

# First Steps in Developing Affordable Multi-Family Housing

Presentation to the Port Townsend/Jefferson County Housing Action Plan Network

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I. Low Income Housing Multi-family Development - what is it? Types of developments to consider:

- Housing people at 80%, 50%, and 30% of area median income
- Special needs housing
- Work force housing
- Rehab v new construction
- Mixed-income development
- Mixed-use development
- Preservation of existing federally subsidized housing

II. Basic Feasibility Analysis. Is your community ready to develop low income multifamily housing?

A. Project Concept. Who do you plan to house? How many units? Where? Who are the project partners (owner, developer, manager, service provider)? Is there a market for this type of housing (need/market analysis)? What are the goals of the owner? Is the project on the appropriate scale for the community?

B. Capacity. Does the project owner have sufficient capacity to develop and operate the project? Will funders have sufficient confidence in the owner to invest in the project? How can capacity gaps be overcome?

C. Project Feasibility.

1. Site selection - zoning, infrastructure, proximity to services and transportation, etc. If a rehab, what is the approximate scope of the rehab? Will current residents have to be relocated?

2. Predevelopment funding – do you have access to resources for design, development, property due diligence, fundraising, and all of the other expenses you will have before permanent financing is in place?

3. Capital budget – are there enough resources between public grant/loan programs and private debt that can be repaid from tenant rents to cover the capital costs?

4. Operating budget – will the tenant rents be sufficient to cover operating expenses and repaying any public or private loans? If serving an extremely low income population are there sufficient operating subsidies available to cover the gap between tenant rents and operating costs?

5. Service budget – if residents will require social services to be successful, who will provide those services and how will they be funded?

### III. Financing Tools

#### A. Capital Funding Sources

Low Income Housing Tax Credits

Washington State Housing Trust Fund

HUD's Community Development Block Grant Program

HUD/USDA loan guarantee programs

Local Government – document recording fees and other sources

Private loans/bonds

Private contributions

Other

#### B. Operating Funding Sources

Tenant Rents

Section 8 Vouchers

Washington State O & M Trust Fund (funded with the State's portion of the first document recording fee)

Local document recording fees

Very, very limited federal subsidies available for new special needs projects

#### C. Predevelopment

Project sponsor

Local government

Impact Capital

#### IV. Getting Started

A. Identify project concept

B. Identify project sponsor, assess capacity, develop plan to overcome capacity gaps

C. Complete a preliminary project feasibility analysis