Preservation of Affordable Housing (POAH) Capitalizing on Preservation Opportunities





Preservation Acquisitions – Key Issues



- 2-stage transactions separate acquisition & rehab closings
- Hold while securing competitive resources / structuring rehab deal
- Addressing capital needs during hold period
- Rehab deal repays acquisition financing, incl. IOI loans/equity



Preservation Acquisitions – Seller Issues



- Can't build our way out of the affordable housing crisis
- High pricing / low cap rates in many markets – but still cheaper than building new
- Negative perceptions of exiting owner can undermine worthy preservation efforts
- So can preference for inplace owner, or local/in-state



Preservation Acquisitions – Capital Needs



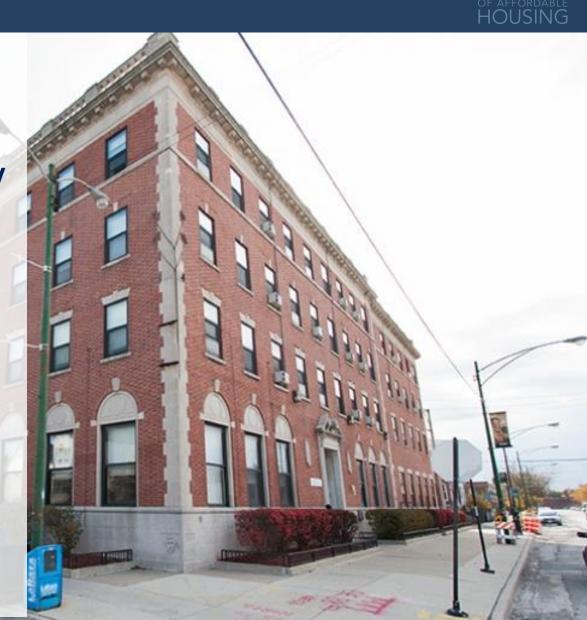
- Good due diligence is key especially for 2-stage pres transactions
- Envelope & major systems are first priority in rehab scope
- Use rehab to control longterm opex / R4R needs
- Green QAP scoring good /
 Rigid design guidelines bad



Preservation Acquisitions – Resident Issues



- Existing resident
 populations constrain
 new set-aside priorities /
 implement on turnover
- Average Income to capture 60-80AMI in basis (don't exclude mixed-income sites)
- AHCIA's grandfathering expansion will help



Preservation Acquisitions – Emerging Issues



- Now: RAD for S.202 PRAC properties
- Soon: Wave of RD/515 expirations
- Next: LIHTC Year30 expirations

