MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
August 23, 2018

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Thursday, August 23, 2018, at the office of the West Virginia Housing Development Fund, 5710 MacCorkle Avenue, SE, Charleston, West Virginia. The Chair called the meeting to order at 9:00 a.m. with the following members present throughout, except where noted:

Ann Urling, Chair
Norman Bailey, Representative for the Honorable Kent Leonhardt,
Commissioner of Agriculture (via phone)
David Gardner, Member
John Gianola, Member
Sam Kapourales, Member (via phone)
Mary Skeens, Member
Josh Stowers, Representative for the Honorable John Perdue, Treasurer
Steven Travis, Representative for the Honorable Patrick Morrisey, Attorney General

Members Absent:

Bob Nistendirk, Member

Staff present:

Erica Boggess, Executive Director
Cathy Colby, Senior Manager - HOME
Julie Davis, Deputy Director – Production
George Gannon, Communications Administrator
Lauren Hunter, Loan Processor and Closer
Chad Leport, Division Manager - Accounting and Finance
Martha Lilly, Legal Assistant
Jill Martin, Executive Assistant
Mike Murphy, Chief Technology Officer
Kelley Ridling, Senior Manager - Internal Audit
Kristin Shaffer, Senior Legal Counsel
Nathan Testman, Senior Division Manager – Multifamily Lending
Crystal Toney, Deputy Director – Administration

Dorothy White, Federal Compliance Officer
Michelle Wilshere, Senior Manager - Low Income Housing Tax Credit

Others Present:

Samme Gee, Jackson Kelly PLLC
Kelley Goes, Jackson Kelly PLLC
Michael Fisher, Jackson Kelly PLLC

APPROVAL OF THE MINUTES OF THE JUNE 28, 2018 MEETING

Member David Gardner moved the approval of the minutes of the June 28, 2018 meeting. His motion was seconded by Member John Gianola, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED JULY 31, 2018

Mr. Chad Leport reviewed the financial statements for the period ended July 31, 2018. The financials were accepted as presented.

CONSIDERATION OF CHANGES TO THE MULTIFAMILY LENDING POLICY

Mr. Nathan Testman presented proposed revisions to the Fund's Multifamily and Commercial Lending Policy. Mr. Testman stated that, at the June 2018 Board meeting, the Board approved the Affordable Housing Fund (AHF) Program Guide that specifically excludes AHF loans from the Fund's multifamily lending limit and gives the Executive Director the authority to approve AHF loans of up to $300,000 per project on an aggregate basis. Mr. Testman stated that for consistency, the Multifamily and Commercial Lending Policy should be updated to include this language.

Mr. Testman informed the Board that other than the exclusion of AHF loans from the Fund's multifamily lending limit and the Executive Director's authority to approve AHF loans up to $300,000 per project on an aggregate basis, there are no other significant changes to the policy being proposed. Mr. Testman stated staff is recommending approval of the changes as presented.

Representative Josh Stowers moved the approval of the changes to the Multifamily and Commercial Lending Policy as presented. His motion was seconded by Member Mary Skeens, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

The Multifamily Lending Policy is attached as Exhibit A.

CONSIDERATION OF MULTIFAMILY CONSTRUCTION LOAN AND NATIONAL HOUSING TRUST FUND PERMANENT LOAN TO LITTLEPAGE #5

Mr. Testman presented two separate loan requests for the Littlepage #5 project. Mr. Testman stated that the first request is a construction loan request through the Fund's Multifamily Loan Program, and the second request is a permanent loan request through the National Housing Trust Fund, one of the two HUD programs the Fund administers for the State.

Mr. Testman stated Littlepage #5 is a new 20-unit Low Income Housing Tax Credit Program (LIHTC) Project for families in Charleston, West Virginia. The project will be the last phase of a five-phase development on the West Side of Charleston. The LIHTC units will target families with incomes that are at or below 60% of area median income, and the National Housing Trust Fund units will target families that are at or below 30% of area median income.

Mr. Testman informed the Board that this project has significant strengths. Mr. Testman stated that staff feels there is a demand for affordable housing throughout the State, and the Fund's Statewide Housing Needs Assessment and the project's market study indicate that the demand in Charleston is one of the highest in the State. Mr. Testman stated all 20 units will have rental assistance through the Charleston - Kanawha Housing Authority.

Mr. Testman pointed out one clarification under Tab IV, page 8, of the Board Packet for the Multifamily Construction loan. It states that approval of the loan is recommended subject to the receipt of HUD's Authority to Use Grant Funds. This is not required and the Fund will instead confirm compliance with HUD's environmental process as required by the National Housing Trust Fund. Mr. Testman stated staff's recommendation for this project is for a construction loan of up to $3,000,000 subject to satisfactory receipt and review of the executed syndication agreement prior to closing and in compliance with HUD's environmental process.

Member Gianola asked if the Fund uses a tracking prediction system that predicts migration. A brief discussion followed.

Mr. Testman stated that the construction loan will have an eighteen (18) month term, will accrue interest at the rate of Wall Street Journal Prime which is currently 5.00% and will adjust monthly, and will be secured by a first priority lien on the project. The Fund will also require a loan origination fee of 1%. Mr. Testman stated that one additional strength is that the construction loan will be personally guaranteed by Scott Canel, who reports a very substantial amount of net worth and high levels of liquidity.

Mr. Testman stated the National Housing Trust Fund loan amount is expected to be $968,000, however, staff is requesting $1,065,000 for any unforeseen changes prior to closing and to allow for the reimbursement of the Fund's staff costs. Mr. Testman informed the Board that the National Housing Trust Fund loan will have an interest rate of up to 1% and a loan term of up to 30 years. Mr. Testman stated the terms of the loan, which may result in the deferral in the repayment of a portion or all such funds, will be determined in conjunction with final underwriting. The loan will be secured with a first lien deed of trust. Mr. Testman stated that during construction, the National Housing Trust Fund loan will be in second lien position behind the Fund's multifamily construction loan.

Member Gardner moved the approval of the Multifamily Loan Program Loan request to Littlepage #5 as presented. His motion was seconded by Member Gianola, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

Representative Stowers moved the approval of the National Housing Trust Fund loan to Littlepage #5 as presented. His motion was seconded by Member Gardner, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

The Executive Summary for the project is attached as Exhibit B.

UPDATE ON INTERGOVERNMENTAL AGREEMENT AND CONSIDERATION OF HOUSING NEEDS ASSESSMENT

Ms. Boggess stated that at a previous Board meeting, the Board authorized staff to enter into an intergovernmental agreement with the Development Office, subject to final approval of the Chair. The purpose of the agreement is to allow the Fund to begin assisting with the WV Rise Program flood recovery and the administration of the CDGB disaster recovery funds that were allocated to the State.

Ms. Boggess informed the Board that the Fund entered into a very brief agreement with the Development Office. Ms. Boggess stated that staff is looking at this agreement as Phase I after determining that the first step needed to be a planning process. Ms. Boggess reported that the Fund will be working with the Development Office on the Clendenin replacement units. These units were originally funded by the NSP and were flooded. The plan is to build 18 new units somewhere in Clendenin and the Fund will be involved in that project.

Ms. Boggess stated there is also a need for an updated housing needs assessment. As part of WV Rise, the Multifamily RISE Program will develop new units in the 12 counties that experienced flooding. Ms. Boggess stated that before the Multifamily Rise Program can start, staff needs to know the housing needs. Ms. Boggess stated that Phase II will consist of issuing RFPs to get developers to come and build multifamily units in Clendenin and the other twelve counties.

Member Gardner asked if the Fund is providing administrative support or funding. Ms. Boggess stated primarily the Fund is partnering with the Development Office to provide the Fund's area of expertise. Ms. Boggess informed the Board that the Fund and the Development Office entered into an intergovernmental agreement at the time the Clendenin school project received NSP funding. Ms. Boggess explained that the Development Office gets CDGB grant money and administers those funds on an ongoing basis. The Development Office has the expertise for that program and the Fund knows how to do multifamily development, so the Fund is partnering with the Development Office for that part of WV Rise.

Ms. Boggess explained that she does not have an answer on the funding question yet and stated that when staff develops the program guidelines there may be an opportunity to leverage the money with other Fund resources. Member Gardner requested an update once it is determined how the funding will work. Ms. Boggess stated that staff will come back to the Board when the Fund starts the program development phase and prior to entering into another intergovernmental agreement.

Representative Stowers asked about the scope of the needs assessment. A brief discussion followed.

Member Gardner moved the approval for staff to issue an RFP for a state-wide housing needs assessment and to award the contract to the winning bidder. His motion was seconded by Member Gianola, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

<u>ANNUAL ELECTION OF OFFICERS AND APPOINTMENT OF ASSISTANT OFFICERS</u>

Ms. Boggess stated that, under West Virginia Code §§ 31-18-4 (g) and 31-18-5 (d), the Board shall annually elect a Vice-Chair, Secretary and Treasurer from its membership. The Chair of the Board is the Governor or his designee.

Ms. Boggess reported that currently Member David Gardner serves as Vice-Chair, Member Sam Kapourales is Secretary, and Treasurer John Perdue is Treasurer.

Member Gianola moved to nominate Member David Gardner as Vice-Chair, Member Sam Kapourales as Secretary, and Treasure John Perdue as Treasurer. His motion was seconded by Member Skeens, and, upon the approval of the eight (8) members present, the Chair declared the motion adopted.

Member Steven Travis moved to reelect Member David Gardner as Vice-Chair, Member Sam Kapourales as Secretary, and Treasurer John Perdue as Treasurer. His motion was seconded by Member Gianola, and, upon the approval of the eight (8) members present, the Chair declared the motion adopted.

Ms. Boggess stated that, under Article V, Sections 3 and 4 of the Housing Development Fund's Bylaws, the Board may appoint or designate one or more Assistant Secretaries and Assistant Treasurers.

Ms. Boggess stated that staff recommended the reappointment of Crystal Toney and Julie Davis as Assistant Treasurers, and the reappointment of Kristin Shaffer and the appointment of Martha Lilly as Assistant Secretaries.

Member Gianola moved to reappoint Crystal Toney and Julie Davis as Assistant Treasurers and to reappoint Kristin Shaffer and appoint Martha Lilly as Assistant Secretaries. His motion was seconded by Member Gardner, and, upon the approval of the eight (8) members present, the Chair declared the motion adopted.

EXECUTIVE SESSION

Member Gianola moved that the Board enter Executive Session under W. Va. Code § 6-9A-4(b)(9) to discuss matters involving commercial competition, which if made public might adversely affect the financial interest of the State and the Fund and matters involving an official investigation pursuant to W. Va. Code § 6-9A-4(b)(7). His motion was seconded by Member Skeens, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted. The Board adjourned into Executive Session at 9:35 a.m.

Member Norman Bailey and Member Kapourales left the meeting.

The Executive Session concluded at 10:27 a.m. Ms. Samme Gee stated that no action took place during the Executive Session.

PREMIER PARK

Member Gardner moved to authorize staff to move forward with listing the Fund's interest in Upper Premier Park for sale and to give the Executive Director the authority to take all actions necessary to sell the property. Ms. Boggess stated that staff would determine if there was any timber value to the property. His motion was seconded by Member Gianola.

A brief discussion followed.

Chair Urling stated there was a motion on the floor. Upon the approval of the six (6) members present, the Chair declared the motion adopted.

ADJOURNMENT

There being no further business, Member Gianola moved to adjourn the meeting. His motion was seconded by Member Gardner. Meeting adjourned at 10:32 a.m.

Kristin Shaffer, Assistant Secretary

West Virginia Housing Development Fund
Multifamily and Commercial Lending Policy

Multifamily and Commercial Loan Programs

The West Virginia Housing Development Fund's mission is to provide financing that encourages the development of safe, decent affordable housing. This includes Multifamily and Commercial loans related to the acquisition, development, construction and/or rehabilitation of affordable housing projects. The following loan programs are designed to provide financing for such projects:

Multifamily Loan Programs – Programs involved in the direct financing of the acquisition, development, construction and/or rehabilitation of multifamily housing:

- HOME Program – encourages the development and financing of housing for persons at or below 80% of the State's median income. This program is restricted by federal regulations.
- Housing Trust Fund (HTF) – encourages the development and financing of housing for persons considered very low income (50% of area median income) and extremely low income (30% of area median income). This program is restricted by federal regulations.
- ~~Mini-Mod Rehabilitation Program - allows owners of rental properties to rehabilitate existing rental units.~~
- Multifamily Loan Program – provides construction and/or permanent financing for new or rehab multifamily rental projects, which may receive part of their financing from equity raised through the syndication of Low-Income Housing Tax Credits and other permanent lenders. Many of these loans are guaranteed under the USDA Section 538 Guaranteed Rural Rental Housing Program.

Commercial Loan Programs – Programs designed to finance the acquisition, deconstruction or development of land for the future use of affordable housing:

- Land Development Program - provides below-market interest rate loans to qualified builders and developers for the purpose of acquiring and making improvements to land for residential housing and nonresidential construction.
- West Virginia Property Rescue Initiative - provides loans to assist cities and counties throughout the State in the acquisition and/or demolition of blighted properties which constitute health and safety hazards.
- New Construction Financing Program – encourages WV licensed home builders and modular home dealerships to build moderately priced single-family homes for sale to the public.

In addition to the programs listed above, The WVHDF has also utilized the Low-Income Housing Tax Credit Program (LIHTC), Tax Credit Assistance Program, Tax Credit Exchange Program, ~~and~~ the Special Assistance Loan Program, and the West Virginia Affordable Housing Fund (formerly the West Virginia Affordable Housing Trust Fund) in connection with the financing of affordable housing. These programs are not covered by this policy.

The purpose of the WVHDF Multifamily and Commercial Lending Policy (the Policy) is to promote the diversification of the WVHDF loan portfolio and protect assets. These policies apply regardless of the program under which a property was financed (other than the exclusions listed above) or the source of funds utilized.

In applying the Policy, a Borrower is defined as follows:

- any individual owner(s); and/or
- any principal (each individual and each entity) involved in any general partner of a limited partnership; and/or
- any principal (each individual and each entity) involved in any managing member of a limited liability company; and or
- any ~~Related Person~~

individual or principal that the WVHDF considers to be related to a Borrower based on a realistic evaluation of the facts and circumstances of a particular transaction.

~~"Related Person" includes but is not limited to a spouse, children, parents, grandparents (including "steps" of the above), household members, significant others, and includes any other person or entity that is essentially the same source of debt repayments or is financially interdependent with any individual or principal. In addition to the forgoing, the WVHDF will consider whether an individual or principal is a related person on a realistic evaluation of the facts and circumstances of particular transactions.~~

Ineligible Borrowers

The WVHDF reserves the right to disqualify any applicant based on a variety of factors, including but not limited to, the following:

- HUD's Excluded Parties list
- Delinquencies of 30 days on two or more occasions during the previous 12 months, or delinquencies of 60 days on one or more occasion(s) during the previous 12 months on any WVHDF loan
- Uncured default on any WVHDF loan
- Foreclosure within the past 10 years on any WVHDF loan
- Unresolved material audit findings, particularly related to funds management or compliance with federal program requirements, during the most recent three-year period

- Credit score that is less than 620
- Adverse public findings and/or criminal record
- Issues of non-compliance with the WVHDF that continue to be unresolved after the end of the correction period, and continue to be unresolved at the time any such proposed loan is under consideration
- Failure to produce a project after receiving an award under and WVHDF program and/or has a history of repeated compliance issues.

Project Affordability

The WVHDF mission is to provide for safe, decent, affordable housing. Federal programs such as LIHTC, HOME, HTF and RD 538 programs have specific restrictions on tenant income and/or rents to provide for affordable units over a specific period of time. The WVHDF will consider a project requesting financing from non-federal programs operated by the WVHDF, where the project includes affordable units as determined by the WVHDF based on factors including property location, area median income, fair market rent, and other area demographics.

Lending Limit

To promote the diversification of Borrowers in the loan portfolio and to prevent a concentration of risk to a single Borrower, the maximum aggregate loan exposure to a single Borrower shall be limited to the greater of:

1. 20% of the WVHDF's Audited Unrestricted Net Assets*
2. $15,000,000

For the purposes of calculating a Borrower's aggregate loan exposure, certain loan types and loan structures are deemed "low-risk" and should not be fully allocated to a Borrower's aggregate balance. Low-risk loans are as follows:

1. Federal guarantee or mortgage insurance – Loans with a federal guarantee or mortgage insurance, such as the USDA 538 Loan Guarantee Program, reduce the Fund's risk exposure as they insure a predetermined percentage of the loan's balance in a loss scenario. As a result, for loans with such guarantees/insurance, only the uninsured balance of the loan will be allocated to a Borrower's aggregate loan balance.
2. LIHTC Construction** – The LIHTC Program has a very strict selection process that evaluates a developer's ability to perform and the viability of the project. As a result, projects that are awarded tax credits have already been vetted to a certain degree. The construction loan amounts for LIHTC projects are typically large, however tax credit equity is injected into the project at the completion of construction, which substantially lowers the loan amounts to their permanent financing level. In addition, projects typically have permanent financing in place prior to the start of construction. All of the aforementioned factors contribute to

lower financing risk. Therefore, projects that (1) have been awarded tax credits, (2) have entered into an agreement with a syndicator outlining the equity contributions to the project (equity contributions must be made at, or prior to, the completion of construction), and (3) have a permanent financing commitment acceptable to the Fund at its sole discretion, will be deemed "low-risk" and only 50% of the loan's exposure will be added to a Borrower's aggregate balance. Because of the size of construction loans, no more than three construction loans to the same Borrower can be outstanding at one time.

3. LIHTC Permanent** – Loans made for the permanent financing of LIHTC projects have reduced risk due to the quality, historical performance of LIHTC projects and the presence of tax credit syndicators and investor groups in the projects. The syndicators and investment groups must ensure the property (and related financing) performs as agreed to avoid the risk of a tax credit recapture. Because of this, these parties act as an extra layer of oversight during the compliance period (first fifteen years of the project). As a result, such loans are deemed "low-risk" and only 50% of the loan balance will be added to a Borrower's aggregate balance.

** Due to fluctuations in the balance of Unrestricted Net Assets the annual lending limit may decrease from the prior year. In these instances, entities will be considered in compliance with the lending limit if the limit was met at the time of loan approval.*
***In addition to being considered low-risk, LIHTC projects are designed to be "stand-alone", therefore the success or failure of one project should not have any influence on the success/failure of another. Because of this, there is less need to limit LIHTC exposure to a single developer. This is further justification to only allocate 50% of LIHTC loan balances to a Borrower's aggregate loan exposure.*

There may be circumstances where more than one of the low-risk categories applies. In these cases, all applicable exposure limitations will be implemented. For example, if a permanent LIHTC loan (#3 above) includes a USDA 538 guarantee (#1 above), only 50% of the uninsured loan balance will be added to the Borrower's aggregate loan balance. For the purpose of determining the aggregate loan exposure for each Borrower, the WVHDF will, at its sole discretion, group together loans to related parties and companies with common ownership based on an evaluation of the facts and circumstances of each loan relationship.

Special attention will be given to HOME and HTF loans when calculating aggregate exposure. The Fund has risk exposure up to the original loan amount during the affordability period. For issues of non-compliance during the affordability period, the Fund could be required to repay the entire original loan amount, regardless of payments that have been received and the outstanding balance at the time of the violation. Therefore, when calculating aggregate exposure, an amount appropriate to cover the Fund's overall risk related to each HOME and HTF loan will be used. For loans with a lower risk profile, an appropriate percentage of the original HOME/HTF allocation to cover the Fund's risk (such percentage shall not be below 50%) will be added to a borrower's aggregate loan exposure. All other HOME/HTF loans will be fully allocated to a borrower's aggregate loan exposure. To control the administrative burden of determining a HOME/HTF project's risk profile for the purposes of calculating aggregate loan exposure, only HOME/HTF loans equal to or greater than $500,000 will be considered. Therefore, all HOME/HTF loans under $500,000 will be fully allocated to a borrower's aggregate loan exposure. For HOME/HTF loans to be deemed low-risk, the project/loan should display some of the following characteristics:

- Strong collateral coverage (generally 75% LTV or less)
- Strong project cash flow (generally 1.25x DSC or greater)
- Strong debt yield (generally 8.0% or higher)
- Strong overall financial rating(s) based on annual reviews performed by the Asset Management Department
- No issues of non-payment or non-compliance
- Satisfactory balances in any required escrow and/or reserve accounts

Because of the added risk related to HOME and HTF projects, an increased emphasis will be placed on the loan structure and ongoing monitoring of these loans to give the Fund additional security.

Underwriting

Underwriting shall be performed for every new loan request to identify and minimize the risk associated with each loan. Underwriting guidelines will depend on the type, size and complexity of each loan. At a minimum, the following characteristics must be assessed:

- Borrower background, experience and financial condition
- Project cash flow/primary repayment source
- Guarantor analysis/secondary repayment source
- Collateral evaluation
- Property inspection (if applicable)

Underwriting guidelines that are specific to loan programs will be identified in the loan program guides. The underwriting performed for each loan shall be attached to or summarized in the loan's executive summary for review by the loan's approval source.

Loan Risk Monitoring

Ongoing monitoring is essential to help identify emerging risk factors. Several loan programs have requirements for ongoing monitoring, such as the HOME Program, the HTF and the USDA 538 Guarantee Program. WVHDF loans and relationships exceeding $1MM that are not part of a program with ongoing monitoring requirements shall be reviewed annually to identify any emerging risk factors. At a minimum, the following characteristics must be reviewed:

- Borrower financial condition

- Payment history
- Occupancy rates (if applicable)
- Reserve account activity (if applicable)
- Critical needs assessment (if applicable)
- Property inspection (if applicable)

If signs of increased risk are discovered during the annual review process, additional and/or more frequent reviews may be warranted.

For WVHDF loans and relationships under $1MM that are not part of a program with ongoing monitoring requirements, Loan Servicing will conduct their standard review of payments and escrows. If delinquencies occur and standard collection efforts prove to be unsuccessful, Multifamily and/or Asset Management will be alerted for further monitoring and remediation.

Authority Limits – Executive Director/Board of Directors

The WVHDF's Executive Director will have the authority to commit up to $300,000 (on an aggregate basis, per project) of WVHDF resources, including resources from the Multi-Family and Commercial Loan Programs, the LIHTC Program, the Tax Credit Assistance Program, the Tax Credit Exchange Program, the Special Assistance Loan Program, and the West Virginia Affordable Housing Fund, -for the financing of a proposal, provided that any such proposal is consistent with the WVHDF's Board of Directors-approved program description for any such program. In the event the amount of funding requested and recommended for approval is in excess of $300,000; and/or any such proposal is not consistent with the program description for any such program, the proposed financing of any such proposal will require approval by the WVHDF's Board of Directors. In addition, all transactions approved by the Executive Director will be reported to the Board of Directors.

Any variance to the policies contained in this ~~document~~ Policy is subject to consideration and approval by the Board of Directors.

West Virginia Housing Development Fund

MEMORANDUM

TO: Members of the Board of Directors

FROM: Erica L. Boggess, Executive Director
Julie W. Davis, Deputy Director - Production
Nathan E. Testman, Senior Division Manager - Multifamily Lending NET

DATE: August 23, 2018

SUBJECT: Multifamily Loan Program
Littlepage #5, Charleston, Kanawha County
Construction Loan up to $3,000,000

This memorandum outlines a proposal the West Virginia Housing Development Fund (the "Fund") has received for the new construction financing of Littlepage #5, (the "Project") a 20-unit Low-Income Housing Tax Credit Program (LIHTCP) project in Charleston, West Virginia.

Development: The proposed Project is approximately 1.12 acres located at 1820 7th Avenue in Charleston, Kanawha County. The Project will consist of five (5) two-story buildings, containing a total of twenty (20) units. There will be twelve (12) one-bedroom units and eight (8) two-bedroom units. Of the total units, five (5) are designated for tenants with income at or below 40% of Area Median Income ("AMI") and fifteen (15) units are designated for tenants with income at or below 60% of AMI. All 20 of the units will have rental assistance provided by the Charleston-Kanawha Housing Authority ("CKHA"). The Project is anticipated to be complete in the Fall of 2019 and will target families for occupancy.

5710 MacCorkle Avenue, SE, Charleston, WV 25304
304-391-8600 • 1-800-933-9843
www.wvhdf.com

A summary of the unit configuration and rent structure is shown below:

Unit Description	% AMI	# of Units	Square Footage of Units	Monthly Tenant Paid Rent / Annual Total	Tenant Paid Utility Allowance	Gross Tenant Paid Rent	IRS Rent Restriction (Maximum)
1 Bedroom	60%	4	761	$568	$147	$728	$655
1 Bedroom	60%	5	682	$568	$147	$728	$655
1 Bedroom	40%	2	761	$568	$147	$728	$437
1 Bedroom	40%	1	682	$568	$147	$728	$437
2 Bedrooms	60%	3	875	$675	$193	$868	$786
2 Bedrooms	60%	3	863	$675	$193	$868	$786
2 Bedrooms	40%	1	875	$675	$193	$868	$524
2 Bedrooms	40%	1	863	$675	$193	$868	$524
Total		20	15610	$146,592			

Market: In May of 2017, a market feasibility analysis was completed by Woods Research, Inc. for the Project. The analysis confirms the proposed rents are achievable and very competitive when compared to existing apartment rents for those at or below 40 and 60 percent (%) of Area Median Income (AMI). The analysis notes strong demand for low-income rental units as evidenced by the following:

- The demand for rent-subsidized rental units in the Primary Market Area (PMA) is 3,446 units.
- The rental housing market for apartments in the PMA is currently strong. The market is experiencing 99.1 percent occupancy.
- The proposed Project should experience an absorption rate of all 20 units in the first month. Based on the current apartment occupancy trends in the Charleston PMA, the proposed Project should achieve an average stabilized occupancy of 98 percent.

In addition to the market study, the West Virginia Statewide Housing Needs Assessment completed by Vogt Santer Insights for the Fund in 2014 supports the need for more affordable units available to families in Kanawha County. The Potential "Un-Met" Housing need for qualified family renter households in the target market for 41% - 60% AMI was 2,684 and for 0% - 50% AMI was 5,419. These figures support the need for the proposed Project in Charleston, WV.

Project Summary: A summary of Littlepage #5 is shown below:

Project Summary		
A.	Occupancy Type:	Low-Income
B.	Building Type:	Townhouse
C.	Type of Construction:	New Construction
D.	Foundation:	Masonry
E.	Structural System:	Frame
F.	Floor Finish:	Carpet / Vinyl Strip Tile
G.	Exterior Finish:	Brick & Vinyl
H.	Number of Units:	20
I.	Number of Buildings:	5
J.	Number of Stories in Bldg.	2
K.	List of Planned Amenities:	Wet sprinkler system, playground
L.	Exact Area (Acreage) of Site:	1.12 acres
M.	Number of Parking Spaces:	34
N.	Gross Floor Area of Buildings:	15,610 square feet
O.	Apartment Distribution:	12 one-bedroom, 8 two-bedroom
P.	Unit Equipment:	Electric range, refrigerator, dishwasher, garbage disposal and window blinds
Q.	Utilities Included in Contract Rent:	Water, Sewer and Trash
R.	Utilities Paid by Tenant:	Electric, Cable, and Phone
S.	Construction Period:	18 months

Total Development Costs: Total development costs and costs per square foot are estimated to be as follows:

Development Costs	Amount	Per Unit	%
Predevelopment Costs	$ 100,000	$ 5,000	2.55%
Acquisition Costs	$ 100	$ 5	0.00%
Construction Costs	$ 2,829,967	$ 141,498	72.29%
Soft & Carrying Costs	$ 984,603	$ 49,230	25.15%
Total	$ 3,914,670	$ 195,734	100%

Development Costs/Square Foot	Square Feet
Residential Units	15,610
Other	0
Total	15,610
Total Construction Cost	$ 2,829,967
Total Cost Per Square Foot	$ 181

The Project's construction costs per square foot are displayed above. Predevelopment, acquisition, and soft and carrying costs are not included as they are typically not associated with this measure. If such costs were included in the calculation, the "all in" cost per square foot is $250.

The total development costs for Littlepage #5 will be reviewed by the Fund's Technical Services Staff prior to closing to ensure the costs are reasonable given the scope of work for the Project.

Owner/Borrower/Developer: The Borrower for the Project is Charleston Replacement Housing L.P. #10, an entity created for the sole purpose of this development.

Mr. Scott Canel, co-developer and managing member of the General Partner, has a well-established partnership with the Charleston-Kanawha Housing Authority (co-developer through their subsidiary Housing Innovations Corporation). The proposed Project will be the 10th LIHTC project completed by this partnership and will be the last phase of a multi-phase development on the West Side of Charleston.

Please refer to the attached Property Ownership chart for more detailed information.

Lending Limit: The Borrower and related entities currently have no loans with the Fund that are subject to the Multifamily Lending Policy. Therefore, the proposed request of $3,000,000 and a pending HTF request in the amount of $1,065,000 are well below the Fund's current maximum aggregate loan balance of $17,221,800 as defined in the Multifamily Lending Policy.

Guarantor Evaluation: The construction loan will include corporate guarantees of CRH X GP LP, Alan Ives Construction LLC Series B, and Housing Innovations Corporation, as well as the personal guarantee of Scott I. Canel. An analysis of the financial condition of all guarantors shows substantial levels of net worth and liquidity, which provides significant strength to the Project.

<u>Development Team:</u>

Architect:	Larry Browne Browne Group Architects 1351 King Ave. #200 Columbus, OH 43212
Attorney:	Amy Haynie Bailey & Wyant, P.L.L.C. 500 Virginia St. E. #600 Charleston, WV 25301
Contractor:	Paul Gotta Alan Ives Construction Co., LLC 1949 St. Johns Ave. Highland Park, IL 60035
Management Agent:	Mark Taylor Housing Innovations Corporation 1525 Washington St. W. Charleston, WV 25387-2315

<u>Tax Credit *Syndicator:*</u> The tax credit syndicator is National Equity Fund, Inc. ("NEF") who will provide an equity investment into the Project in an estimated amount of $2,555,239. NEF has invested more than $14 billion in 2,584 LIHTC developments, which created 166,632 affordable homes for low-income families and individuals.

<u>Collateral *Evaluation:*</u> Collateral for the construction loan will include a first lien deed of trust on the land and improvements known as Littlepage #5.

An Appraisal dated April 27, 2018 values the Project subject to the rent restrictions with the LIHTC program at $1,085,000. When considering the maximum loan request of $3,000,000, this results in a loan to value ("LTV") of 276%. The loan to cost ratio, however, is 77%. There are several factors that mitigate the high loan to value ratio. First, the value of the collateral is not a primary factor in the lending decision for this loan. The equity proceeds from the syndication of tax credits, along with other committed funding sources, will completely payoff the construction loan upon the completion of construction. Therefore, the construction loan will primarily act as bridge funding, with committed sources of funding identified to retire the debt.

Furthermore, in addition to the real estate, the loan will be secured by a letter of credit equal to 15% of total construction costs. This provides a cushion for unexpected changes in costs or funding.

Finally, the loan will also be secured by several guarantees, including the personal guarantee of Scott Canel. Mr. Canel reports a very substantial net worth and high levels of unencumbered liquidity, which adds significant strength to the loan structure.

Environmental Evaluation: Terradon Corporation completed a Phase I Environmental Site Assessment (ESA) of the subject property on October 13, 2017 in accordance with ASTM Standard Practice E 1527-13. The ESA found no Recognized Environmental Conditions (RECs) that must be taken into consideration or addressed in the development of the Project.

The subject site is located within the 500-year floodplain, a moderate flood risk hazard. Staff does not view the flood zone as a significant risk to the Project, however, due to HUD funding in the Project, the Borrower will complete the HUD environmental review process and receive HUD's Authority to Use Grant Funds prior to closing.

Project Cash Flow: The Project's projected cash flow is shown below:

Projected Cash Flow	
Revenue:	
LIHTC Rents	$ 146,592.00
Other Income	$ -
(Vacancy)	$ (7,329.60)
Effective Gross Income	$ 139,262.40
Expenses:	
Management Expenses	$ 24,201.00
Operating and Maintenance	$ 18,355.00
Utilities	$ 9,315.00
Taxes and Insurance	$ 16,496.00
Replacement Reserves	$ 5,000.00
Total Expenses	$ 73,367.00
Net Operating Income	$ 65,895.40
Debt Service:	
Annual Asset Mgmt Fee	$ -
Annual RD Fee	$ -
WVHDF HTF	$ 43,777.50
Total	$ 43,777.50
DSC	1.51

Although the construction loan will be completely paid off prior to the permanent phase of the Project, the Project's permanent cash flow was analyzed for feasibility. The Project's cash flow appears strong, as evidenced by a projected debt service coverage ("DSC") ratio of 1.51x. Given that all 20 of the Project's units will have rental assistance, Staff has a very high level of confidence in the accuracy of the projections and the long-term viability of the Project.

Sources: Total project sources are expected to be $3,914.670. An estimated breakdown is shown below:

Sources	
Investor Equity	$ 2,555,239
WVHDF HTF Loan	$ 968,000
Deferred Developer Fee	$ 72,581
Developer Investment	$ 100
CKHA	$ 318,750
Total	$ 3,914,670

Due to the timing of investor equity, a construction loan amount of $2,800,000 has been requested. Staff is requesting approval of up to $3,000,000 for any unforeseen changes prior to closing.

Terms of WVHDF loan: Terms for the proposed loans are shown below.

Construction Loan:

- Borrower: Charleston Replacement Housing L.P. #10
- Loan Amount: up to $3,000,000
- Interest Rate: Variable rate of Wall Street Journal Prime* (currently 5.00%). Rate will adjust monthly.
- Loan Origination Fee: 1%
- Term: 18 months. Loan will convert to its permanent phase at the earlier of (1) 18 months, or (2) Project stabilization/when all investor equity has been received to pay the loan balance down to its permanent level.
- Collateral: A first lien deed of trust on the land and improvements known as Littlepage #5
- Guarantee: Personal guarantee of Scott I. Canel and Corporate guarantees of CRH X GP LP, Alan Ives Construction LLC Series B, and Housing Innovations Corporation.
- Irrevocable letter of credit equal to 15% of construction costs

<u>Conclusions/Recommendations</u>: Given the substantial amount of investor equity and other committed sources of funds scheduled to pay off the construction loan, and the developer's experience, Staff recommends approval of the loan request subject to the following conditions:

Recommendation #1 – WVHDF Construction Loan of up to $3,000,000 – Approval is recommended subject to the following conditions:

- Satisfactory receipt and review of the executed syndication agreement prior to closing; and
- Receipt of HUD's Authority to Use Grant Funds

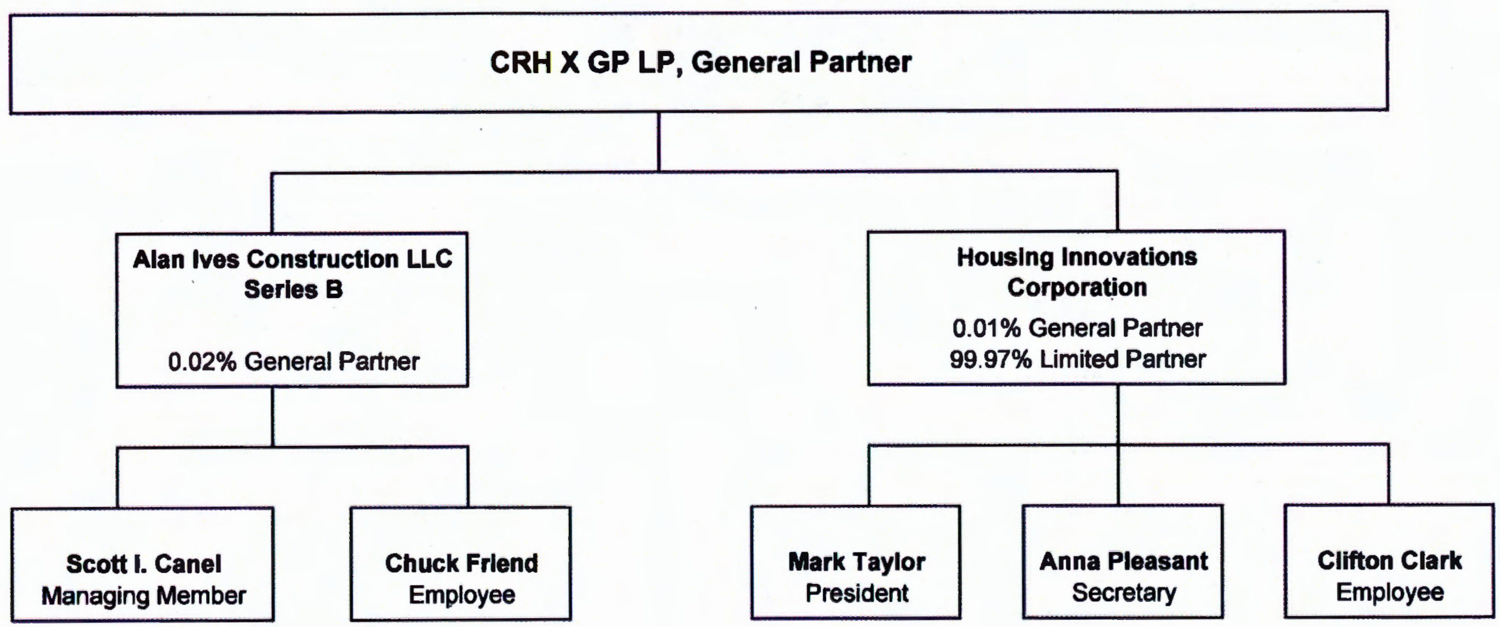
Thank you for your consideration of this request. Staff will be present at the meeting to address questions about the proposed loan.

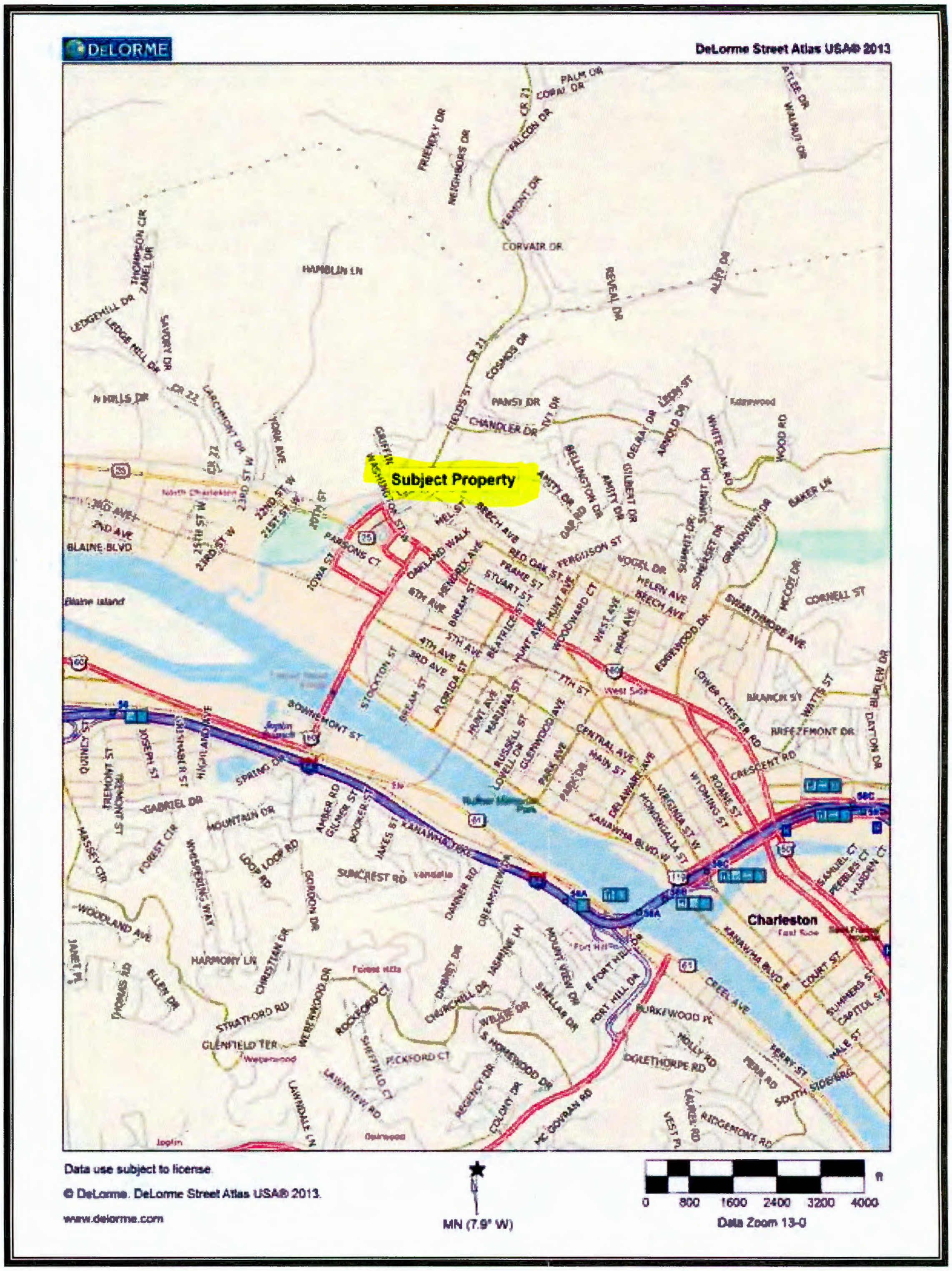
Nathan E. Testman
Senior Division Manager – Multifamily Lending

Julie W. Davis
Deputy Director – Production

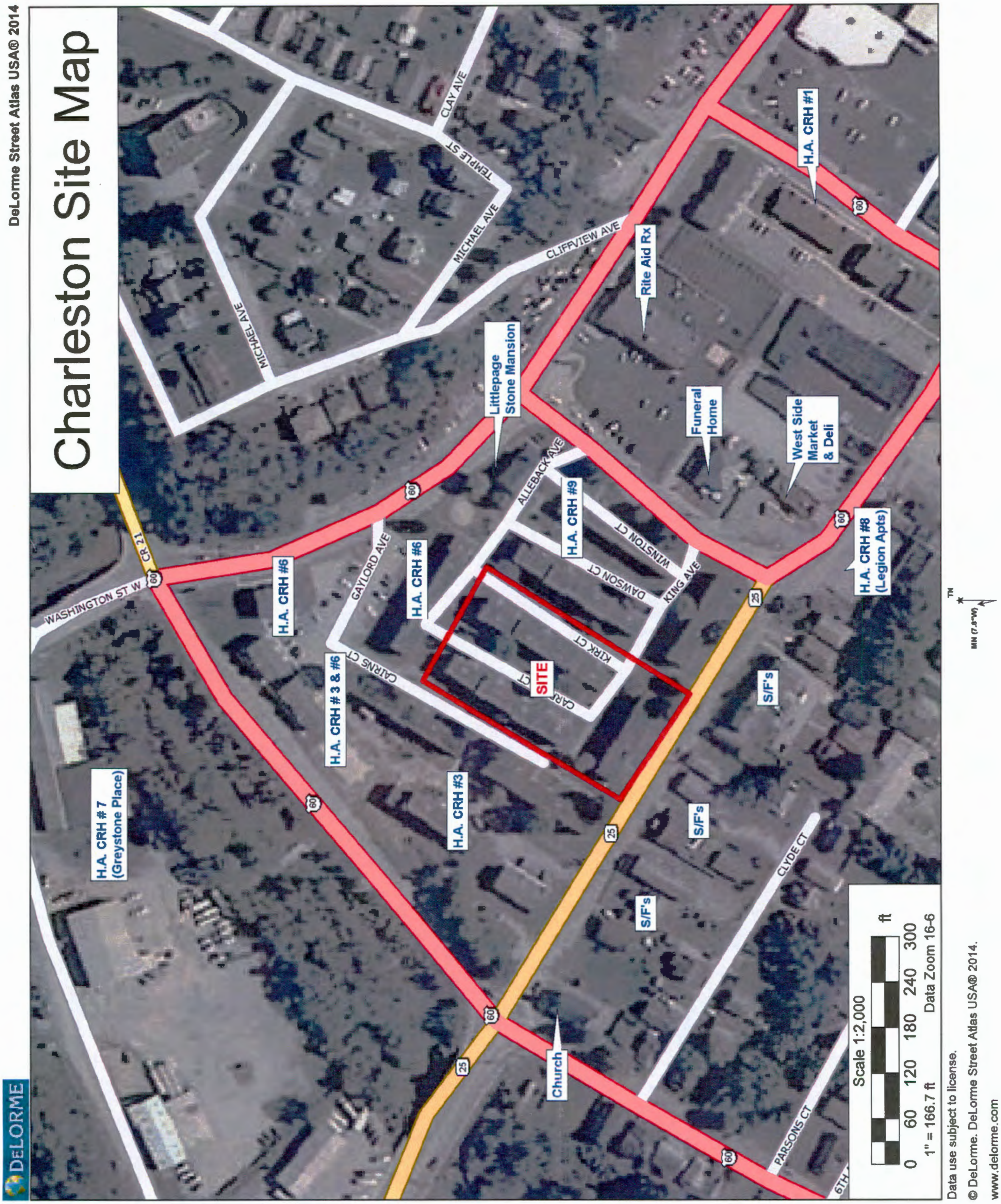
Erica L. Boggess, CPA
Executive Director

CHARLESTON REPLACEMENT HOUSING L.P. #10
(LITTLEPAGE #5)





Location Map


DeLorme Street Atlas USA® 2014
Charleston Site Map
DELORME
H.A. CRH # 7 (Greystone Place)
H.A. CRH #6
H.A. CRH # 3 & #6
H.A. CRH #3
H.A. CRH #6
H.A. CRH #9
SITE
Littlepage Stone Mansion
Rite Aid Rx
Funeral Home
West Side Market & Deli
H.A. CRH #1
H.A. CRH #8 (Legion Apts)
S/F's
S/F's
S/F's
Church
WASHINGTON ST W
CR 21
GAYLORD AVE
CAIRNS CT
CARR CT
KIRK CT
DAWSON CT
WINSTON CT
KING AVE
ALLEBACK AVE
CLIFFVIEW AVE
MICHAEL AVE
MICHAEL AVE
TEMPLE ST
CLAY AVE
CLYDE CT
PARSONS CT
6TH
Scale 1:2,000
0 60 120 180 240 300 ft
1" = 166.7 ft
Data Zoom 16-6
Data use subject to license.
© DeLorme. DeLorme Street Atlas USA® 2014.
www.delorme.com

D LEFT SIDE ELEVATION - BLD'GS. "A-2" AND "A-3"
SCALE: 1/8" = 1'-0" (BUILDING A-1, OPP. HAND)

C RIGHT SIDE ELEVATION - BLD'GS. "A-2" AND "A-3"
SCALE: 1/8" = 1'-0" (BUILDING A-1, OPP. HAND)

B REAR ELEVATION - BLD'G. "A"
SCALE: 1/8" = 1'-0"

A FRONT ELEVATION - BLD'G. "A"
SCALE: 1/8" = 1'-0"

G REAR ELEVATION - BLD'G. "W-1"
SCALE: 1/8" = 1'-0"

F FRONT ELEVATION - BLD'G. "W-1"
SCALE: 1/8" = 1'-0"

E LEFT SIDE ELEVATION - BLD'G. "W-1"
SCALE: 1/8" = 1'-0"

K LEFT SIDE ELEVATION - BLD'G. "W-2"
SCALE: 1/8" = 1'-0"

J REAR ELEVATION - BLD'G. "W-2"
SCALE: 1/8" = 1'-0"

H FRONT ELEVATION - BLD'G. "W-2"
SCALE: 1/8" = 1'-0"

L RIGHT SIDE ELEVATION - BLD'G. "W-2"
SCALE: 1/8" = 1'-0"

BRICK EXTERIOR PERCENTAGE TABULATION	
A BUILDING:	74% BRICK
W BUILDING:	66% BRICK

NOTE:
AT ALL BRICK/BLOCK INTERSECTIONS, LAY BRICK UP FIRST, THEN BLOCK. PROVIDE BACKER ROD & CAULK. (TYP. AT ALL INTERSECTIONS FOR ALL BUILDINGS)

PROJECT NO.
18007

browne group | architects
3400 mason rd.
canal winchester, ohio
614-486-7145

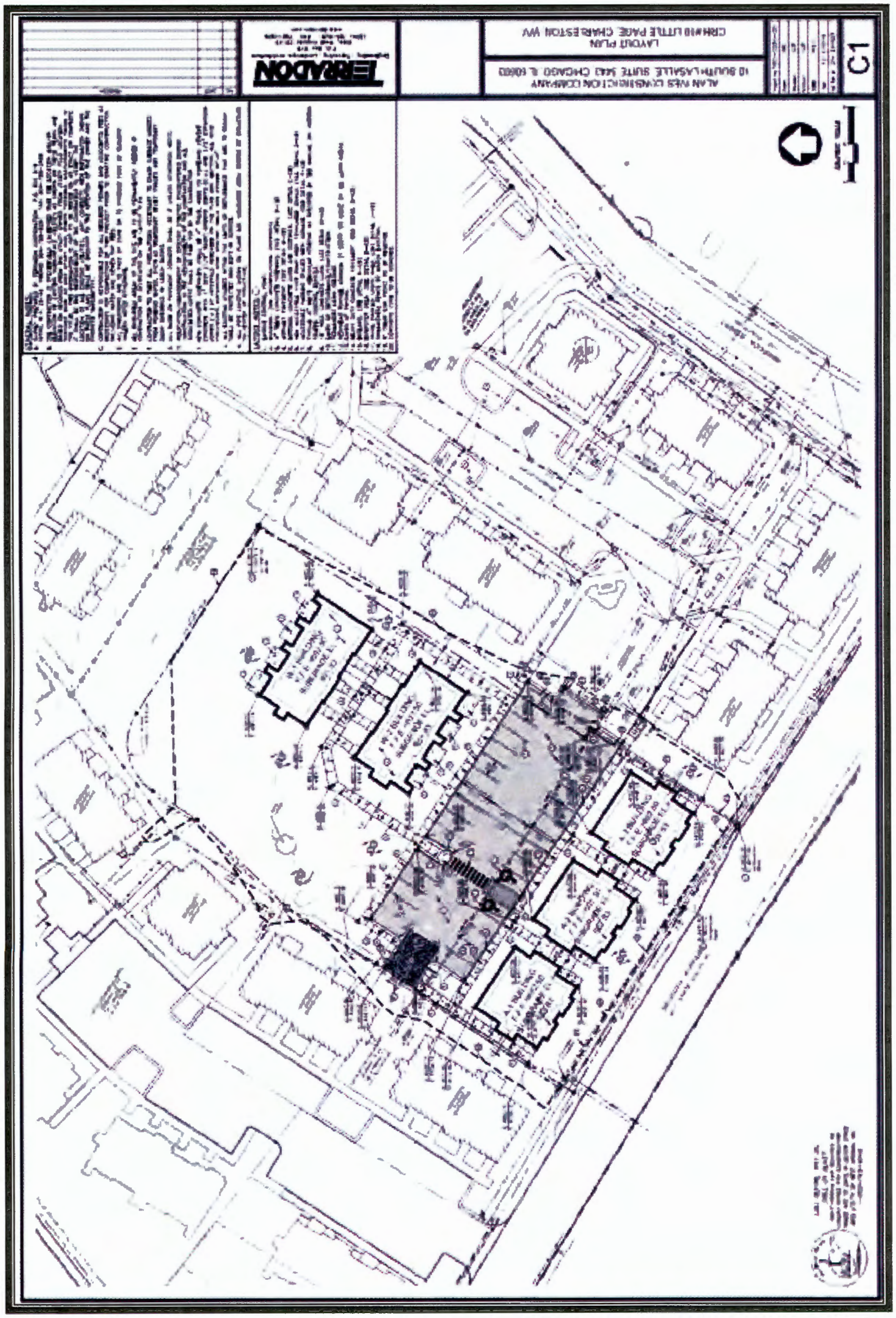
☐ DESIGN DEVELOPMENT
☐ BID
☒ CONSTRUCTION

ISSUE DATE: 19 APRIL 2018
REVISED DATE:

A NEW APARTMENT COMMUNITY FOR:
CHARLESTON REPLACEMENT HOUSING L.P. #10
7TH AVENUE
CHARLESTON, WV 25387

DRAWING NAME:
EXTERIOR ELEVATIONS

SHEET NO.
A4.1



Site Plan

LEGEND

ALL 1ST FLOOR PERIMETER WALLS, AND 2ND FLOOR PERIMETER WALLS AT 2' BUMP-OUTS ON 1-BEDROOM UNITS ONLY, TO HAVE 2 X 4 WD. STUDS @ 16" O.C., R-13 INSULATION BETWEEN STUDS, 1/2" PLYWD. (OR 7/16" O.S.B.) ON EXTERIOR SIDE WITH 1" AIRSPACE AND 4" BRICK VENEER TOWARD EXTERIOR, AND 5/8" TYPE X GYP. BD. ON INTERIOR SIDE, U.N.O.

NOTE: THE FRONT AND REAR WALLS OF BUILDINGS "A" AND "W" (BUMPOUT NOT INCLUDED) SHALL BE 2 X 4 @ 12" O.C. AT FIRST FLOOR. THE FIRST FLOOR FRONT WALL OF THE TWO BEDROOM UNITS UNIT WILL BE 2 X 4 @ 12" O.C.

ALL 2ND FLOOR PERIMETER WALLS (UNLESS NOTED ABOVE) TO HAVE 2 X 4 WD. STUDS @ 16" O.C., R-13 INSULATION BETWEEN STUDS, 1/2" PLYWD. (OR 7/16" O.S.B.) AND VINYL SIDING ON EXTERIOR SIDE, AND 5/8" TYPE X GYP. BD. ON INTERIOR SIDE.

2 X 4 OR 2 X 6 WD. STUDS (AS NOTED ON DRAWINGS) @ 24" O.C. WITH 1/2" GYP. BD. ON ONE OR BOTH SIDES.

2 X 4 OR 2 X 6 WD. STUDS (AS NOTED ON DRAWINGS) @ 16" O.C. W/ 1/2" GYP. BD. ON BOTH SIDES.

UNIT SEPARATION WALL: DOUBLE STUD WALL WITH 1" GAP BETWEEN TWO ROWS OF 2 X 4 WD. STUDS @ 16" O.C. CROSS-BRACE STUDS AT MID HEIGHT. INSTALL R-13 INSULATION BETWEEN STUDS (BOTH ROWS). PLACE 5/8" PROROC TYPE "X" GYP. BD. ON EXPOSED SIDES OF PARTITION. PROVIDE FIRE-STOPPING AT TOP AND BOTTOM OF WALL. UL DESIGN NO. U341.

2 X 4 WD. STUDS @ 16" O.C. WITH 5/8" FIRECODE GYP. BD. BOTH SIDES. UL DESIGN NO. U305. PROVIDE R-13 INSULATION IN WALLS BETWEEN STORAGE ROOMS OR STAIRWELLS AND INTERIOR SPACES.

2 X 6 WD. STUDS @ 12" O.C., FULL HEIGHT TO ROOF BEARING WITH 5/8" FIRECODE GYP. BD. BOTH SIDES.

2 X 6 WD. STUDS, FULL HEIGHT TO ROOF BEARING ABOVE, @ 12" O.C., R-13 INSULATION BETWEEN STUDS, 1/2" PLYWD. (OR 7/16" O.S.B.) ON EXTERIOR SIDE WITH 1" AIRSPACE AND 4" BRICK VENEER TOWARD EXTERIOR, AND 5/8" TYPE X GYP. BD. ON INTERIOR SIDE.

2 X 6 WD. STUDS @ 16" O.C., R-13 INSULATION BETWEEN STUDS, 1/2" PLYWD. (OR 7/16" O.S.B.) ON EXTERIOR SIDE WITH 1" AIRSPACE AND 4" BRICK VENEER TOWARD EXTERIOR, AND 5/8" TYPE X GYP. BD. ON INTERIOR SIDE.

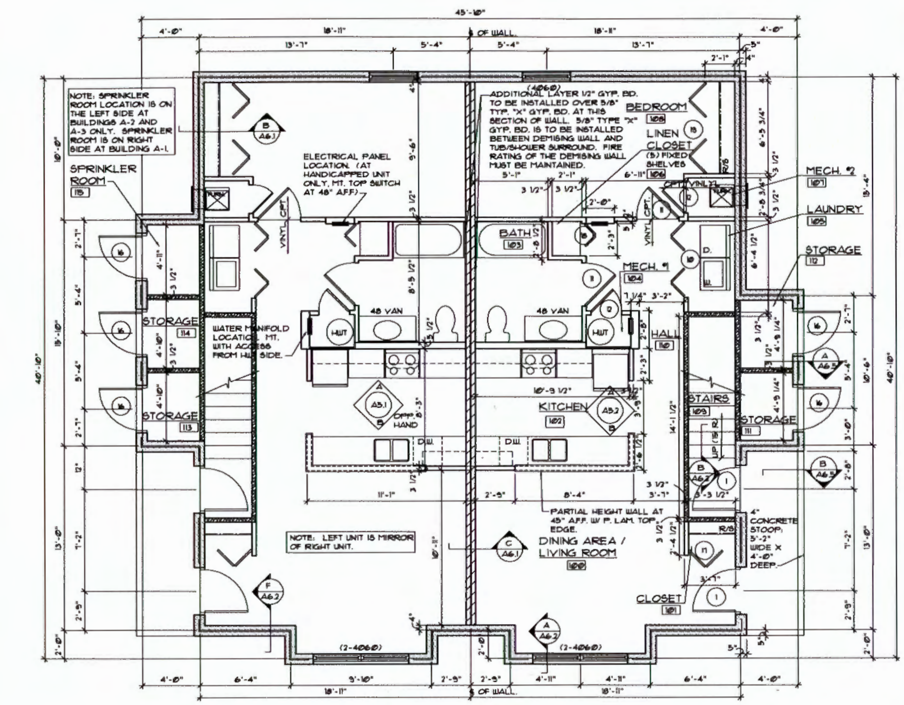
2 X 6 WD. STUDS @ 12" O.C., FULL HEIGHT WITH R-13 INSULATION BETWEEN STUDS, AND 2 X 4 WD. STUDS @ 16" O.C. ATTACHED TO 2 X 6 STUDS AND RESTING ON BRICK BELOW WITH 1/2" PLYWD. (OR 7/16" O.S.B.) WITH VINYL SIDING ON EXTERIOR SIDE AND 5/8" TYPE X GYP. BD. ON INTERIOR SIDE.

2 X 6 WD. STUDS @ 12" O.C., WITH R-13 INSULATION BETWEEN STUDS, AND 2 X 4 WD. STUDS @ 16" O.C. ATTACHED TO 2 X 6 STUDS AND RESTING ON BRICK BELOW WITH 1/2" PLYWD. (OR 7/16" O.S.B.) WITH VINYL SIDING ON EXTERIOR SIDE AND 5/8" TYPE X GYP. BD. ON INTERIOR SIDE.

2 x 4 OR 2 X 6 WD. STUDS AS NOTED ON PLANS @ 16" O.C.

2 x 4 WD. STUDS WITH 5/8" GYP. BD. BOTH SIDES WITH 6d COOLER NAILS AT 7" INTERVALS AT EDGES AND FIELD.

2 x 4 WD. STUDS, TURNED SIDEWAYS AT 16" O.C. WITH 1/2" GYP. BD. BOTH SIDES.



NOTE: THIS FIRST FLOOR UNIT IN BUILDING A-2 (@ 7th Ave.) LEFT SIDE WILL BE HCP. THE REMAINING FIRST FLOOR UNITS IN THE A BLDG'S. WILL BE NON-HANDICAPPED.

NOTE: REF. SHT. A5.1 FOR ENLARGED BATH PLANS.

NOTE: WINDOW DIMENSIONS ARE IN INCHES.

(A) FLOOR PLAN (BLD'G A)

SCALE: 1/4" = 1'-0"
ONE BEDROOM UNITS

GENERAL NOTES

1. GENERAL CONTRACTOR TO VERIFY ALL FIELD CONDITIONS BEFORE START OF JOB. ALL CONSTRUCTION IS TO MEET THE REQUIREMENTS OF THE PLANS AND SPEC'S, AND ALL STATE, LOCAL AND LATEST EDITION OF THE IBC (INTERNATIONAL BUILDING CODE), AS WELL AS COMPLY WITH FHA (FAIR HOUSING ACT), UFAS (UNIFORM FEDERAL ACCESSIBILITY STANDARDS) AND MPS (MINIMUM PROPERTY STANDARDS.)

2. DIMENSIONS: GENERAL CONTRACTOR TO FIELD VERIFY ALL CRITICAL DIMENSIONS AND REPORT ANY DISCREPANCIES TO THE ARCHITECT BEFORE START OF FRAMING.

DIMENSIONS GIVEN ARE AS FOLLOWS:
- -FACE OF (F.O.) BLOCK WALL TO F.O. BLOCK WALL,
- -F.O. WALL (INTERIOR PARTITION) TO EXTERIOR FACE OF SHEATHING (EXTERIOR PARTITION),
- -F.O. STUD WALL (INTERIOR PARTITION) TO F.O. STUD WALL,
- -F.O. STUD WALL (INTERIOR PARTITION) TO F.O. BLOCK WALL,
- -F.O. SHEATHING (EXTERIOR PARTITION) TO F.O. BLOCK WALL.

ALIGN EXTERIOR SHEATHING WITH OUTSIDE FACE OF BLOCK FOUNDATION (WHERE APPLICABLE).

3. DOORS: ALL DOOR FRAMES ARE TO BE LOCATED 4" FROM INTERSECTING PARTITION UNLESS NOTED OTHERWISE. REFER TO DOOR SCHEDULE AND/OR PROJECT SPECS FOR INFORMATION NOT PROVIDED HERE.

4. BLOCKING: G.C. TO PROVIDE SOLID WOOD BLOCKING AT ALL ACCESSORIES, SHELVING, CLOSET RODS, CABINETS (REF. 5/A5.2), AND HANDICAPPED GRAB BAR LOCATIONS.

5. FINISHES: ALL INTERIOR WALL, FLOOR AND CEILING FINISHES ARE TO MEET AND EXCEED CLASS II SPREAD (26-75) RATING. GENERAL CONTRACTOR TO SCHEDULE AND COORDINATE WITH OWNER ALL MATERIAL FINISHES AND COLORS PRIOR TO ORDERING AND INSTALLATION.

6. ALL DOOR HARDWARE, ETC. TO COMPLY WITH ACCESSIBILITY REQUIREMENTS.

7. WINDOW NOMENCLATURE DENOTES SIZE OF WINDOW IN INCHES.

8. ALL FIRST FLOOR BATHROOMS AND LAVS ARE TO HAVE BLOCKING INSTALLED IN WALLS FOR FUTURE GRAB BAR INSTALLATIONS AROUND TOILETS, BATHTUBS AND SHOWERS. REF. DETAILS 1 AND 3 / A5.1.

9. ACCESS PANELS: FRAME AREA FOR FUTURE ACCESS PANELS BEHIND CONTROL WALLS OF ALL SHOWER AND TUB LOCATIONS IN ALL UNITS. THE PANELS ARE TO BE 16" X 16".

10. IF ANY PART OF A BUILDING IS WITHIN 20'-0" OF ANOTHER BUILDING, THOSE PARTS ON BOTH BUILDINGS ARE TO BE ONE HOUR RATED PER CODE. THE G.C. IS TO ADJUST CONSTRUCTION AS REQUIRED.

11. CLOTHES RODS IN HANDICAPPED UNIT ARE TO BE INSTALLED AT 54" AFF.

12. G.C. SHALL MEET WITH THE LOCAL FIRE MARSHAL TO CONFIRM THE LIFE SAFETY REQUIREMENTS PURSUANT TO LOCAL REGULATIONS.

13. G.C. IS TO SIZE SLEEVE OPENING FOR THROUGH WALL A/C UNIT IN LOW VOLTAGE ROOM PER UNIT SELECTED. CAULK ALL INTERSECTIONS.

14. G.C. TO PROVIDE WINDOW OPENING CONTROL DEVICES ON ALL SECOND FLOOR WINDOWS AS REQUIRED PER CODE, SECTION 1015.8.

NOTES FOR FIRE RESISTANT PARTITIONS:

1. ALL FIRE RESITANT RATED WALLS ARE TO MAINTAIN SPECIFIED RATINGS PER CODE. PROVIDE THE FOLLOWING PRODUCTS OR EQ. AT VARIOUS CONDITIONS AS REQUIRED. PRODUCTS ARE TO BE INSTALLED PER MANUFACTURERS DETAILS.

-STEEL OR COPPER PIPE PENETRATIONS:
MFG: BIOFIRESHIELD, PRODUCT: BIOSTOP 500+ FIRESTOPPING SEALANT.

-ELECTRICAL BOXES:
MFG: BIOFIRESHIELD, PRODUCT: BIOSTOP FIRE RATED PUTTY AND PUTTY PADS.

-PLASTIC PIPE:
MFG: BIOFIRESHIELD, PRODUCT: BIOSTOP PIPE COLLAR.

PROJECT NO.
18007

browne group | architects
3400 mason rd.
canal winchester, ohio
614-486-7145

☐ DESIGN DEVELOPMENT
☐ BID
☒ CONSTRUCTION

ISSUE DATE: 13 APRIL 2018
REVISED DATE:

A NEW APARTMENT COMMUNITY FOR:
CHARLESTON REPLACEMENT HOUSING L.P. #10

7TH AVENUE
CHARLESTON, WV 25387

DRAWING NAME:
ONE BEDROOM UNIT - BUILDING FLOOR PLAN - FIRST FLOOR

SHEET NO.
A3.1

Looking north at the Site from adjacent Charleston Replacement Housing.

Looking northwest at the Site from adjacent Charleston Replacement Housing.

Looking southwest at the Site from adjacent Charleston Replacement Housing.

Looking at the Site from adjacent Charleston Replacement Housing.

Looking southwest across the Site from the north end.

Looking east across the Site from the adjacent Charleston Replacement Housing.

Looking southeast across the Site from the adjacent Charleston Replacement Housing.

Adjacent Charleston Replacement Housing located on the east side of the Site.

EXECUTIVE SUMMARY
Housing Trust Fund (HTF) Program

Project Name: Littlepage #5 (RFP No. 2017-02-22)

Location: 1820 7th Avenue, Charleston, Kanawha County, WV 25387

Owner/Developer Name: Owner: Charleston Replacement Housing L.P. #10, Co-Developers: Alan Ives Construction LLC Series B, Scott I. Canel, Managing Member, and Housing Innovations Corporation (a subsidiary of Charleston-Kanawha Housing Authority "CKHA").

Project Description/Activity: Littlepage #5 (Project) involves the acquisition and new construction of a multifamily residential rental project located on an approximate 1.12-acre tract. It will be comprised of five buildings, containing a total of twenty (20) apartments: twelve (12) one-bedroom units averaging 721 square feet each and eight (8) two-bedroom units averaging 869 square feet each. Up to eight (8) units will be designated as HTF units and comply with HUD HTF Rent Restrictions. The remaining units will be designated as LIHTC units and comply with IRS Rent Restrictions.

The applicable per-unit subsidies do not exceed the maximum per-unit subsidy limits established for the HTF Program.

Project Cost $3,914,670.00

Sources of Funds

Name of Source	Terms	Status	Amount
CKHA	5.00%, 30 year loan	Committed	$ 318,750.00
WVHDF HTF Loan	up to 1%, up to 30 years*	Committed	968,000.00
LIHTC Equity	N/A	Committed	2,555,239.00
Deferred Developer Fee	N/A	Committed	72,581.00
General Partner Equity	N/A	Committed	100.00
		Total	$3,914,670.00

Uses of Funds

Acquisition		$ 100.00
Construction Costs		2,909,967.00
Soft & Carrying Costs		1,004,603.00
	Total	$3,914,670.00

HTF Loan Terms: The expected HTF loan amount is $968,000; however, staff is requesting $1,065,000 for any unforeseen changes prior to closing and to allow for the reimbursement of the Fund's staff costs. The HTF loan will have an interest rate of up to 1% and a loan term of up to 30 years. The Terms of the HTF loan, which may result in the deferral in the repayment of a portion or all of such funds, will be determined in conjunction with final underwriting, which occurs prior to the execution of the HTF Written Agreement with the Owner. The Fund will secure the loan with a first lien deed of trust. During construction, the HTF loan will be in second lien position behind the Fund's multifamily construction loan.

*The terms of HTF loan begin with project completion and include the completion of construction and lease-up of all HTF units.

Project Cash Flow: An analysis of the Project's cash flow illustrates it is sufficient to support the Project's operating costs, including the debt service of the proposed HTF loan and contributions to the replacement reserve account. The Project includes Project Based Rental Assistance for all twenty of the Project's units, which adds significant strength to the long-term demand and viability of the Project.

Collateral Evaluation: After the construction phase of the Project, the Fund's HTF loan will be secured by first-lien deed of trust on the subject property. The Fund will also be secured by the Project's replacement reserve account. The expected HTF loan amount of $968,000 results in a 25% loan to cost ratio.

HUD per unit subsidy limits allow the Fund to commit up to $168,600 per one-bedroom unit and $205,017 per two-bedroom unit. However, the HTF loan results in an average of $121,000 per unit, which is approximately 65% lower than the maximum permitted by HUD.

Property Inspection: The Fund's Technical Services staff performed a LIHTC Site Suitability Rating on June 14, 2017, and the site was deemed adequate for the Project. Technical Services will conduct a review and costing of the Project's plans and specifications and site development plan, and construction costs must be reasonable and necessary prior to closing the loan.

Environmental Review: As required by HUD, the Fund will conduct an environmental review for the Project to determine that it is in compliance with the environmental provisions at 24 CFR 93.301(f)(2). Upon confirmation of compliance, the Fund may proceed with HTF loan closing.

Lending Limits Policy: The Borrower and related entities currently have no loans with the Fund that are subject to the Multifamily Lending Policy. Therefore, the proposed request of $1,065,000 and a pending Multifamily request in the amount of $3,000,000 are well below the Fund's current maximum aggregate loan balance of $17,221,800 as defined in the Multifamily Lending Policy.

Developer's Qualifications: The Borrower for the Project is Charleston Replacement Housing L.P. #10, an entity created for the sole purpose of this development.

Mr. Scott Canel, co-developer and managing member of the General Partner, has a well-established partnership with the Charleston-Kanawha Housing Authority (co-developer through their subsidiary Housing Innovations Corporation). The proposed Project will be the 10th LIHTC project completed by this partnership and will be the last phase of a multi-phase development on the West Side of Charleston.

Recommendation: Staff recommends approval of the subject HTF loan to Charleston Replacement Housing L.P. #10 not to exceed $1,065,000, with an interest rate of up to 1% and a term of up to 30 years. Fund staff costs, which are related to carrying out the Project as permitted by 24 CFR 93.201(d)(6), will be submitted for reimbursement through HUD's Integrated Disbursement Information System.

This HTF project meets all Program guidelines.

☑ **Project requires approval by Board of Directors.**
☐ **Project does not require approval by Board of Directors.**

Approval:

Megan L. Howard 8/16/18
Megan L. Howard — Date
HOME & HTF Rental Programs Administrator

Nathan E. Testman for 8/16/18
Catherine Colby — Date
Senior Manager-HOME & HTF Programs

Nathan E. Testman 8/16/18
Nathan E. Testman — Date
Senior Division Manager-Multifamily Lending

Julie W. Davis 8/16/18
Julie W. Davis — Date
Deputy Director-Production

E L Boggess 8/16/18
Erica L. Boggess, CPA — Date
Executive Director