

## Habicht, Kelli

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**From:** Carbo, Tom  
**Sent:** Sunday, April 12, 2015 8:08 PM  
**To:** Feldmark, Jessica  
**Cc:** Casey, Paul K. (Balt); Paul, Samit  
**Subject:** Materials for Council Meeting with CDHC  
**Attachments:** Financing Scenarios - Summary.docx; CDHC Financing Scenarios 4.13.15.xlsx; MC Rent Survey 1.5.15.xlsx

Hi Jessica,

Please find attached the final versions of the Financing Scenarios Summary and spreadsheets for tomorrow morning's meeting. I will be bringing 12 copies of these documents.

I have also attached, per Mary Kay's suggestion, a chart put together by our staff of 27 high-rise apartments in Montgomery County that successfully integrate both market rate and MPDU rental units.

Tom

Thomas P. Carbo  
Director  
Howard County Housing  
6751 Columbia Gateway Drive  
Columbia, Maryland 21046  
410-313-6318  
[tcarbo@howardcountymd.gov](mailto:tcarbo@howardcountymd.gov)

## Downtown Columbia Affordable Housing Financing Options

The following is a summary of potential financing options for affordable housing in downtown Columbia. The options assume the use of the Downtown Columbia Housing Fund (estimated at \$35 million) or, if the Fund is eliminated, a contribution from developers in the same amount per affordable unit. Attached is a spreadsheet detailing the financing scenarios.

1. Rental Subsidies: If the Downtown Columbia Housing Fund is used to provide rental subsidies for the next 30 years, it could subsidize the difference between market rents and MIHU rents (60% of HCMI) for **only 2.5% (117 units)** of the remaining units to be built in downtown (see Tab 2).
2. Capital Investments: If the Downtown Columbia Housing Fund is used to make capital investments in each market rate residential development, the investment could result in about **7.67%** of the units rented as MIHUs (60% of HCMI), or about **359 units** (see Tab 3).
3. Leveraging LIHTC/State/County Funds: If the Downtown Columbia Housing Fund is used to make capital investments in mixed-income residential developments, leveraged by available LIHTC, State, and County funds, the Fund is sufficient to create **at least 15%** of the units **at below MIHU income levels** (see Tabs 4 & 5).
4. "Sawtooth Condominium" Strategy: Using a condominium structure, the Howard County Housing Commission would purchase 15-20% of the units within each development upon completion of construction. HCHC would finance the purchase with either 9% or 4% Low Income Housing Tax Credits (LIHTCs) and funds from the Downtown Columbia Housing Fund. Leveraged in this manner, the Fund is sufficient to create **more than 15%** of the units **at below MIHU income levels** (see Tab 6).

## Conventional Project

### Assumptions:

Total Units in Development	300	Average unit sf	1100
Total Development Cost (including land)/Unit	\$265,000	average market \$/sf	\$ 2.00
Annual Operating Expenses as % of income	25%		
loan amount as % of TDC	70%		

Total Development Cost	<u>Total</u>	<u>Per Unit</u>
	\$ 79,500,000	\$ 265,000

Annual Operating Expenses	\$ 1,841,400	\$ 6,138.00
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Income	Unit types	# units	sf/unit	\$/sf	gross rent	utility allowance	contract rent	monthly	annual
	market	300	1100	\$ 2.00	\$ 2,200		\$ 2,200	\$ 660,000	\$ 7,920,000
	total	300						\$ 660,000	\$ 7,920,000
								vacancy (7%)	\$ 554,400
								income	\$ 7,365,600

NOI	\$ 5,524,200
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Sources	loan	\$ 55,650,000
	equity	\$ 23,850,000
	<b>TOTAL</b>	<b>\$ 79,500,000</b>

### Loan Calc:

dscr	1.69
debt serv	\$ 3,269,320 \$4.5%, 30yr
In amt	\$ 55,650,000

Cash Flow	NOI	\$ 5,524,200
	Debt Service	\$ (3,269,320)
	cash flow	\$ 2,254,880
	cash on cash	9.45%

# Rental Subsidy

<u>Assumptions:</u>		
Trust Fund - total (30 years)		\$35,000,000
total units		4,683
market rent/month	\$	2,200
MIHU (60%) rent/month	\$	1,357
monthly subsidy needed/unit	\$	843
annual subsidy needed/unit	\$	10,116

<u>% of units subsidized</u>	<u># units subsidized</u>		<u>one year of subsidy</u>		<u>30 years of subsidy</u>
15%	703	\$	7,111,548	\$	213,346,440
10%	469	\$	4,744,404	\$	142,332,120
5%	235	\$	2,377,260	\$	71,317,800
2.5%	118	\$	1,193,688	\$	<b>35,810,640</b>

## Conventional project using capital investment from Fund only

### Assumptions:

Total Units in Development	300	Trust Fund - total	\$35,000,000
Total Development Cost (including land)/Unit	\$265,000	total units	4,683
Annual Operating Expenses	same as conv	funds/unit	\$ 7,474
loan amount as % of TDC	70%	funds from project	\$2,242,152

<b>Total Development Costs</b>	<b>Total</b>	<b>Per Unit</b>
	\$ 79,500,000	\$ 265,000

<b>Annual Operating Expenses</b>	\$ 1,841,400	\$ 6,138.00
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Income	Unit types	# units	% of units	sf/unit	\$/sf	gross rent	utility allowance	contract rent	monthly	annual
	market	277	92%	1100	\$ 2.00	\$ 2,200		\$ 2,200	\$ 609,400	\$ 7,312,800
	MIHU (60%)	23	7.67%			\$ 1,478	\$ 121	\$ 1,357	\$ 31,211	\$ 374,532
	<b>total</b>	<b>300</b>							<b>\$ 609,400</b>	<b>\$ 7,687,332</b>
									<b>vacancy (7%)</b>	<b>\$ 538,113</b>
									<b>income</b>	<b>\$ 7,149,219</b>

<b>NOI</b>	\$ 5,307,819
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<b>Loan Calc:</b>	
dscr	1.62
debt serv	\$ 3,269,320 \$4.5%, 30yr
ln amt	\$ 55,650,000

<b>Sources</b>	loan	\$ 55,650,000
	return of fees	\$ 2,242,152
	equity	\$ 21,607,848
	<b>TOTAL</b>	<b>\$ 79,500,000</b>

<b>Cash Flow</b>	NOI	\$ 5,307,819
	Debt Service	\$ (3,269,320)
	cash flow	\$ 2,038,499
	cash on cash	9.43%

# 60/40, 4% LIHTC w/PHRP

## Assumptions:

Total Units in Development	300	Trust Fund total	\$35,000,000	aff %	15%
Total Development Cost (includ	\$265,000	total units	4,683	aff units	702.45
Annual Operating Expenses	same as conv	funds/unit	\$ 7,474	funds/aff unit	\$49,825.61
land cost/unit	\$ 50,000	funds from proj	\$2,242,152	funds to project	\$ 5,979,073

Development Costs	Total	Per Unit
Total Units	300	
Vertical Construction	\$ -	
Sitework	\$ -	
Builder's OH, Profit, GR	\$ -	
Soft Costs & Financing	\$ -	
<b>HH Total Development Costs</b>	<b>\$ 75,000,000</b>	<b>\$ 250,000</b>
Developer Fee 15%	\$ 2,500,000	\$ 37,500
HC financing costs	\$ 2,013,774	\$ 6,712.58
<b>Total Development Cost</b>	<b>\$ 79,513,774</b>	<b>\$ 265,045.91</b>

<b>Annual Operating Expenses</b>	<b>\$ 1,841,400</b>	<b>\$ 6,138.00</b>
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Income	Unit types	# units	% of units	gross rent	utility allowance	contract rent	monthly	annual
	makt	180	60%	\$ 2,200	\$ -	\$ 2,200	\$ 396,000	\$ 4,752,000
	LIHTC - 2bdrm	86	29%	\$ 1,015	\$ 121	\$ 894	\$ 76,901	\$ 922,814
	LIHTC/Pship - 2bdr	34	11%	\$ 896	\$ 121	\$ 775	\$ 26,333	\$ 315,996
	<b>total</b>	<b>300</b>					<b>\$ 499,234</b>	<b>\$ 5,990,810</b>
							<b>vacancy (7%)</b>	<b>\$ 419,357</b>
								<b>\$ 5,571,454</b>

<b>NOI</b>	<b>\$ 3,730,054</b>	<b>49%</b>
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Sources	Amount	Notes
LIHTC	\$ 7,073,160	
bond loan	\$ 58,438,721	
RHW	\$ 2,500,000	
Partnership	\$ 2,500,000	
return of fees	\$ 5,979,073	
Co/HCHC contr	\$ 1,700,000	(required by PRHP)
gap	\$ 1,322,821	\$ 11,023.51 per unit
<b>TOTAL</b>	<b>\$ 79,513,774</b>	

Cash Flow	Amount	Notes
NOI	\$ 3,730,054	
Debt Service	\$ (3,243,525)	
cash flow	\$ 486,529	
cash on cash	8.14%	plus developer fee

Loan Calc:	Value
dscr	1.15
debt serv	\$ 3,243,525
In amt	\$ 58,438,721

LIHTC Calc:	Value	not in basis:	Value
basis	\$ 57,986,226	land	\$ 15,000,000
app fract	40%	legal	\$ 125,000
qual basis	\$ 23,194,490	marketing	\$ 75,000
credit rate	3.21%	financing	\$ 270,000
ann credit	\$ 744,543	syndication	\$ 35,000
total credits	\$ 7,445,431	op reserve	\$ 140,000
price	\$0.95	rentup reserve	\$ 150,000
equity	\$ 7,073,160	bond issue cost (2%)	\$ 1,168,774
		other	\$ 50,000
		<b>TOTAL</b>	<b>\$ 17,013,774</b>

## 40/60, 9% LIHTC

### Assumptions:

Total Units in Development	300	Trust Fund total	\$35,000,000	aff % goal	15%
Total Development Cost (including land)/Unit	\$265,000	overall units	4,683	overall aff units	702.45
Annual Operating Expenses	same as conv	funds/unit	\$ 7,474	funds/aff unit	\$49,825.61
land cost/unit	\$ 50,000	funds from project	\$2,242,152	funds to project	\$ 5,979,073

Development Costs	Total	Per Unit
Total Units	300	
Vertical Construction	\$ -	
Sitework	\$ -	
Builder's OH, Profit, GR	\$ -	
Soft Costs & Financing	\$ -	
<b>Total Development Costs</b>	<b>\$ 76,200,000</b>	<b>\$ 254,000</b>
Developer Fee 15%	\$ 2,500,000	\$ 38,100
LIHTC financing costs	\$ 845,000	\$ 2,816.67
<b>Total Development Cost</b>	<b>\$ 79,545,000</b>	<b>\$ 265,150.00</b>

Annual Operating Expenses	\$ 1,841,400	\$ 6,138
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Income	Unit types	# units	% of units	gross rent	utility allowance	contract rent	monthly	annual
	market	180	60%	\$ 2,200	\$ -	\$ 2,200	\$ 396,000	\$ 4,752,000
	LIHTC - 2bdrm	120	40%	\$ 1,015	\$ 121	\$ 894	\$ 107,304	\$ 1,287,648
	<b>total</b>	<b>300</b>					<b>\$ 503,304</b>	<b>\$ 6,039,648</b>
							vacancy (7%)	\$ 422,775
								<b>\$ 5,616,873</b>

NOI	\$ 3,775,473	49%
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Sources	LIHTC	FHA loan	return of fees	Co/HCHC contr	gap	TOTAL
	\$ 17,361,719	\$ 59,150,299	\$ 5,979,073		\$ (2,946,092)	\$ 79,545,000
						\$ (24,550.76) per unit

Loan Calc:	
dscr	1.15
debt serv	\$ 3,283,020
In amt	\$ 59,150,299

LIHTC Calc:	not in basis:
basis	land
\$ 60,355,000	\$ 15,000,000
app fract	legal
40%	\$ 125,000
qual basis	marketing
\$ 24,142,000	\$ 75,000
credit rate	financing
7.57%	\$ 270,000
ann credit	syndication
\$ 1,827,549	\$ 35,000
total credits	op reserve
\$ 18,275,494	\$ 140,000
price	rentup reserve
\$0.95	\$ 150,000
equity	other
\$ 17,361,719	\$ 50,000
	<b>TOTAL</b>
	<b>\$ 15,845,000</b>

Cash Flow	NOI	Debt Service	cash flow	cash on cash
	\$ 3,775,473	\$ (3,283,020)	\$ 492,453	16.24% plus developer fee

## Sawtooth, 9% LIHTC

### Assumptions:

Total Units in Development	300	Trust Fund total	\$35,000,000	aff % goal	15%
Total Development Cost (including land)/Unit	\$265,000	overall units	4,683	overall aff units	702.45
Annual Operating Expenses	same as conv	funds/unit	\$ 7,474	funds/aff unit	\$49,825.61
land cost/unit	\$ 50,000	funds from project	\$2,242,152	funds to project	\$ 2,242,152
Units to be Purchased by HCHC (15%)	45				

### Development Costs

	Total	Per Unit
Total Units		45
Vertical Construction	\$ -	
Sitework	\$ -	
Builder's OH, Profit, GR	\$ -	
Soft Costs & Financing	\$ -	
<b>Total Development Costs/Purchase Price</b>	<b>\$ 11,925,000</b>	<b>\$ 265,000</b>

<b>Annual Operating Expenses</b>	<b>\$ 276,210</b>	<b>\$ 6,138</b>
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Income	Unit types	# units	gross rent	utility allowance	contract rent	monthly	annual
	LIHTC - 2bdrm	45	\$ 1,156	\$ 121	\$ 1,035	\$ 46,575	\$ 558,900
	<b>total</b>	<b>45</b>				<b>\$ 46,575</b>	<b>\$ 558,900</b>
	vacancy (7%)	\$ 39,123					\$ 519,777

<b>NOI</b>	<b>\$ 243,567</b>	<b>113%</b>
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Sources	LIHTC	loan	return of fees	gap	TOTAL
	\$ 6,860,691	\$ 3,418,637	\$ 2,242,152	\$ (596,481)	\$ 11,925,000
			per unit gap	\$ (13,255.13)	

### Loan Calc:

dscr	1.15
debt serv	\$ 211,797
In amt	\$ 3,418,637

### LIHTC Calc:

basis	\$ 9,540,000
app fract	100%
qual basis	\$ 9,540,000
credit rate	7.57%
ann credit	\$ 722,178
total credits	\$ 7,221,780
price	\$0.95
equity	\$ 6,860,691



Archstone Wisconsin Place  
(Chevy Chase, MD)

(Highrise)

Gallery Bethesda

(Bethesda)

Palisades

(Bethesda)

Seasons

(Bethesda)

Whitney at Bethesda

(Bethesda)

Aurora at NBC

(N. Bethesda)

Jefferson at Inigos

(N. Bethesda)

North Bethesda Market

(N. Bethesda)

PerSei Apartments

(N. Bethesda)

Wentworth House

(N. Bethesda)

Blairs

(Silver Spring)

Hish Rise

Cameron

Citron Apartments

1200 East West

Eleven55 Ripley

Fenwick Apartments

Heritage Silver Spring

Portico at Silver Spring  
Metro  
Premier  
Solaire Apartments  
Veridian  
Warwick  
Exchange at Wheaton  
Station

Flats at Wheaton Station  
Solaire Wheaton

Bennington Apartments  
The Grand

<http://www.equityapartments.com/maryland/maryland-apartments/chevy-chase/archstone-wisconsin-place-apartments.aspx>

<http://www.gallerybethesda.com/Floor-plans.aspx>

<http://www.thepalisadesapts.net/floorplans.cfm?plan=apartment&bedroom=3>

<http://www.landowco.com/the-seasons-floorplans.html>

<http://www.whitneybethesda.com/residents/>

<http://www.aurora-apts.com/>

[http://gables.com/find/apartment/2321-jefferson-at-inigos-crossing-north-bethesda-md?utm\\_campaign=Redirect&utm\\_medium=Redirect&utm\\_source=](http://gables.com/find/apartment/2321-jefferson-at-inigos-crossing-north-bethesda-md?utm_campaign=Redirect&utm_medium=Redirect&utm_source=)

<http://www.northbethesdamarket.com/floorplans.php>

<https://perseiapartments.com/the-apartments/>

<http://www.wentworthhouseapartments.com/>

[http://www.blairapartments.com/floor-plan/?filter\\_obj=%7B%22beds%22%3A%22not\\_set%22%2C%22baths%22%3A%22not\\_set%22%2C%22floor%22%2C%22price%22%3A%22not\\_set%22%2C%22rent%22%3A%22not\\_set%22%2C%22type%22%3A%22apartment%22%7D](http://www.blairapartments.com/floor-plan/?filter_obj=%7B%22beds%22%3A%22not_set%22%2C%22baths%22%3A%22not_set%22%2C%22floor%22%2C%22price%22%3A%22not_set%22%2C%22rent%22%3A%22not_set%22%2C%22type%22%3A%22apartment%22%7D)

[http://www.livingatthecameron.com/Apartments/module/property\\_info/property%5Bid%5D/30944/](http://www.livingatthecameron.com/Apartments/module/property_info/property%5Bid%5D/30944/)

<http://www.livecitron.com/silver-spring-md-apartments/citron-apartments/launch-check-availability/1/>

<http://www.homeproperties.com/apartments/MD/Silver-Spring/1200-East-West/tabid/90/cid/109/maid/80/Default.aspx>

<http://www.eleven55ripley.com/floor-plans>

[http://www.fenwickapts.com/floor-plans/apartment?bed\\_count=&price\\_range=&availability=&floor=](http://www.fenwickapts.com/floor-plans/apartment?bed_count=&price_range=&availability=&floor=)

<http://heritageatsilverspring.com/availability/>

<http://www.udr.com/washington-dc-apartments/silver-spring/portico-at-silver-spring-metro/floor-plans/#/>

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<http://solaireapts.com/floor-plans/>

<http://www.equityapartments.com/maryland/maryland-apartments/silver-spring/the-veridian-apartments.aspx>

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<http://www.flatsatwheatonstation.com/find/apartment/2451-the-flats-at-wheaton-station-wheaton-md>

[http://gables.com/find/apartment/2221-solaire-wheaton-wheaton-md?utm\\_campaign=Redirect&utm\\_medium=Redirect&utm\\_source=solairewheaton](http://gables.com/find/apartment/2221-solaire-wheaton-wheaton-md?utm_campaign=Redirect&utm_medium=Redirect&utm_source=solairewheaton)

<http://www.benningtonapts.com/silver-spring-md-apartments/the-bennington-at-silver-springs/launch-check-availability/1/>

<http://www.thegrandliving.net/north-bethesda-md-apartments/the-grand/floorplans/>

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[,3A%22not\\_set%22%2C%22minprice%22%3A%22not\\_set%22%2C%22maxprice%22%3A%22not\\_set%22%2C%22options%22%3A%7B%22balcony%22](#)

!%3Afalse%2C%22premium view%22%3Afalse%2C%22town home%22%3Afalse%2C%22eco pad%22%3Afalse%7D%7D