

The Flavors of Preservation

Preserving Rental Assistance for the Community

GMD Development, LLC

Bridging The Gap Housing Conference

June 10, 2015





SUMMARY

- Utilizing portfolio approach to access 4% Tax Credits through Tax Exempt Bonds to create a larger transaction and preserve smaller properties.
- Preserving the Section 8 Rental Assistance by extending the contract and long term affordable housing minded ownership. “Right Size” S8 contract rents.
- Utilize Energy Credit (Solar PV and Solar Thermal) for as a funding source and operational savings to leverage (set to expire end of 2016).
- RE Tax reduction enables larger first mortgage leverage.
- With Tax Exempt Bonds always need some other “special ingredient” -
 - DDA/QCT Reserves Gap Sources Seller Note
- Can achieve selective “grid” renovation of interior units and some major systems starting at \$35-\$40,000 per unit.



PORTFOLIO I - MT2

OVERVIEW

- Two existing affordable housing properties comprising a total of 100 units, Rainbow House (40 units senior) and Silver Bow Village (60 units family), located in Great Falls and Butte, MT.
- The transaction will include the acquisition, renovation and preservation of these units.
- The properties were originally developed under HUD programs in 1977 and 1981.
- They currently benefit from project based Section 8 rental assistance contracts administered by HUD.

DEVELOPMENT TEAM

The project Sponsors, Developers and General Partners will be GMD Development of Seattle, WA in partnership with Homeword of Missoula, MT.



Financing

FUNDING STRUCTURE:

- Both properties will be under same ownership Tax Credit partnership, and one Tax Exempt Bond Issuance
- Can utilize tax credit equity “fluidly” between projects, but loan is per property.



SOURCE AND USE

SOURCES & USES			
DEBT	As a %	Total	Per Unit
Glacier TE Bonds (4.53%, 30 yr amort, 1.29884614644501 DSCR)	56.5%	\$4,889,000	\$48,890
Non-Profit Tax Exempt Note (3.06%, 30 yr amort)	9.8%	\$850,713	\$8,507
Deferred Developer Fee (5.00%)	3.9%	\$340,669	\$3,407
EQUITY			
Net Investor Equity @ \$0.855	24.3%	\$2,106,882	\$21,069
Replacement Reserves (from Seller)	0.0%	\$0	\$0
NOI During Construction	4.3%	\$370,999	\$3,710
Solar Credit Equity @ \$0.80	1.2%	\$101,148	\$1,011
TOTAL SOURCES	100.0%	\$8,659,411	\$86,594
USES OF FUNDS	As a %	Total	Per Unit
Acquisition - Land and Buildings	35.8%	\$3,100,000	\$31,000
Construction - Hard	37.6%	\$3,253,498	\$32,535
Construction - Soft	2.4%	\$204,514	\$2,045
Third Part Reports	0.8%	\$73,347	\$733
Lender Financing Costs	2.4%	\$203,800	\$2,038
Bond Cost of Issuance	0.5%	\$45,988	\$460
Construction Period Interest	1.8%	\$158,500	\$1,585
Soft Costs	4.3%	\$373,693	\$3,737
Reserves	4.2%	\$367,987	\$3,680
Developer Fee	10.1%	\$878,083	\$8,781
TOTAL USES	100%	\$8,659,411	\$86,594



PORTFOLIO II – MT3

Glacier Ridge Apartments

520 2nd Street SW
Cut Bank

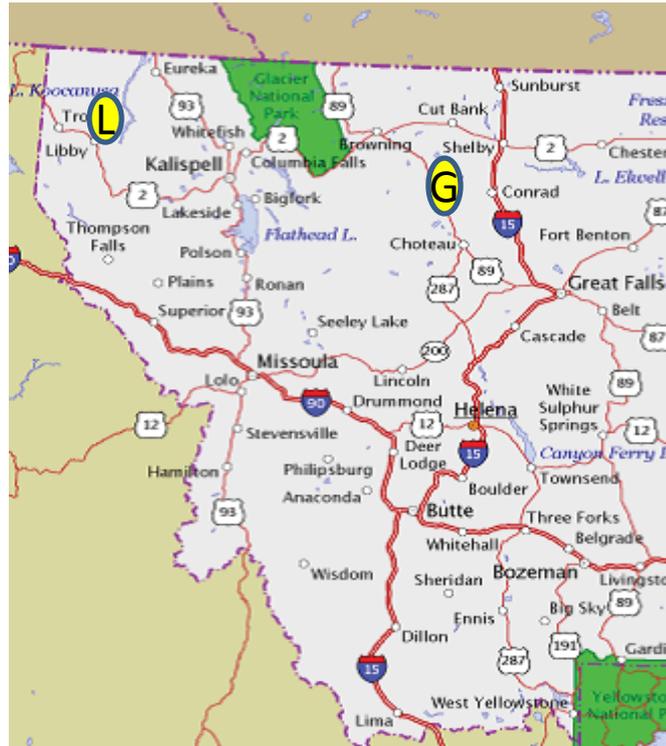
36 units
Family Housing

Libby I and II Apartments

711 Commerce Way
Libby

24 and 30 Units
Family Housing

TOTAL OF 90 UNITS





MT3 Project Description

OVERVIEW

- Glacier Ridge and Libby I and II are three existing affordable housing properties comprising a total of 90 units.
- The transaction will include the acquisition, renovation and preservation of these units under one ownership entity and financing plan.
- The properties were originally developed under USDA-RD and HUD programs.
- They currently benefit from project based HUD Section 8 and USDA RD rental assistance contracts covering 100% of the units. The HUD contract will be extended to a 20 year term, the RD rental assistance can only be renewed annually.
- Financing plan incorporates Tax Exempt Bonds, 4% Tax Credits (DDA 130%), Energy Credits, RD 515 Loan Assumption, Replacement Reserves and Deferred Developer Fee.