

Brookhill Development Update

CITY COUNCIL MEETING
OCTOBER 26, 2020

New Brookhill



New Brookhill
District 3
2522 Remus Road
Lookout Housing Ventures, Inc.
Non-LIHTC

FINANCIAL SUMMARY

| | |
|------------------------|-----------------|
| HTF Request | \$2,999,906 |
| CHOIF Request | \$10,000,000 |
| Total Development Cost | \$84,080,467 |
| Project Based Voucher | 65 |
| Affordability Period | 27 |
| Leverage Ratio | 1:27 |
| Rent Range | \$477 - \$3,200 |

| AMI | # UNITS |
|-------------------------------|------------|
| < 30% | 65 |
| 31-50% | - |
| 51-60% | 40 |
| 61-80% | 57 |
| Total Affordable Units | 162 |
| 81 -120% | 162 |
| Total Units (All) | 324 |

LISC and City Analysis

Demonstrate a permanent financing strategy

- As of October 21, 2020, the developer has not been able to provide sufficient evidence of permanent financing from a senior lender and the ability to cover the duration of the requested HTF/CHOIF financing.

Underwriting adjustments

- Proforma does not align with the terms of the current short-term proposed term sheet.
- Rents in the proforma are significantly higher than the current rents being paid by existing tenants.

LISC and City Analysis

Affordability Period and Reversion of Property

- This project would maintain affordability for 27 years.
- As currently structured, the landowner will own all the improvements after the affordability period. The developer has provided no commitment from the landowner of a commitment to ongoing affordability after the ground lease expires.

Staff Recommendation

City funding up to a maximum of \$3M **contingent** upon:

- Demonstrated long-term financing commitment from a senior lender
- Identified sources provided for all other financial gaps, and
- Both of the above must be for a minimum term equal to the remaining period on the leasehold agreement.