

Affordable Housing Pro Forma



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Virginia National Bank has an unwavering commitment to invest in the long-term financial health and stability of individuals, businesses, and charitable organizations. They embrace diversity, equity, and inclusion and provide growth and enrichment opportunities.

William Park, President, Pinnacle Construction & Development Corp.



- BS and MS from Virginia Tech
- Currently President of Pinnacle Construction & Development Corporation
- Formerly, Manager of Bluestone Land, Park Properties Management, and Bluestone Capital Advisors
- Numerous awards, including:
 - Farmer's Home Administration's Section 515 Development of the Year Award
 - Congressman L.F. Payne's Innovation in Affordable Housing Award
 - 2011 Governor's Housing Award – Best Mixed Use/Mixed Income
 - 2011 EarthCraft Virginia: Affordable Housing Developer of the Year
- Served and is serving on numerous boards, including, but not limited to the current Chairman of the Virginia Tech Program in Real Estate Industry Board, and Past President of the Virginia Council of Affordable Housing

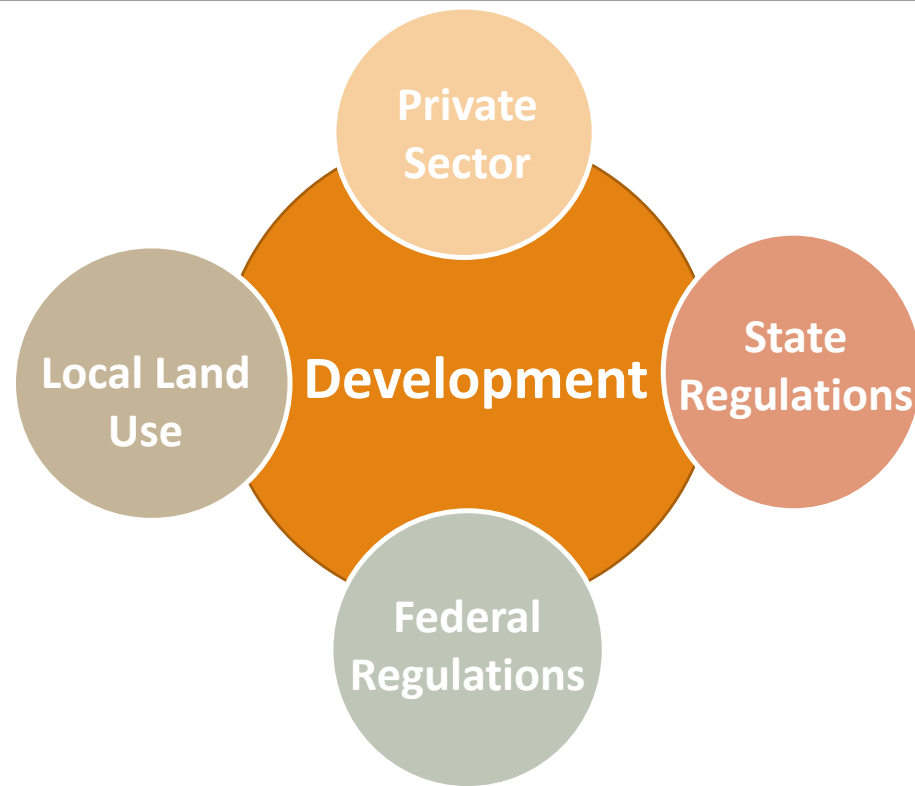
Affordable Housing Issues and Solutions

WILLIAM N. PARK

PINNACLE CONSTRUCTION AND DEVELOPMENT CORPORATION



Land Development Process



Development Costs

Land Availability and Acquisition

Architect and Engineer Design

Professional Reports (*e.g.* appraisal, market study, environmental)

Entitlement Process (*e.g.* rezoning, site plan)

Construction (*e.g.* materials, labor, site work, overhead, profit)

Permits, Taxes, Insurance, Recording Fees

Financing fees and expenses

Legal fees

Developer fees

Reserves

Affordable
Housing
Funding
Sources

Conventional Financing

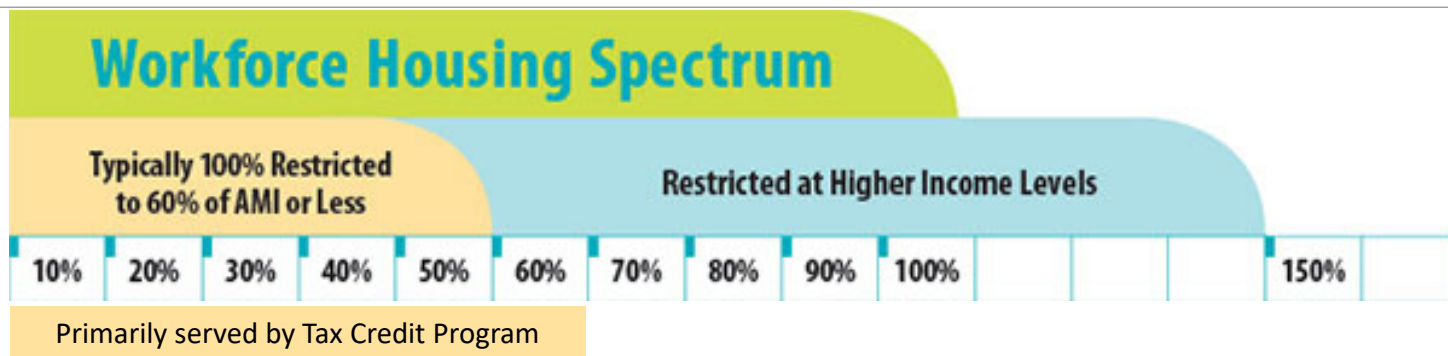
Tax-Exempt Bonds

Taxable Bonds

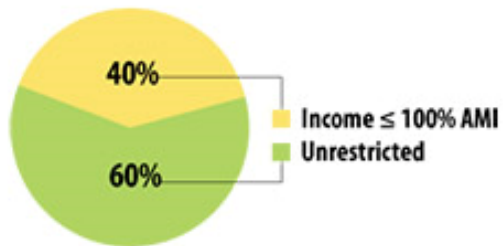
Low Income Housing Tax Credit Equity -
<60% Area Median Income

Grants: Federal, State, Local

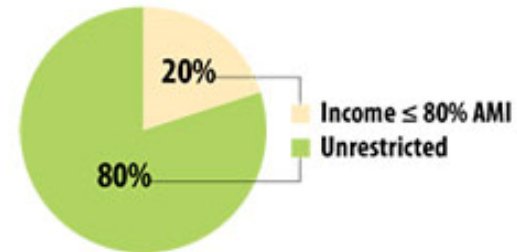
VHDA Mixed-Income Financing



Workforce 40/60



Workforce 20/80



How Do Housing Tax Credits Work?

Rental units with tenants earning no more than 60% of area median income

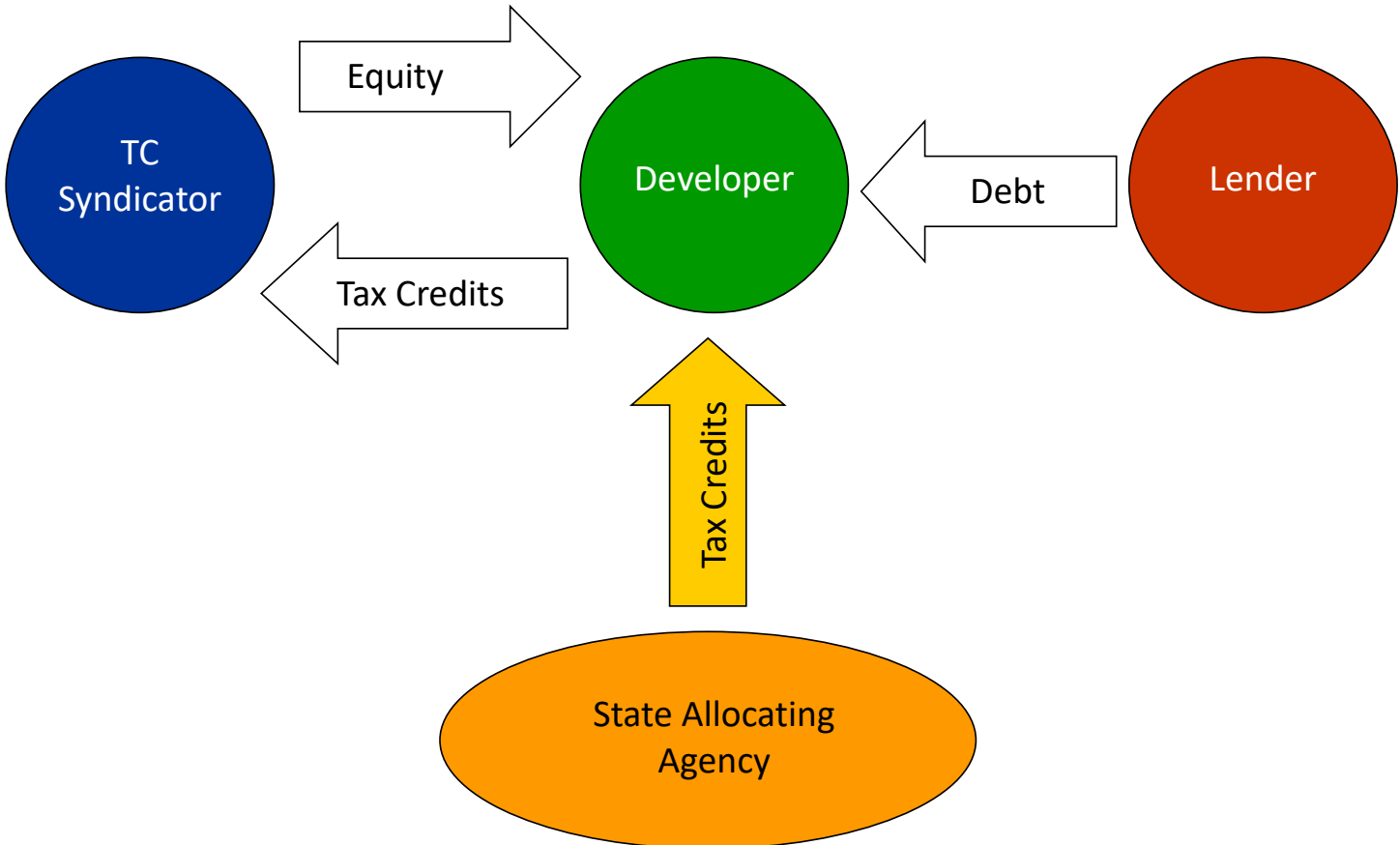
Investors earn dollar-for-dollar credits against their federal tax liability

Investors also get tax benefits from losses

Generally, tax credits are received over the first 10 years of operation

Some tax credits are recaptured by the IRS if the project does not comply for 15 years

Credit Flowchart





Investors

INCREASED EQUITY FOR DEVELOPMENT RESULTS IN:

- Lower Debt
- Lower Rents



TAX BENEFITS:

- Tax Credits (10 yrs)
- Tax Losses (15 yrs)
(Depreciation &
Interest Expense)



Brookdale Apartments, Albemarle County

Sample Proforma

Sources	Amount	Per Unit
Tax Credit Equity	\$5,155,475	\$61,375
VHDA Tax Exempt Bonds	\$4,980,000	\$59,286
VHDA REACH	\$1,680,000	\$20,000
Locality Contribution	\$578,832	\$6,891
Deferred Developer Fees	\$750,000	\$8,929
TOTAL SOURCES	\$13,144,307	\$156,480
Uses	Cost	Per Unit
Acquisition Costs	\$840,000	\$10,000
Construction Costs	\$7,943,000	\$94,560
Design Services & Professional Fees	\$294,200	\$3,502
Financing Costs	\$225,000	\$2,679
Carrying Costs and Reserves	\$1,169,223	\$13,919
Locality Permits and Fees	\$578,832	\$6,891
Developer Fees	\$2,094,052	\$24,929
TOTAL USES	\$13,144,307	\$156,480



Affordable Housing

Misunderstood concept

Affects wide range of people providing needed services: “workforce housing”

Potential residents are not represented during Entitlement Process

Charlottesville MSA Income and Rent Limits

FY 2020 MTSP Income Limits										
FY 2020 MTSP Income Limit Area	Median Family Income	Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Charlottesville, VA HUD Metro FMR Area	\$93,900	50 Percent Income Limits	\$32,900	\$37,600	\$42,300	\$46,950	\$50,750	\$54,500	\$58,250	\$62,000
		60 Percent Income Limits	\$39,480	\$45,120	\$50,760	\$56,340	\$60,900	\$65,400	\$69,900	\$74,400

Source: HUDUser.gov FY 2020 MULTIFAMILY TAX SUBSIDY PROJECT INCOME LIMITS SUMMARY

2020 Rent Limits

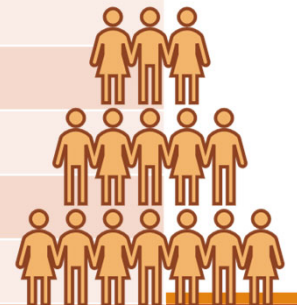
MSA Cville	1 Bedroom	2 Bedroom	3 Bedroom
60 MTSP Rent	\$1057	\$1269	\$1465
70 MTSP Rent	\$1233	\$1480	\$1709
80 MTSP Rent	\$1410	\$1692	\$1954

Source: Virginia Housing FY2020 VHDA MTSP and HERA SPECIAL RENT LIMITS

Workforce Population

The following is a sample of local employees who would qualify for affordable workforce housing depending on family composition:

Job Title	Annual Wages	Source
Building Maintenance Mechanic III	\$34,342	City of Charlottesville Job Opportunities
Police Recruit	\$44,033	City of Charlottesville Job Opportunities
Fire Fighter	\$40,781	Albemarle County Public Safety Pay Scale
Sheriff's Officer Deputy	\$39,245	Albemarle County Public Safety Pay Scale
1 st Year Teacher	\$46,000	Fluvanna County Public Schools Salary Scale
Maintenance (Tier 1)	\$33,500	Fluvanna County Public Schools Salary Scale
Deputy Clerk to Board of Supervisors	\$43,113	Greene County Position Available
School Nurse (RN)	\$35,681	Greene County Public Schools Salary Scale
High School Teacher	\$48,411	Nelson County Public Schools Job Listings
Family Services Specialist I/II	\$30,828	Nelson County Employment Opportunities



Where the process breaks down



Excessive/obsolete controls

NIMBY attitudes and intervention

Limited land availability

Taxes and fees

Affordable
Housing
Solutions:
Financing

Low Income Housing Tax Credit Programs
(Federal and State)

State Enterprise Zone and Opportunity Zone
benefits

Public funding grants

Below market interest rate financing

Tax-exempt bond financing

Favorable mortgage terms

Affordable Housing Solutions: Localities

Land Donation

Real Estate Tax Incentives

Housing Choice Voucher Program & other rental assistance programs

Density bonuses or other zoning variances (e.g. height, setbacks, open space requirements)

Subdivision Rules & Regulations variances/waivers (e.g. road width, curbing location/material requirements).

Expedited entitlement review (Green Tape vs. Red Tape) (Time = \$)

Planning staff as advocates not adversaries

Fee waivers by permitting agencies (e.g., application fees, building permit fees, water and sewer tap fees, certificate of occupancy fees)

“Success is where preparation and opportunity meet.”



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Q&A



Register for FREE Today:

Thurs., May 20, 12 p.m.

Transportation and Housing: Illustrates the need for reliable transportation in low-income neighborhoods and provides examples of innovative solutions.

Thurs., June 17th, 12 p.m.

Equity & Housing: Charlottesville's housing environment and strategies to address inequity.