

DURHAM HOUSING AUTHORITY / DEVELOPMENT VENTURES INCORPORATED

City Council Meeting

Dallas J. Parks
Chief Executive Officer
June 24, 2015

Public/Private Re-development Projects DHA/DVI Requirements

- Pre-development costs (approximately \$300,000/project)
- Contribute \$1.5 million to \$3 million per project
- Deferring up to 50% of the Developer Fee

Public/Private Re-development Projects Investor Requirements

- **Liquidity for guarantees** (*one amount for all developments*)
 - Development/Construction Completion Guaranty
 - Lease-up Guaranty
 - Operating Deficit Guaranty
 - Tax Credit Recapture Guaranty

Public/Private Re-development Projects

Investor Requirements

➤ **Investor Liquidity (cont'd)**

- Approximately \$500,000 or 10% of Equity
- Balance Sheet satisfied requirement at December 31, 2013
- Major Pre-development costs utilized liquidity balance
 - Morreene Road
 - Damar Court
- Projects did not “close” when planned
- Reimbursement of pre-development costs and developer’s fee not realized when planned

➤ **Net worth threshold**

Durham Housing Authority/ Development Ventures Incorporated

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Goley Pointe – Conventional Financing

Preiss-Steele Place – 9% Tax credit project

Morreene Road – 4% Tax credit project

Damar Court – 4% Tax credit project

Goley Pointe

Total Development Cost		\$3.2M
Sources		
\$1,905,571	DHA/DVI Grant	
\$600,000	Construction loan	
\$368,073	Continuum of Care Funds	
\$240,000	DVI deferred developer fee	
\$77,965	DVI Loan	
\$20,140	DHA Non-federal funds	

Preiss-Steele Place

Total Development Cost		\$13M
Sources		
\$4,338,053	Low-income housing tax credit equity	
\$3,200,000	Construction loan	
\$1,830,525	DHA seller/(purchase money note)	
\$1,402,679	City of Durham (assumed) loan	
\$1,000,000	Rental Production Program construction/permanent loan	
\$492,112	DVI deferred developer fee	
\$406,900	Low-Income Housing Tax Credit Loan	
\$279,130.01	DHA Grant/Transfer of Reserves	

Morreene Road

Total Development Cost		\$16.8M
Sources		
\$4,592,015	Low-income housing tax credit equity	
\$6,150,000	FHA 221 (d) (4) loan	
\$3,000,000	DHA seller/(purchase money note)	
\$491,853	DVI deferred developer fee	
\$2,566,000	DHA Grant/Transfer of Reserves	

Damar Court

Total Development Cost	\$14M (Preliminary)
Sources	
\$4,912,957	Low-income housing tax credit equity
\$5,800,000	Construction loan
\$1,561,085	DHA seller/(purchase money note)
\$353,622	DVI deferred developer fee
\$1,500,000	DHA Grant/Transfer of Reserves