



Alamo Area Housing Finance Corporation

Cliff Herberg
November, 2023



AAHFC – Purpose and Organization

AAHFC Statutory Authority

- **Chapter 394 Texas Local Government Code**
 - **Purpose - Finance the cost of affordable housing**
 - **Ownership and Development**
- **Benefits the People of the State**
 - **Improves the public health and welfare**
 - **Promotes the economy**
 - **Reduces the adverse affects of unemployment**
- **AAHFC was created in 1984**
 - **Dormant but still current with Secretary of State**



AAHFC – Opportunity

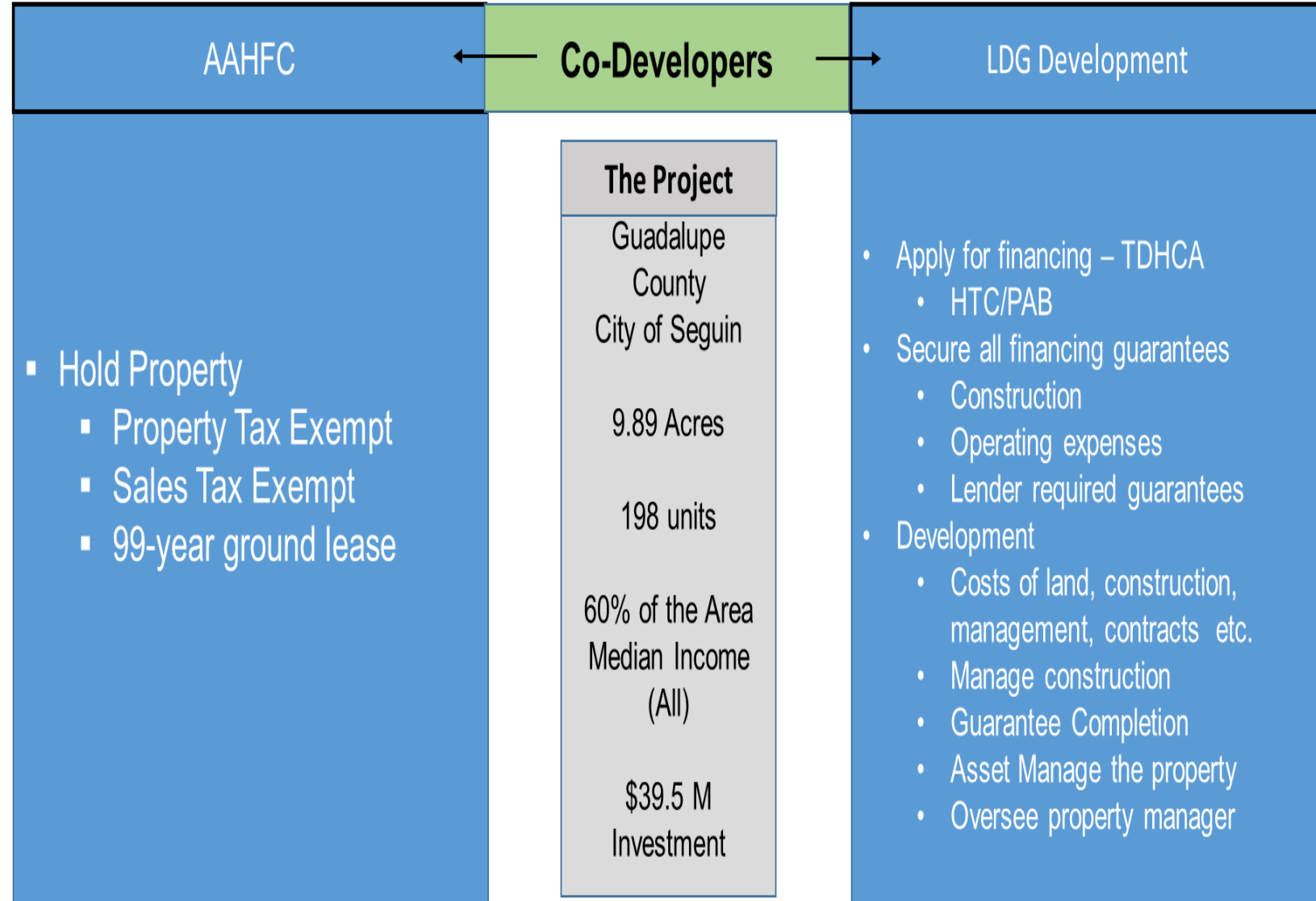
LDG Development

- Based in Louisville, KY w/ office in Austin, TX
- Co-principals Chris Dischinger & Mark Lechner
- Over 20 years in Affordable Housing
- #1 Affordable Housing Developer in the nation in 2017
- 77 developments and over 13,600 units across eight states
- 36 developments and over 6,800 units in Texas
- Develop and hold – Never sold an asset (until December!)

Jake Brown – Development Manager

- Approached AACOG – Gauge interest in participating in a Tax Credit Financing Project
- **KEY TO SUCCESS IS A GREAT DEVELOPER PARTNER!**

AAHFC – Basic Structure of Seguin Project





AAHFC – Cost/Risk/Participation Seguin Pecan Grove Complex

| AAHFC | 40% | Co-Developers | 60% | LDG Development |
|---|-----|--|--|-----------------|
| <ul style="list-style-type: none">Costs<ul style="list-style-type: none">Administrative costNo hard/soft costsRisk<ul style="list-style-type: none">Minute legal riskIndemnifiedParticipation (estimated)<ul style="list-style-type: none">Developer fees: 40%<ul style="list-style-type: none">\$910,453Annual Net Cash Flow fees 40%\$109,200 per year (avg over 15 years.) | | <div><div>The Project</div><div>Guadalupe County City of Seguin</div><div>9.89 Acres</div><div>198 units</div><div>60% of the Area Median Income (All)</div><div>\$39.5 M Investment</div></div> | <ul style="list-style-type: none">Costs<ul style="list-style-type: none">All land costsPartnership costsPre-development costsApplication costsAssumes 99.9% of project riskParticipation<ul style="list-style-type: none">Developer fees 60%<ul style="list-style-type: none">\$1,365,679Net Cash Flow fees 60%<ul style="list-style-type: none">\$163,900 per year (avg.) | |
| Total estimated Fees = \$910,453 Total estimated 15-year CF = \$1,639,075 Total Income = \$2,549,528 | | | Total estimated Fees = \$1,365,679 Total estimated 15-year CF = \$2,458,613 Total Income = \$4,094,292 | |





BUILDING SPECIFICATION LIST

- **100% stone & cementitious exterior composition**
- **35-year dimensional roof shingles**
- **15 SEER air conditioning units**
- **R-30 building insulation**
- **Fire sprinklers in all units**
- **Granite countertops in all units**
- **Energy Star rated appliances in all units**
- **Covered patios and balcony**
- **Laundry and dryer hook-ups**
- **Built to LEED certified standards**
- **Gated community with decorative perimeter fencing**



Pecan Grove BUILDING SPECIFICATION LIST

- **Garden Style**
- **8 residential buildings**
- **1 clubhouse**
- **198 units**
- **1-BR – 18**
- **2-BR – 60**
- **3-BR – 114**
- **4-BR – 6**
- **Pool, Clubhouse, Fitness Center, etc.**
- **Parking – 449 spaces**



AAHFC – NEW BRAUNFELS - Oak Creek (Cost/Risk/Participation Proposed)

| AAHFC | Co-Developers | LDG Development |
|---|---|--|
| <ul style="list-style-type: none">Costs<ul style="list-style-type: none">Administrative costNo hard/soft costsRisk<ul style="list-style-type: none">Minute legal riskIndemnifiedParticipation<ul style="list-style-type: none">Structuring Fee: \$250,000 (closing)Net Cash Flow Rent: \$250,000 (annual) w/ 3% annual escalatorInitial Capital Event Rent: 1.0% of gross sales priceSubsequent Capital Event(s) Rent: 20% of proceeds | <p>Comal County/ City of New Braunfels</p> <p>12.95 Acres</p> <p>300 units</p> <p>Workforce Housing 50% of units at 80% AMI 50% of units at Market Rate</p> <p>\$62.2MM Investment</p> | <ul style="list-style-type: none">Costs<ul style="list-style-type: none">All land costsPartnership costsPre-development costsApplication costsAssumes 99.9% of project riskParticipation<ul style="list-style-type: none">Developer FeeCash FlowRefinance ProceedsSales Proceeds |



OAK CREEK APARTMENTS



BUILDING SPECIFICATION LIST

- **100% stone & cementitious exterior composition**
- **35-year dimensional roof shingles**
- **15 SEER air conditioning units**
- **R-30 building insulation**
- **Fire sprinklers in all units**
- **Granite countertops in all units**
- **Energy Star rated appliances in all units**
- **Covered patios and balcony**
- **Laundry and dryer hook-ups**
- **Built to LEED certified standards**
- **Gated community with decorative perimeter fencing**

A photograph of the Alamo mission in San Antonio, Texas, at dusk. The building's facade, featuring a large arched entrance and a prominent bell tower, is illuminated by warm lights. The sky is a mix of purple and blue, and the foreground shows a cobblestone plaza and a green lawn.

[illegible]



| AAHFC CLOSING FEES | |
|--------------------|-----------|
| Half GC Fee | \$238,528 |
| Structuring Fee | \$250,000 |
| TOTAL | \$488,528 |

New Braunfels Oak Creek

Original Projected Closing in March or April, 2022 – delayed due to change in financing from tax credits to standard financing. Current estimated Summer 24

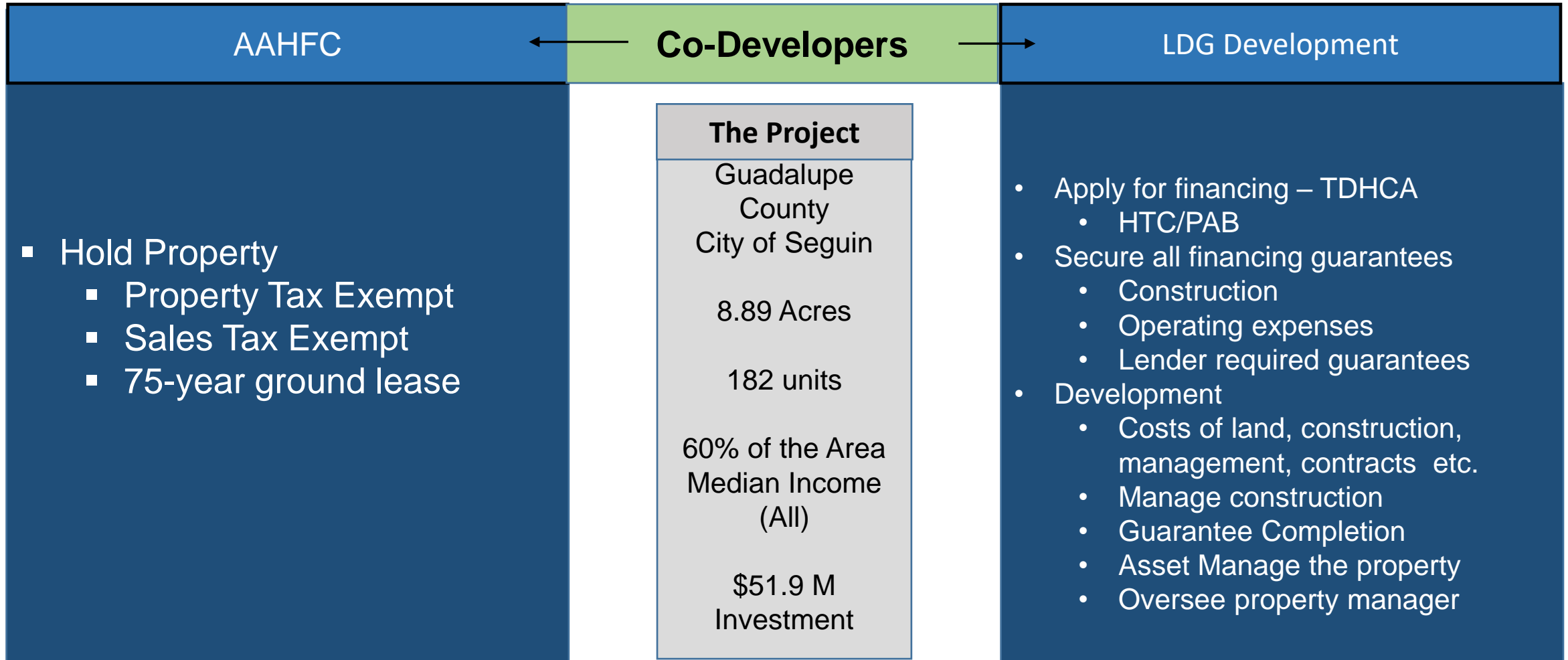
| AAHFC COMPLETION FEES | |
|-----------------------|-----------|
| Half GC Fee | \$238,528 |
| TOTAL | \$238,528 |

| AAHFC NET CASH FLOW RENT | |
|--------------------------|-------------|
| Year 1 | \$200,000 |
| Year 2 | \$204,000 |
| Year 3 | \$208,080 |
| Year 4 | \$212,242 |
| Year 5 | \$216,486 |
| Year 6 | \$220,816 |
| Year 7 | \$225,232 |
| Year 8 | \$229,737 |
| Year 9 | \$234,332 |
| Year 10 | \$239,019 |
| Year 11 | \$243,799 |
| Year 12 | \$248,675 |
| Year 13 | \$253,648 |
| Year 14 | \$258,721 |
| Year 15 | \$263,896 |
| Year 16 | \$269,174 |
| Year 17 | \$274,557 |
| Year 18 | \$280,048 |
| Year 19 | \$285,649 |
| Year 20 | \$291,362 |
| TOTAL | \$4,859,474 |



WALNUT SPRINGS SEGUIN, TX





WALNUT SPRINGS

Projected Schedule of Fees

Alamo Area HFC

| AAHFC Fees at Closing | | |
|-----------------------|--|------------|
| Issuance Fee | | \$ 175,000 |
| Administrative Fee | | \$ 75,000 |
| Developer Fee | | \$ 109,344 |
| | | |
| Total | | \$ 359,344 |

Schedule of Paid Developer Fee to AAHFC

| Benchmark | Date | Amount |
|---------------------|-----------|------------|
| Admission | 2/1/2024 | \$ 109,344 |
| Construction Period | 2/1/2026 | \$ 131,213 |
| Stabilization-90/90 | 10/1/2026 | \$ 135,587 |
| 8609's | 1/1/2027 | \$ 61,233 |
| Total | | \$ 437,376 |

Schedule of Cash Flow Distributions to AAHFC (Including repayment of Deferred Developer Fee)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|----------------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash Flow | \$ 151,889 | \$ 162,184 | \$ 172,591 | \$ 118,398 | \$ 129,029 | \$ 139,771 | \$ 150,622 | \$ 161,583 | \$ 172,652 | \$ 183,827 | \$ 195,108 | \$ 206,493 | \$ 217,981 | \$ 229,569 | \$ 241,257 |
| Total Cash Flow | \$ 151,889 | \$ 162,184 | \$ 172,591 | \$ 118,398 | \$ 129,029 | \$ 139,771 | \$ 150,622 | \$ 161,583 | \$ 172,652 | \$ 183,827 | \$ 195,108 | \$ 206,493 | \$ 217,981 | \$ 229,569 | \$ 241,257 |
| Cumulative Cash Flow | \$ 151,889 | \$ 314,073 | \$ 486,663 | \$ 605,062 | \$ 734,090 | \$ 873,861 | \$ 1,024,483 | \$ 1,186,066 | \$ 1,358,718 | \$ 1,542,545 | \$ 1,737,653 | \$ 1,944,146 | \$ 2,162,127 | \$ 2,391,696 | \$ 2,632,952 |

**40% of Developer Fee, Cashflow, Refi Proceeds, and Sale Proceeds



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Thank You For Your Time

Contact Us

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REGION 1 PLANNING COUNCIL LAND BANK

NADO 2023 – CLEVELAND, OHIO

AN ENGINE FOR COLLABORATION
IN NORTHERN ILLINOIS



REGION ONE PLANNING COUNCIL (R1) INTRO

- Region 1 Planning Council (R1) is a special-purpose, regional government designed to coordinate intergovernmental collaboration on several topics, including housing, education, environment, transportation, community health, and economic community.
- Designations: MPO & EDD
- WinGIS, NorthCOG, WCMHB, and NILBA

BLIGHT AND NEIGHBORHOOD REVITALIZATION HISTORY

- Abandoned properties lower community morale, decrease property value, increase insurance premiums, and pose health & safety threats
- Communities pay the price for abandoned properties through tax dollars
 - No tax revenue
 - Property maintenance/demolition
 - Calls for service
- Blight is a cyclical issue and can be prevented by revitalizing abandoned properties

LAND BANK HISTORY

- **2014-2017:** Need for a land bank identified. Search for funding and ideal structure.
- **2017:** Illinois Housing Development Authority releases Land Bank Capacity Program funding. R1 applies on behalf of the region.
- **2018:** \$225,000 awarded to fund land bank operations.
- **2019:** Northern Illinois Land Bank Authority created.
- **2020:** First properties acquired and sold.
- **2020:** R1 awarded \$250,000 additional IHDA funding.
- **Current:** 12 members spanning 5 counties.

A NEW PROCESS FOR PROPERTY DISPOSITION

EXISTING CYCLE



Source: Drexel University, Nowak Metro Finance Lab, Lindy Institute for Urban Innovation

ACQUISITIONS

- Most commonly, properties are acquired through the abandonment statute.
 - Owners have no intention of paying taxes, maintaining house, debts exceed FMV of parcel.
- State statute allows a property to be deemed abandoned if the property is:
 - 2 or more years tax delinquent OR 2 or more year unpaid water invoices
 - Vacant (not legally occupied).
 - Impairment to public health

ABANDONMENT & JUDICIAL DEED

- When the court approves the property is abandoned, a judicial deed is issued
- The judicial deed clears the back taxes, liens and liabilities with due process to all interested parties.
- The judicial deed allows for an unmarketable property to become marketable much quicker than the standard delinquent tax process.

LAND BANK SALES

- R1Planning.org
- Offers are reviewed by staff and NILBA Board of Trustees.
- NILBA Members can choose to prioritize developer capability, home-ownership, etc.
- NILBA Board votes to approve sale.
- Developers given timeframe to get final building inspection.

| | <u>NILBA</u> | <u>County Trustee</u> |
|------------------------------|-------------------------------|---|
| Creation | IGA | State Statute |
| Governed | Appointed Board | County Chairman, with Board consent |
| Funding | State of Illinois | Property Sales, Interest on Redemptions |
| Proceeds | Reinvested in NILBA | Taxing Bodies and Agent |
| Acquisition | Judicial Deed | No tax buyer, Tax deed |
| Timing of Acquisition | 2 years delinquent | 3-10+ years delinquent |
| Disposition | Responsible Buyer | High Bidder |
| | | |
| | <u>R1 As Agent to Trustee</u> | <u>Typical Agent to Trustee</u> |
| Redemption Interest | Reinvested | 100% to Agent |
| Principal Payment | Taxing Bodies | Taxing Bodies |
| Sales System | Online through R1 | Sealed Bid |
| Property Maintenance | Paid by Program | None, municipalities bear cost. |

HABITAT & SCHOOL DISTRICT PARTNERSHIP

- 2000's era subdivision with 30 houses and 30 vacant lots. Next to three school campuses.
- City's TIF was underwater after fronting infrastructure build-out
- 3 Public Schools immediately next door, all struggling to find teachers and staff on a Workforce/HR dimension. HR incentive created
- Additionally, no way to walk between neighborhood and school campus



HABITAT / SCHOOL PARTNERSHIP

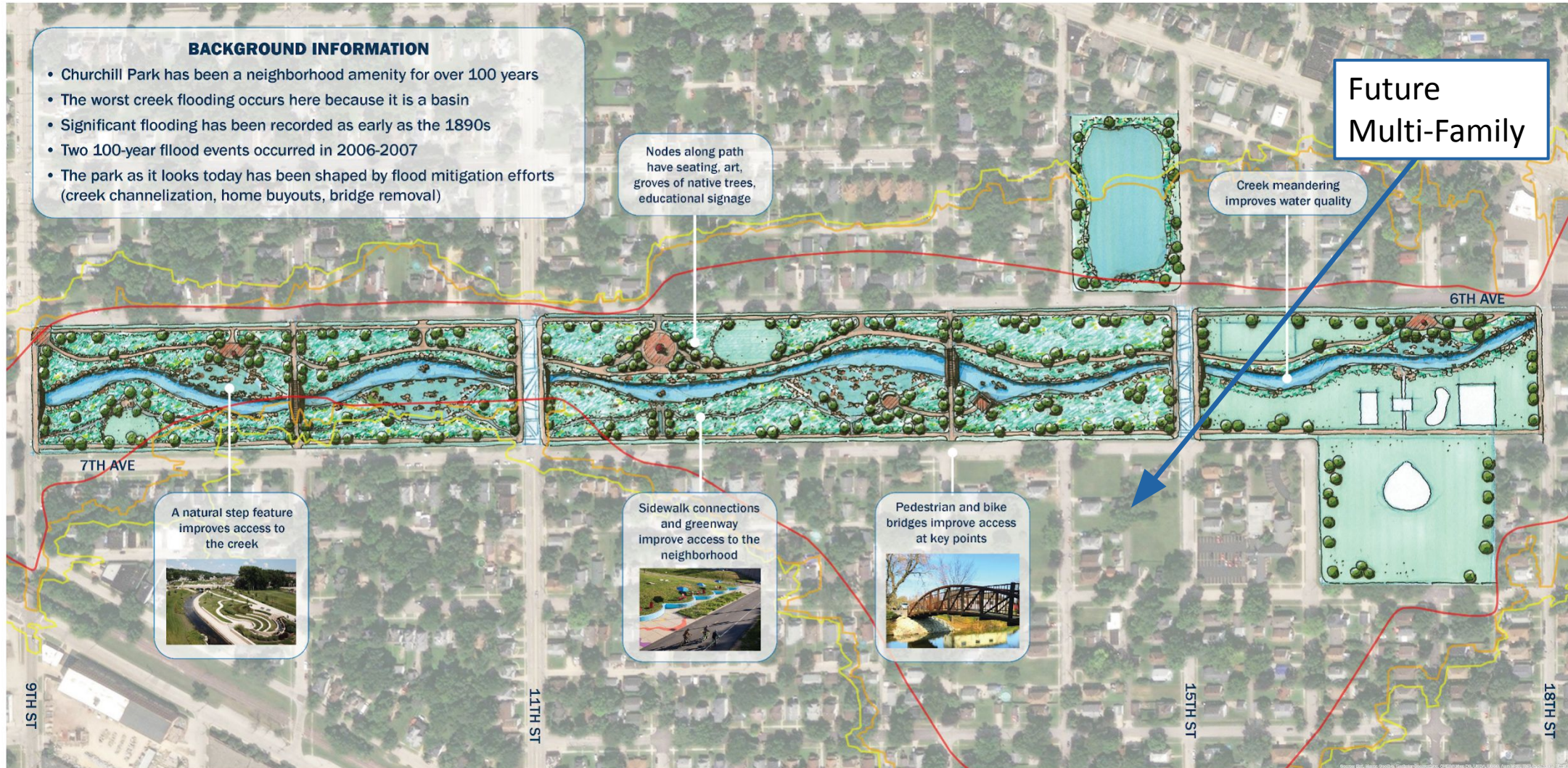
- Developer doesn't pay taxes, but agreed to donate to NILBA.
- NILBA sold lots at a discount to Habitat to build houses.
- If not for land bank, each lot would have been sold to highest bidder – likely to speculators and resellers – without any new houses being built.
- Discount provided and FROR on new residences for school district personnel
- Additional policy initiatives provided to new and existing homes; EV Charging in garages, DOE grant in partnership with ComED for shared geothermal equipment



MULTI-FAMILY, NEW CONSTRUCTION WORKFORCE HOUSING

- Connecting two of the biggest needs in our community: quality housing and workforce development/retention to reduce one of the biggest challenges in our community: blight.
- Partnering with school & healthcare employers to create new housing for employees.
- Employees offer incentive for employees staying 3-5 years.
- Reduced risk for developers & employers, **employers guarantee occupancy to developer/landlord**
- New construction next to large employment centers, on government land

INITIAL CONCEPTS – CHURCHILL PARK



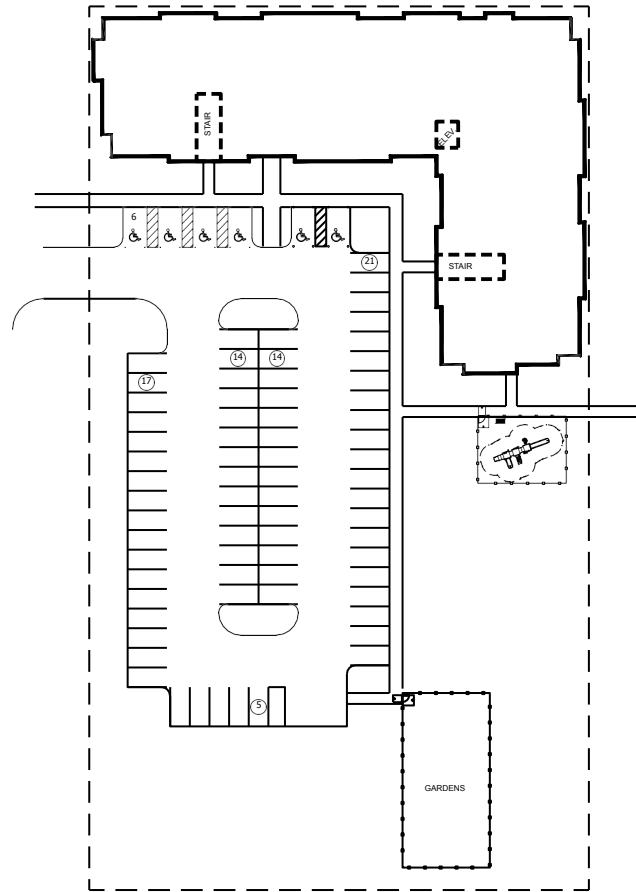
PROPOSED UNIT MIX:
1 BEDROOM / 1 BATH - 37 UNITS
2 BEDROOM / 2 BATH - 14
UNITS TOTAL - 51 UNITS

BUILDING BREAK-DOWN:
3-STORY ELEVATOR

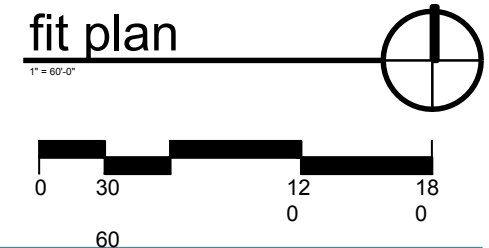
SITE INFO:
PARKING
-PROVIDED 77 (6 HC)

AREA
-2.88 ACRES FOR DEVELOPMENT

Conveniently located
near active
transportation
improvements, fixed
transit route tied to new
mobility hub, as well as
nearby area employers



- Fully guaranteed occupancy for developer/landlord from large employers (hospitals, school districts, college of medicine at market rate
- HR recruitment for employers to provide visiting & 1st-year teachers/nurses/med students to have housing flexibility, below market occupancy costs, and living where they work
- Provides additional tax-base for government
- Over 50 units of modern new structure where a public school was demolished. Current land was in government's ownership, in a disadvantaged neighborhood



KEITH CREEK
rockford, il

07.16.2021
preliminary site plan



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ESTIMATED ECONOMIC IMPACT (ALL R1 PROPERTY SALES)

- \$18,000,000 in EAV growth from parcels sold by R1
- \$6,000,000++ in renovation costs
- \$3,000,000 in building materials purchased from R1 buyers
- \$2,000,000 increase in adjacent property values simply from a neighboring house going from vacant to occupied

1522 N WINNEBAGO ST, ROCKFORD

Acquired by Trustee on 10/23/2020

Sold by Trustee for **\$12,344** on 2/18/2020

Listed for sale on 6/17/2021

Sold by owner for **\$130,000** on 7/26/2021



907 WHITMAN ST

- Sold by Land Bank for **\$11k**
- Listed for sale at **\$79K**



1000 NETTIE ST, BELVIDERE

Acquired by Land Bank on 10/01/2020

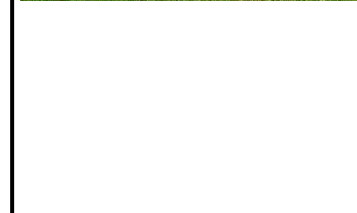
Sold by Land Bank for **\$41,414** on 4/16/21

Listed for sale at **\$190,000** as of 5/18/22



1031 GARFIELD AVE

- Sold by Land Bank for **\$40k**
- Sale pending at **\$250K**



724 28TH ST

- Sold by Land Bank for **\$23.3k**
- Sold by New Owner for **\$140k**



2816 12TH AVE, ROCKFORD

Acquired by Trustee on 10/23/20

Sold by Trustee for **\$24,650.25** on 12/18/20



Listed for sale on 7/28/21 for **\$162,500.00**



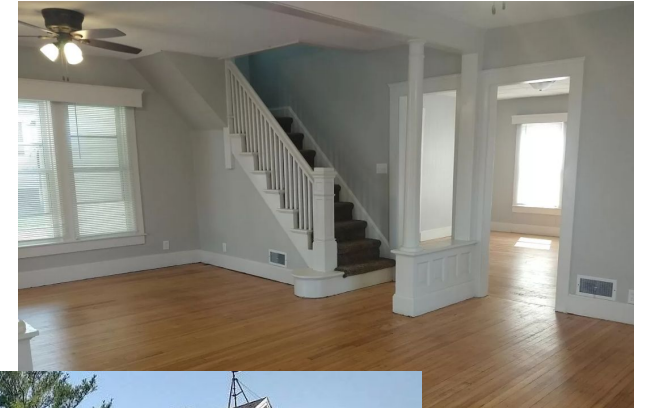
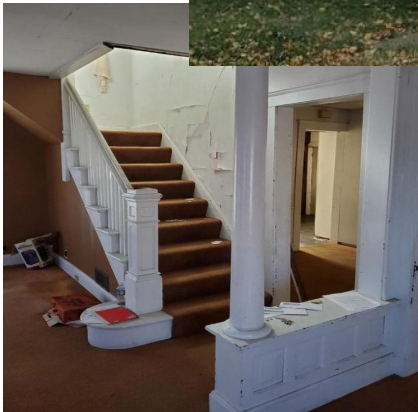
857 SHAWNEE ST, FREEPORT

Acquired by Land Bank on 8/25/2020

Sold by Land Bank for **\$15,750** on 12/8/2021

Listed for rent on 7/28/2021

Rented by owner for **\$795/month**



| COMMUNITY & ECONOMIC DEVELOPMENT - GOAL 1 | | | | | | | | | |
|---|--|--|----------------|-----------------|-----------------|---------------|------------------|----------------|---|
| Goal 1: Identify, provide, and enhance services and resources to address the sustainability of our communities and constituents | | | | | | | | | |
| Objective 1: Create a responsive Housing program that includes home ownership support services, housing rehabilitation, and new construction | | | | | | | | | |
| Strategy / Tactics | Performance Measure | Partners & Stakeholders | Within 90 Days | Within 6 Months | Within 9 Months | Within 1 Year | Within 18 Months | Within 2 Years | Required Resources |
| A. Provide Housing Land Use TA to Member Entities | Research completed; challenges/opportunities identified; best practices identified; report delivered to member entities/published to SEAGO website | National planning organizations; Arizona planning organizations; member entities | | | | | X | | Time, budget resources; Partners & Stakeholders; TA from state and national planning organizations |
| i) Identify challenges, opportunities and land use best practices | | | | | X | | | | |
| ii) Study zoning regulations and barriers impacting housing affordability and identify national best practices to: | | | | | | X | | | |
| a) Accommodate infill and facilitate auxiliary housing units | | | | | | X | | | |
| b) Allow for higher density development | | | | | | | | | |
| c) Facilitate multi family housing | | | | | | | | | |
| d) Provide for placement of tiny homes | | | | | | | | | |
| iii) Draft report/deliver to member entities/publish to website | | | | | | | X | | |
| B. Develop Region-Wide Owner Occupied Housing Rehabilitation Program | See below | SEAGO Member Entities; ADOH; USDA; Homeowners; Contractors | | | | | | X | Time; Possible Matching fund contribution; homeowner buy-in; Partners & Stakeholders; ADOH approval |
| i) Apply for OOH with CDBG Funds | Letter of Award; homeowners qualified; appropriate number of homes rehabilitated | | | | X | | | | |
| ii) Develop scalable model program for region-wide implementation using multiple funding sources (CDBG, Home, USDA, other) | Region-wide model program developed and ADOH approved | | | | | | X | | |
| iii) Implement Region-Wide OOH Program | Program implemented; funding awarded; homes rehabilitated; safety improved; housing stock preserved | | | | | | | X | |
| C. Re-establish SEAGO's Housing Program including re-establishment of SEAGO as a Community Housing Development Organization (CHDO) | Research completed; report written; direction from Board received; possible HUD and ADOH Certification | Administrative Council and Executive Board; Partners, low-income and private sector stakeholders from SEAGO region; HUD and ADOH; banking and finance institutions | | | | | | X | Staff time; Administrative Council/Executive Board approval; Partners & Stakeholders; Possible startup budget resources; Possible HUD and ADOH approval |
| i) Evaluate other Rural Housing Programs in CA, AZ, and NM | | | | | X | | | | |
| ii) Research CHDO requirements | | | | | | X | | | |
| iii) Deliver report on opportunities/challenges and staff recommendations Administrative Council and Executive Board for consideration; receive direction | | | | | | | X | | |