

HOUSING WITH SERVICES: FINANCING AND STRUCTURING

California Housing Consortium

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TOPICS

- Inconsistent Requirements
- Physical Space
- Lender Security
- Investor Issues



INCONSISTENT REQUIREMENTS

- Age, Disability, Health
- Income Eligibility
- Double Diagnosis
- Housing Status, Homelessness
- Payment Amount and Sources
- Tie of Housing and Services
- Availability to General Public



SPACE FOR SERVICES

- Leased Space
- Subdivided Space
- Shared Multi-Use Space

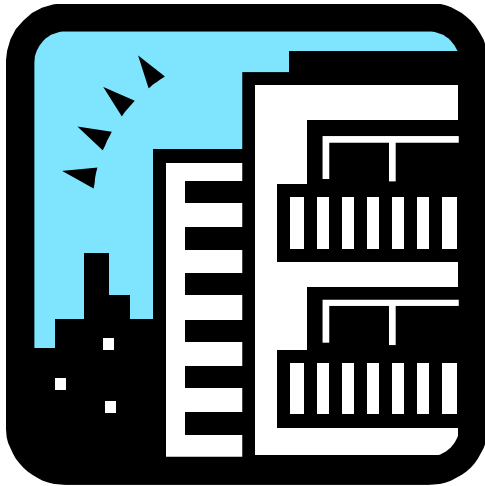


LEASED SPACE

- How to describe boundaries and common areas
 - ▣ Text or Drawing
- Access and Security
 - ▣ Physical Barriers or Guidance
- Lease Payments
 - ▣ Prepaid, Deferred, Nominal



SUBDIVIDED SPACE



- Vertical Subdivision
- Adjoining Horizontal Parcels
- CC&Rs or Reciprocal Easements
- Owner's Association

LENDER SECURITY

- Underwriting separate risks and income streams
 - Below market rents for housing and/or rent assistance payments
 - Services funded by public subsidy or reimbursements
- Separate funders each want own Security
 - Deeds of Trust
 - Security interest in income stream



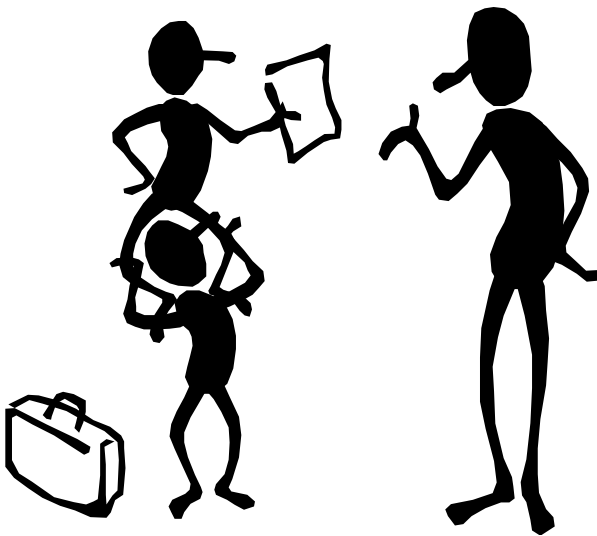
PRIORITY AMONG LENDERS

- Difficulty of agreeing to subordination
- Conflicting program standards and requirements



INVESTOR ISSUES

- ❑ LIHTC investors want only housing units and exclusive common area
- ❑ Historic credits based on whole building
- ❑ Solar credits based on solar installation
- ❑ New Markets credits based on financing structure of whole facility



INVESTOR UNDERWRITING

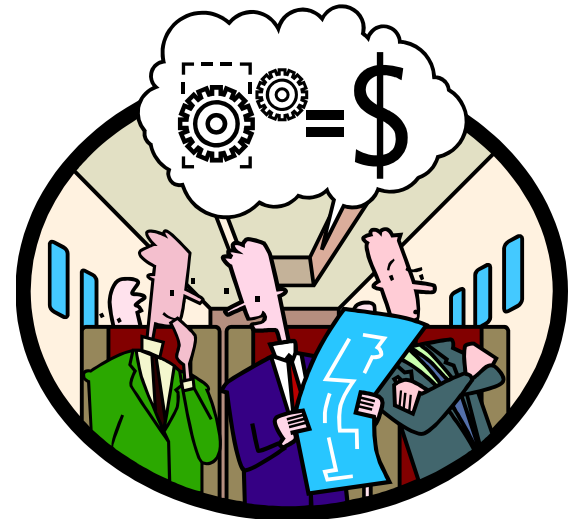
- Similar to lender concerns for LIHTC
- Historic and Solar Credits rely more on spending than operations
- New Market Credits have high transaction costs, housing not very useful, recent case



COORDINATION AND TIMING

- Identify uses and funding sources

- Get agreement on structure
 - ▣ Physical set-up
 - ▣ Separate or combined financing
 - ▣ Program requirements
 - ▣ Funding deadlines



CONTACT INFORMATION

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