

# NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

**Deadline: Wednesday, June 15, 2016**

Visit [ncsha.org/awards](http://ncsha.org/awards) to view the Annual Awards Call for Entries.

**Instructions:** Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact [awards@ncsha.org](mailto:awards@ncsha.org) or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name:** \_\_\_\_\_

**HFA:** \_\_\_\_\_

**Submission Contact:** (Must be HFA Staff Member) \_\_\_\_\_ **Email:** \_\_\_\_\_

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

\_\_\_\_\_

Use this header on the upper right corner of each page:

**HFA:** \_\_\_\_\_

**Entry Name:** \_\_\_\_\_

\_\_\_\_\_

**Select the appropriate subcategory of your entry and indicate if you are providing visual aids.**

<b>Communications</b>	<b>Homeownership</b>	<b>Legislative Advocacy</b>	<b>Management Innovation</b>
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
<b>Rental Housing</b>	<b>Special Needs Housing</b>	<b>Special Achievement</b>	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

## **Overview**

Winterwood Kentucky Portfolio was a scattered-site, multiple county portfolio transaction that rehabbed/preserved 18 existing Rural Development affordable housing projects consisting of 109 buildings and 563 units of affordable housing. The existing 18 projects were originally financed with RD 515 loans. In the structure of the transaction, 6 of the 18 projects were consolidated into 3 projects using a Tax Exempt Bond (TEB) with 4 percent Low Income Housing Tax Credit (LIHTC) transaction, including Kentucky Housing Corporation (KHC) Equity Bridge Loan financing and a HOME Investment Partnerships Program (HOME) loan.

## **The Need**

Kentucky, like many states, has identified a tremendous need for the preservation of affordable housing. Across the state, thousands of apartments for low- and moderate-income households have been built by the private sector using federal, state, and local resources. Many were built 20-30 years ago, and the restrictions keeping rents affordable have or will soon expire. Other properties are simply old and need repairs or renovation. In just over five years, KHC estimates the Commonwealth will have 49,000 at-risk affordable units.

## **Response to the Need**

Given the oversubscription of the tax credit cap, what can be done with current resources is limited. KHC has a great deal of bond cap available to be used for private activity bonds with 4 percent tax credits. However, the economies of scale of this financing tool make it a difficult tool to utilize for a rural project. By creating a portfolio of multiple rural projects, the economies of scale is met and make the bond with 4 percent tax credits feasible for rural preservation.

## **Innovative**

This effort was innovative by allowing such economies of scale to work in a rural context. By packaging this number of projects scattered throughout the Commonwealth into one TEB with 4 percent LIHTC, it shows how preservation of affordable housing units can be accomplished in markets that previously could not utilize the TEB with 4 percent LIHTC.

The Equity Bridge Loan is an innovative new loan product for KHC, which allows developers to get more equity contribution for the LIHTC awarded to projects, by providing construction financing that bridges the equity contributions from the investor and limited partners, and allows for better syndication pricing and enhancing the amount of equity for the project.

Finally, the structure of the financing was unique in that all loan proceeds were drawn down immediately and placed with a trustee, who is responsible for accepting draw requests, relaying the draw requests to the appropriate lender for approval and processing draw requests upon approval by

the respective lenders. This structure allowed for the loan proceeds to serve as collateral in the transaction and simplified/streamlined the draw process for the developer.

### **Replicable**

This transaction could be done by other HFAs; however, it is extremely complex and requires excellent partners, e.g. syndicator, developer, etc. The developer must either already own the properties making up the portfolio or be able to acquire such properties. Greystone Affordable Housing Inc. was an integral partner in the transaction along with CAHEC, as the syndicator. The developer, Winterwood Inc., was also vitally important. Failure of any one party to fulfill its part of the transaction would have resulted in the transaction not being possible.

### **Results**

KHC granted \$21,175,000 of bonding authority to the project, which created \$1,359,840 of 4% housing credits, and made a \$500,000 HOME loan to the project. In addition, KHC made a \$5,000,000 equity bridge loan to the developer, which delayed the equity contribution from the investors to increase pricing on the tax credits and created funds to collateralize other financing for the deal.

In total, 18 projects were preserved, including 109 buildings and 563 units of rural affordable rental housing.

### **Additional Materials**

[Press Release](#)