The Team Approach to Funding Affordable Housing?

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President and CEO

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FSL Mission

To provide home and community-based services and develop energy-efficient, affordable housing to promote health, independence and dignity for all.

FSL Vision

A caring community that promotes the health and well-being of all.
We are a non-profit organization working to improve the quality of life for vulnerable adults and those that care for them.

We are doing this by providing services in 4 key areas, across TWENTY SEVEN different programs.
A Safe Home

Nutritious Meals

Health & Wellness

Caregiver Support
FSL Leadership

Board of Directors
Enduring Vision

Senior Leadership Team
Manage Risk
Continuity
FSL Real Estate Team
Leadership

Steve Hastings – Chief of Real Estate
John Barraclough – Portfolio Director
Carolyn Campbell – Housing Dir.
Krista Swartz – Single Family Homes Dir.
Joe Barbieri – General Contractor
Safe & Attainable Housing

More than 7M low-income families do not have an affordable place to call home

- 25 Multi-Family Communities (incl. Padua Hills)
- 286 Single-Family Homes built or rehabbed (Neighborhood Stabilization Program, South Phoenix Village)
- 27 Lots being developed (Including 16 lots in Casa del Sol - Palm Drive & North Tegner Street)
- Home Improvements programs
  - Weatherization
  - Accessibility Modifications
Housing with Affordable Rents

At FSL our goal is to provide safe, affordable and energy-efficient housing for families and individuals of all ages. FSL offers single-family homes for sale and affordable apartments for rent.
Housing with Subsidized Rents

FSL’s rental housing program provides appropriate home choices for seniors and individuals with mobility and specific ability requirements.

Becket House/Havasu Hills
Lake Havasu

Adult 62+

Amy Neal
Kingman

Pineview Manor
Payson
Single Family Homes

We provide safe, affordable and energy-efficient housing for families of all ages. FSL builds single-family homes for sale and provides down payment and closing cost assistance.

South Phoenix Village
Green Multi-Family Housing

One key factor in independent living is making the home energy efficient. FSL Home Energy Solutions’ mission is to improve residential energy efficiency through training, consulting and program development and administration.
FSL Energy Efficient Properties

FSL Multi-Family Standard is LEED Gold

FSL Single-Family Standard is HERS Rating of 50 or less
FSL is constantly moving forward, innovating, renovating and carving out the path for low-income affordable housing for seniors and people with disabilities.
Apartments with Affordable Rents

- Urban and rural locations across the state of Arizona
- 981 units in 25 communities
- Serving older adults and adults with disabilities
- Income restrictions apply
- Studios, 1- and 2-bedroom units
- Utilities included
Marist on Cathedral Square - Tucson

Funding

FHLBSF AHP: $1,750,000  
LIHTC: $20,087,991  
GO Bonds: $604,989  
Rio Nuevo TIF: $350,000  
City Sales Tax Exemption: $285,000  
Mortgage Debt: $1,042,000  
Award Year: 2017
Flagstaff Senior Meadows

- Waitlist: Over 440 households!

**Funding**

- FHLBSF AHP: $1,000,000
- Owner Equity: $596,026
- LIHTC: $8,720,428
- Award Year: June, 2010
Flagstaff Senior Meadows
Flagstaff Senior Meadows
Flagstaff Senior Meadows
Highland Square

• Funding

• FHLBCH AHP: $360,000
• USDA RD: $1,000,000
• USDA Subsidies: $ Priceless
• LIHTC: $7,166,000
• HOME: $750,000
• Award Year: June, 2017
Highland Square
Highland Square
Source of Low Income Housing Tax Credit Funding

- Funding flows from the IRS under Section 42 of the Code created in 1986
- Program incentives for developers to produce affordable housing
- Credits are allocated by state population
  Arizona receives enough to produce 16 projects per year
- Program is administered by State Housing Agencies
- Program guidelines published in the Qualified Allocation Plan (QAP)
ADOH - State Housing Agency
Annual Allocation Cycle

- Project Awards: June
- Application Period: Due April 1
- Plan Development: Aug-Sept
- Draft Allocation Plan: Oct-Nov
- Final Allocation Plan: Dec

Annual Allocation Process
Typical Legal Structure of Direct Investment in LIHTC-Financed Project

- **Project Developer:** General partner in affordable housing project
- **LIHTC Investor:** Limited partner in affordable housing project

**Affordable Housing Project**
- General partner or managing member: 0.01%
- Limited partner or member: 99.99%

**State Housing Agency**

- Application for LIHTCs
- Allocation of LIHTCs

**LIHTC Investor**

- Equity Investment
- LIHTCs and other tax benefits
2022 Income Limits and Maximum Rents in Phoenix and Tucson Metro

FSL Charges Rents at 30%, 40%, 50% and 60% of AMI

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<th>MSA/County</th>
<th>%</th>
<th>(1 Person)</th>
<th>(2 Persons)</th>
<th>(3 Persons)</th>
<th>(4 Persons)</th>
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Compliance Period

Tax credits *earned* over initial 15-year compliance period (the “Compliance Period”) (IRC §42(i)(1))

Acceleration ▪ Tax credits *claimed* over 10 years (IRC §42(f)(1)) ▪ Attractive to investors

Encourages exit after Year 10 and before end of Compliance Period

**Extended Use Period**

Requires adherence to LIHTC rules for *at least* 15 years beyond end of initial Compliance Period
Critical Partnership Agreements

Right of First Refusal for NP GP entity

Buyout option to purchase investor’s partnership interest

Put Option: Obligation to purchase investor’s interest

Other restrictions in partnership, lender or regulatory agreements that affect exit
Attainable Housing Financing
Hopes and Dreams

• Expanded 9% LIHTC Program
• Increase in 9% LIHTC Credit Value
• Improved 4% LIHTC Program
• Expansion of FHA Guarantee Program
• Infrastructure and New Federal Funding for Housing
• More State Funding like Housing Trust Funds
Thank You
We all need to find ways to support affordable rents and mortgages.

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