
- No minimum or maximum interest rate
- No minimum amortization period
- Maximum 30 year amortization period



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# Who Can Apply?

Non-profit and for-profit developers  
of multifamily rental properties for  
households making 80% or less of AMI.



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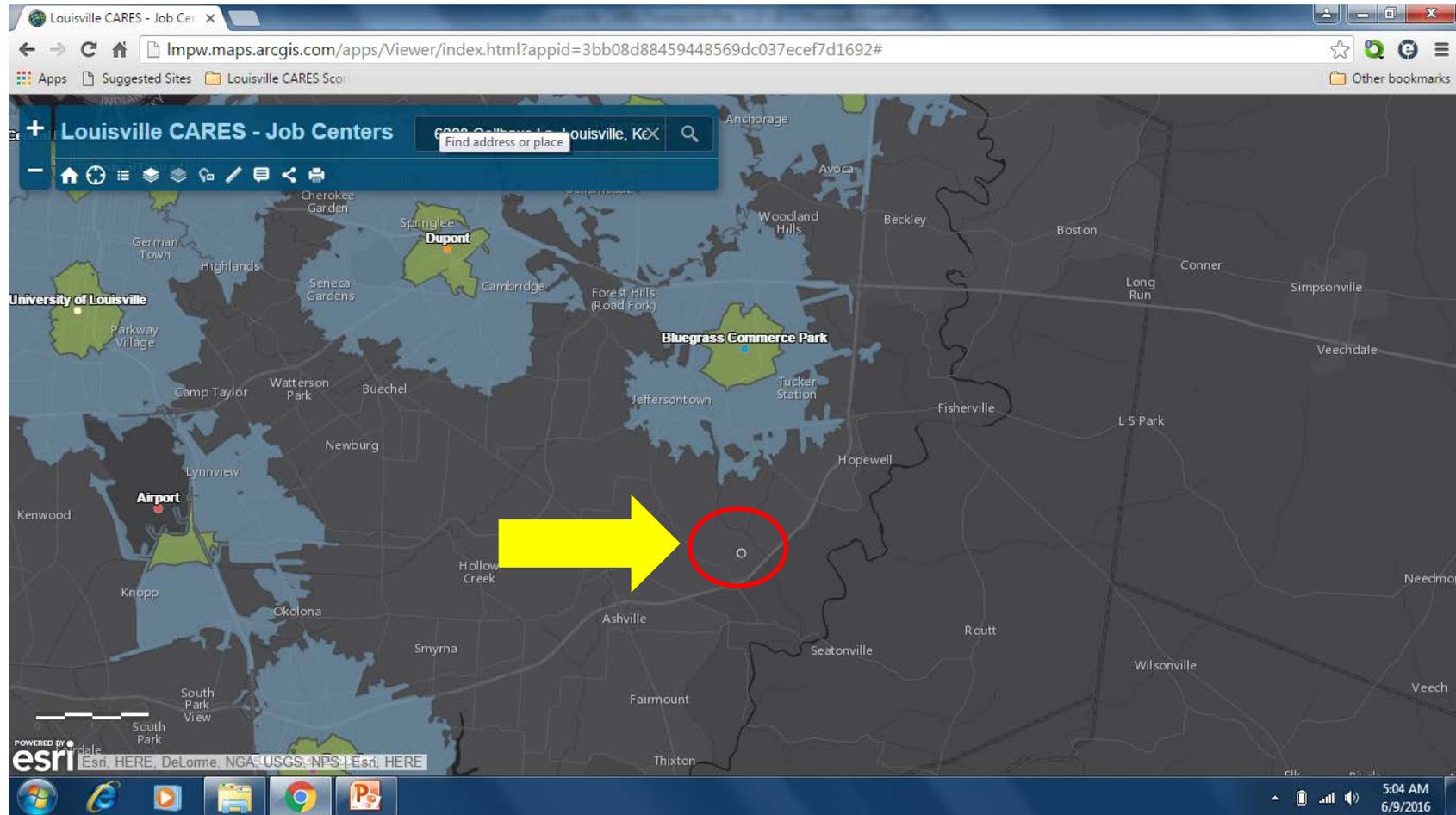
# Scoring

- Non-competitive application
- 60 point minimum threshold Requirement



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# Bristol Bluffs



# Loan Structure

\$35.4 Million Total Development Cost

\$4 Million Louisville CARES Loan

- Portion Amortized over 15 Years at 1% Interest
- Portion Interest Only at 1% Interest for 15 Years with Refinance at Year 15

Other Sources:

Bonds with 4% Tax Credits

Deferred Developer Fee



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# Outcome

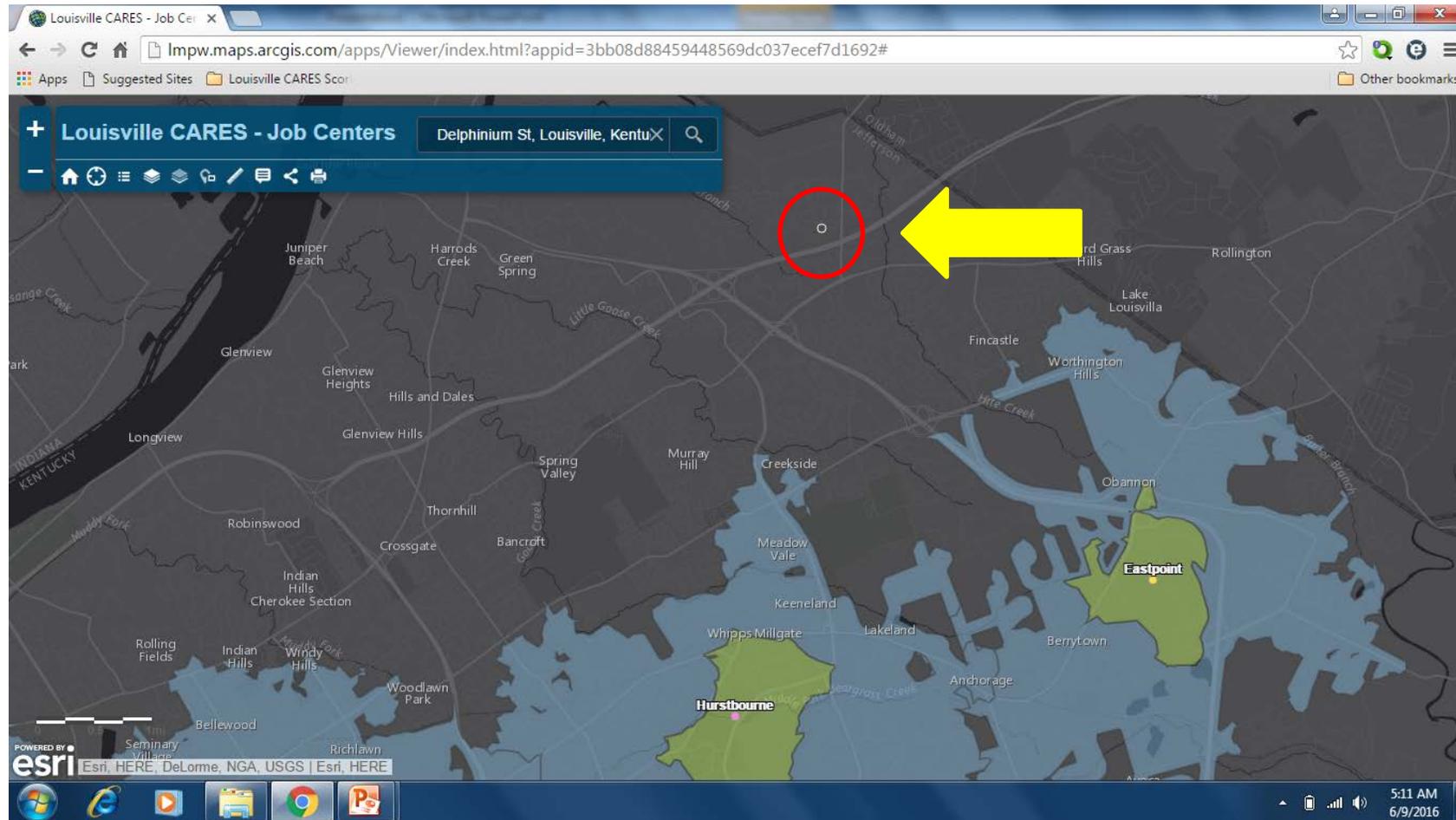
216 Louisville CARES Units

87 – 2 BR	60% AMI
21 – 2 BR	80% AMI
87 – 3 BR	60% AMI
21 – 3 BR	80% AMI



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# The Delphinium



# Loan Structure

\$4.2 Million Total Development Cost

\$1.93 Million Louisville CARES Construction Loan  
1% Interest

Repayment over 4 years from Syndication  
Proceeds

Other Sources:

Bank Construction Loan

Housing Credit Equity



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# Outcome

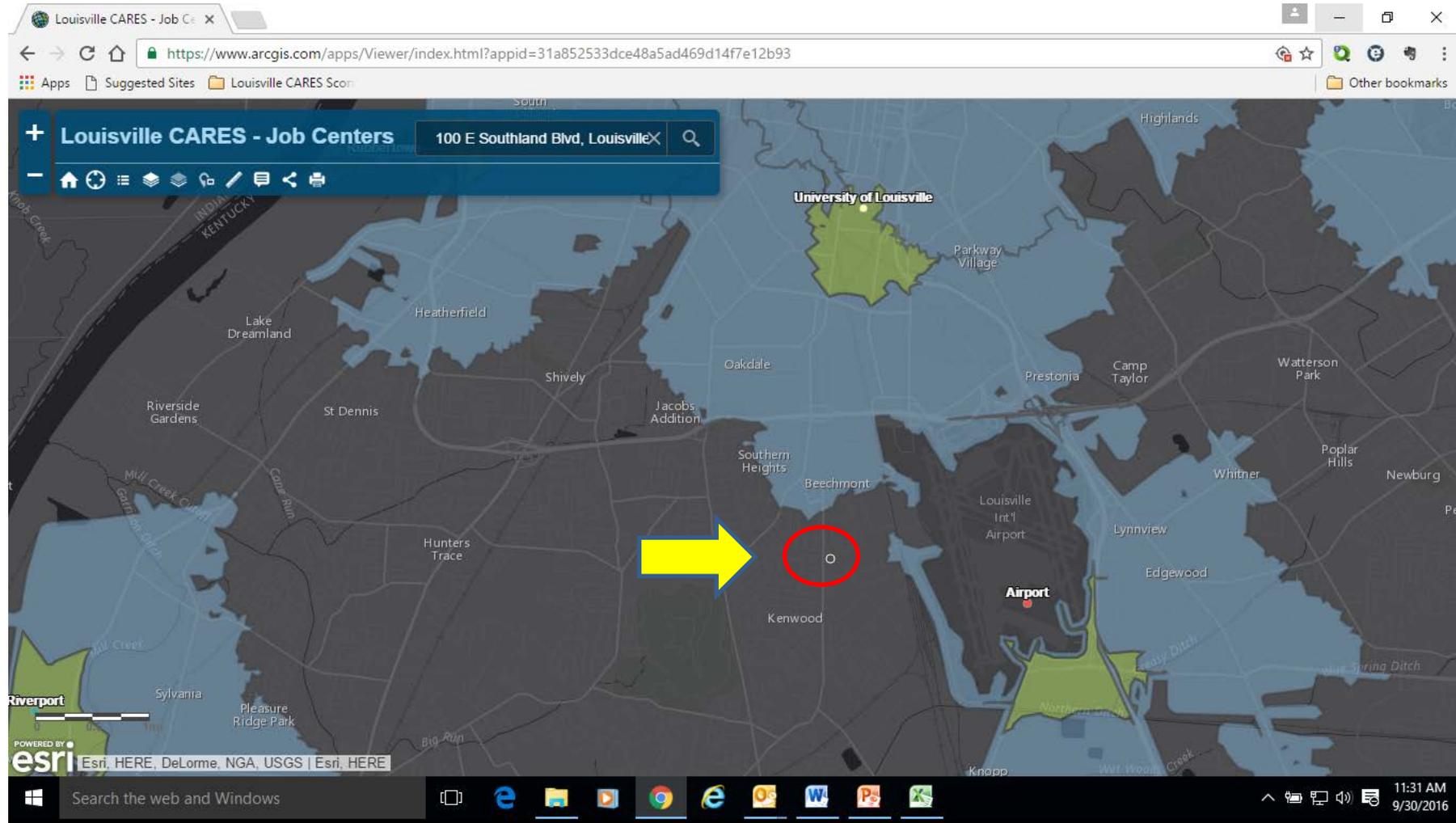
21 Louisville CARES Units

4 – 3 BR	50% AMI
17 – 3 BR	60% AMI



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# Heritage Green



# Loan Structure

\$37.3 Million Total Development Cost

\$2 Million Louisville CARES Loan

1% Interest

Repayment over 7 Years from Cash Flow

Other Sources:

Bonds with 4% Tax Credits

Federal Historic Tax Credits

Deferred Developer Fee



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# Outcome

101 Louisville CARES Units  
560 Total Units

60 – 1 BR	60% AMI
380 – 2 BR	60% and 80% AMI
120 – 3 BR	60% AMI



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GREYSTONE

# Winterwood & Greystone Kentucky Preservation Transaction

Building a Stronger Kentucky

2016 Kentucky Affordable Housing Conference

Affordable Housing Innovation: New Ways of Meeting the Challenge

October 19, 2016

Where People Matter

# Where People Matter

WHAT

Greystone is a **real estate lending, investment and advisory** company.

HOW

We **exceed our customers' expectations**. Our customers' success is our success.

WHY

What matters most is what we do with our success: **make a difference in peoples' lives**.

**REAL ESTATE**

Lending | Investment | Advisory

# Kentucky Preservation Transaction

- Headwinds of Tax-Exempt Bond Preservation Transactions
  - Cost of Issuance
  - Less Equity, 4% versus 9% LIHTCs
  - Funding Gap or Short-fall
  - Often times, additional debt required
    - In general, covers 20 -35% of Total Development Costs

# Kentucky Preservation Transaction



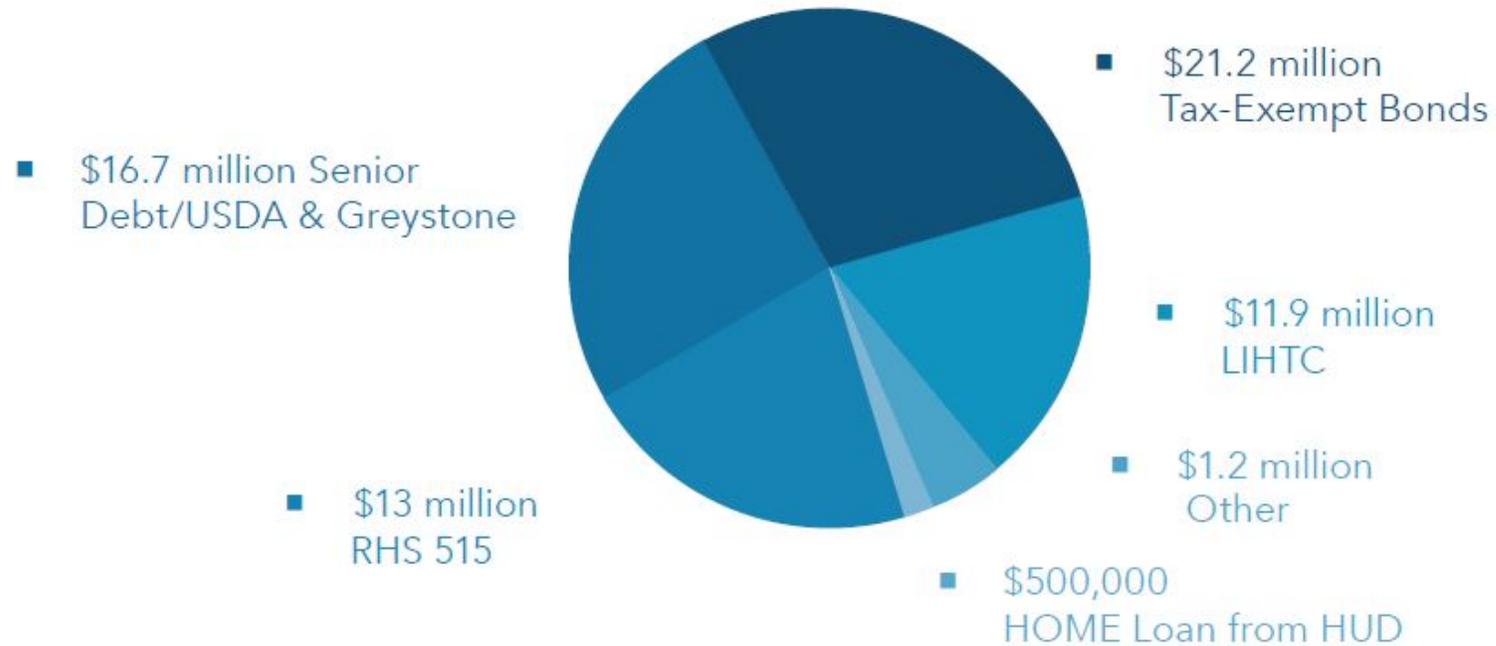
## KENTUCKY AFFORDABLE HOUSING PRESERVATION: BY THE NUMBERS



# Kentucky Preservation Transaction

- 18 Properties / Sites scattered across the Commonwealth of Kentucky
- Located in 14 Counties
- 563 Affordable Apartment Homes
  - On average, 32 units per property

# Kentucky Preservation Transaction



Total \$64.4 million

# Kentucky Preservation Transaction

The **\$64.4 million** deal represents  
**563** units of **30,000**  
that currently need to be rehabilitated in Kentucky.



**253** OUT OF **563**  
APARTMENT UNITS TO GET  
ENERGY INCENTIVES AND REBATES

GOAL TO IMPROVE ENERGY  
EFFICIENCY BY AT LEAST  
**30%**



# Kentucky Preservation Transaction

- Innovative Tools in Kentucky
  - Kentucky Housing Corporation
    - Notice of Funding Availability
      - Competitive Source of Funds for TEB Transactions
        - HOME Funds – Additional Source of Funds
          - \$500,000 Investment
        - Equity Bridge Loan (EBL) - Enhanced Existing Source of Funds
          - \$5,000,000 Investment
  - Energy Rebates & Incentives, LG&E - KU
    - Home Energy Rebates, HER program
      - Proof of Purchase Program
      - Up to \$750 for energy saving qualifying products & appliances
    - Home Energy Analysis Program, HEAP
      - Incentive Payment
      - Up to \$500 for Improved Energy Efficiency

# Kentucky Preservation Transaction

- Keys to Success
  - Available Multifamily Volume Cap
  - Noncompetitive Low Income Housing Tax Credits
  - Additional Funding Sources
    - HOME funds, Energy Rebates
  - Portfolio Concept
    - Fixed Costs, Debt, & Equity
  - Mission Minded Development Partners

GREYSTONE

Thank you

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Where People Matter

# LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AFFORDABLE HOUSING FUND

*Commitment to Preservation*

*Kentucky Affordable Housing Conference 2016*



**LEXINGTON**



## Agenda

- Affordable Housing Fund Preservation Goals
- Ferrill Square Apartments
  - Issues to be Addressed
  - Preservation Plan
  - Results
- Questions



## **Preservation Goals**

- Enhance current stock of affordable housing
- Preserve number of affordable units
  - Several are currently being lost and/or converted to market rate units
- Meet the increasing affordable housing need by converting previously uninhabitable units to units ready for lease



## **Ferrill Square Apartments**

- **Property Overview**
  - Adaptive re-use of historic school building
  - 58 units for elderly and/or disabled
  - Non-profit owner
  - Housing credits and Risk Sharing loan
  - Rental assistance available
  - Housing units in existence for 16 years
  - Property aging and in need of rehab
  - Financial concerns



## **Ferrill Square Apartments**

- Issues to be Addressed
  - Increased maintenance and utility costs
  - Inefficient HVAC system
  - Leaking roof
  - Rotting windows
  - Code violations
  - Cash shortfalls



## **Ferrill Square Apartments**

- Preservation Plan
  - Capital needs assessment
  - Grant and loan funds
  - Reduction in annual debt service



## **Ferrill Square Apartments**

- **Results**
  - Improvements to building and units
  - Energy efficient HVAC system and windows
  - Additional cash flow
    - Pay liabilities in arrears
    - Fund future maintenance requirements
  - Development will continue to serve needs of the community

**Questions?**



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