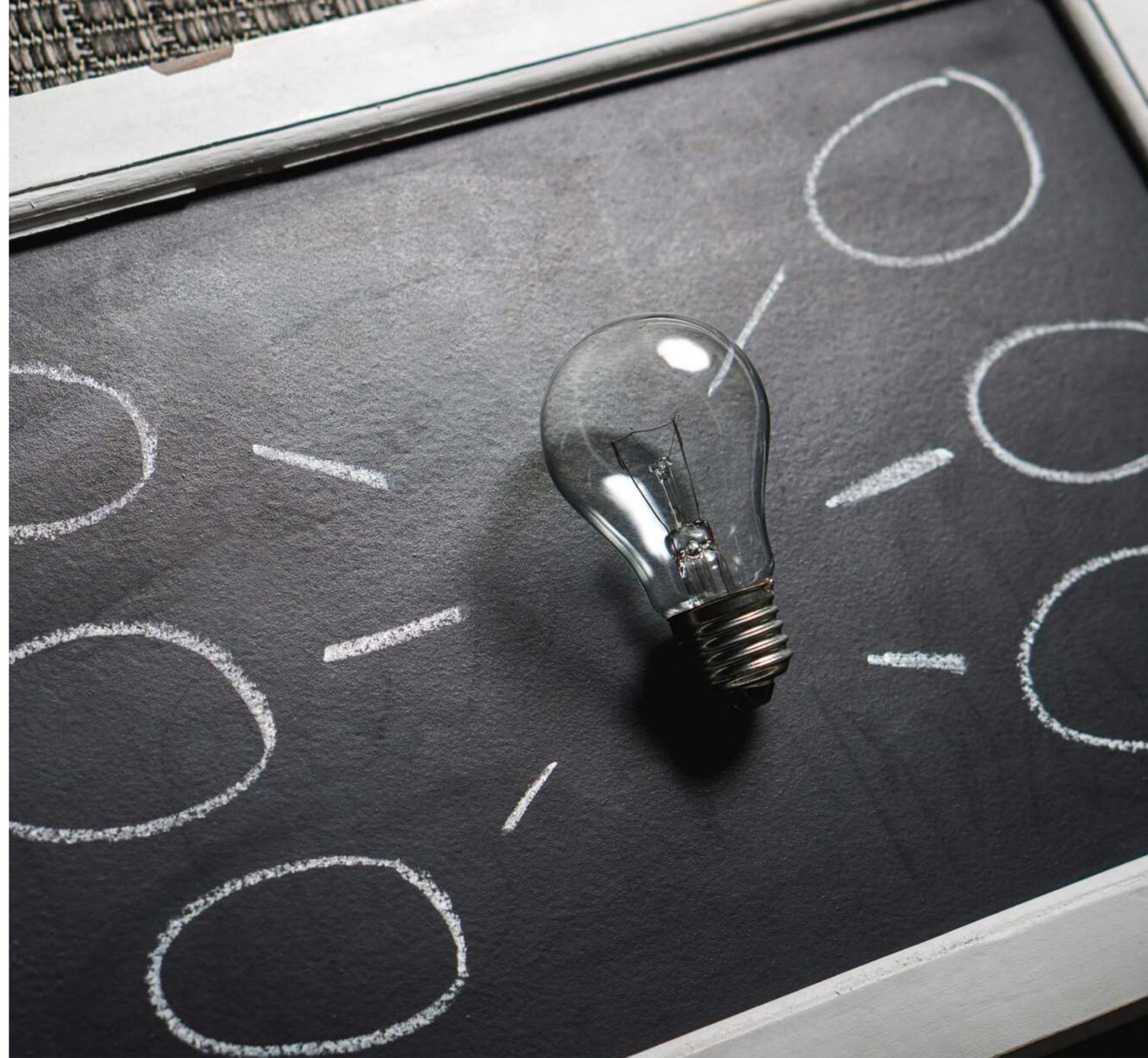
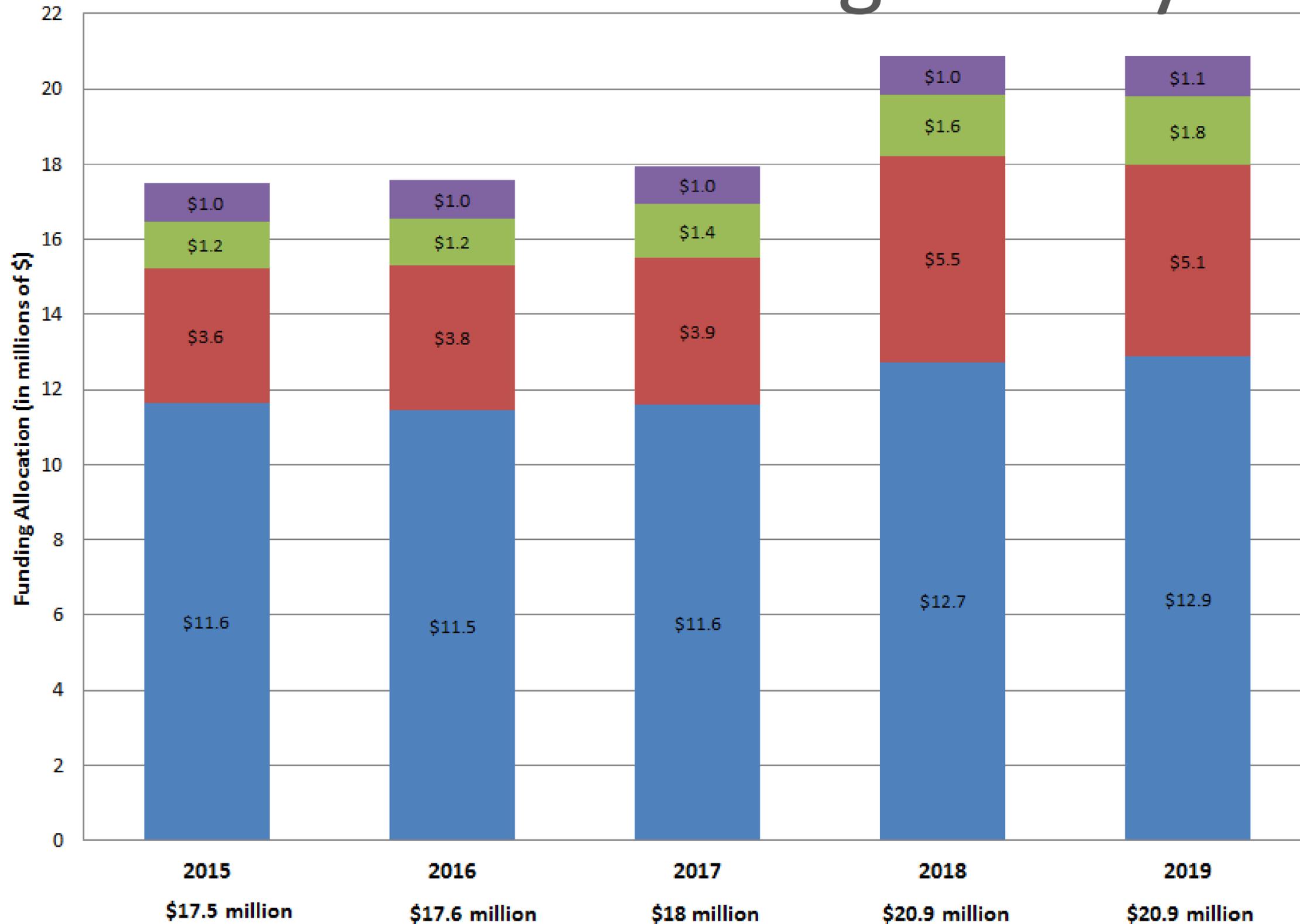


WHAT WOULD YOU DO WITH \$100 MILLION?



HUD FIVE YEAR CONSOLIDATED PLAN
PROCESS (FY 2021-2025)

Five Year Funding History



WHAT HAVE WE FUNDED?

HUD funding has been utilized for affordable housing and community development activities that benefit low income communities.



RENTAL HOUSING DEVELOPMENT
\$15.2 M | 1,494



HOME OWNERSHIP HOUSING DEVELOPMENT
\$11.7 M | 272

HOME BUYER PROGRAMS
\$2.3 M | 188



HOME REHABILITATION
\$13.8 M | 130

MINOR HOME REPAIR
\$975 K | 93



CHDO OPERATING EXPENSE FUNDING
\$420K | 6



PUBLIC FACILITIES & INFRASTRUCTURE
\$10.4 M | 30



FAIR HOUSING
\$1.2 M | 1,500



PUBLIC & SOCIAL SERVICES
\$3.3 M | 12,520



FACADE IMPROVEMENT
\$839K | 27

FINANCING RESIDENTIAL DEVELOPMENT



HUD
FIVE YEAR
CONSOLIDATED
PLAN PROCESS
(FY 2021-2025)



Understanding the Housing Market



PRICE POINTS

A successful housing eco-system relies on the market to set price points and rents. Areas of disinvestment are the result of costs exceeding what the market rents / sales prices can support. Government subsidies can address both disinvestment and affordability.



COST BURDEN

A housing cost burden is defined as a housing expense that exceeds more than 30% of a household budget. In areas where public transportation can be used widely instead of private vehicles then some additional flexibility is available for housing expense. Cost burden is more acutely felt by lower income bands.



ECONOMIC IMPACT

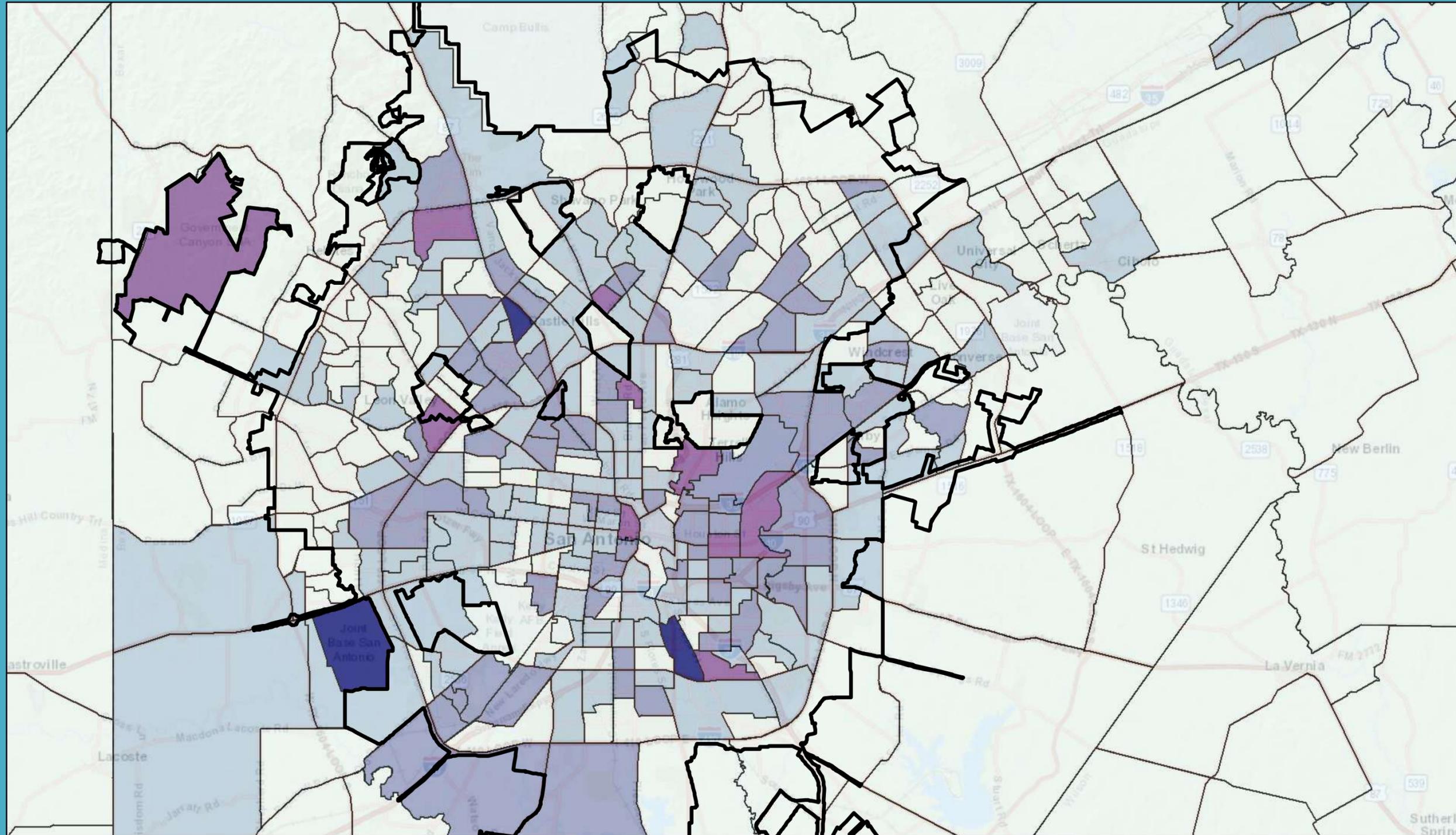
A good housing policy is a good economic development policy. Housing development accounts for 30% of a local economy. It employs not just trades but also, architects, lawyers, engineers, auto cad designers, interior designers, accountants, realtors, and many other professionals. It is often a determinant for corporate and small business relocation and expansion decisions.

Sample Household Budget

30%, 80% AND 100% OF AMI

Guide for Household Budget									
Category	Budget % of Household Income	HUD estimate 100% Median Family for a family of 4 \$ 71,000	Monthly Budget @ 100% AMI	@ 80% for a family of 4 \$ 56,800	Monthly budget @ 80% AMI	@60% for a family of 4 \$ 42,600	Monthly budget @ 60% AMI	30% for a family of 4 \$ 25,750	Monthly budget @ 30% AMI
Housing related expenses (includes owner's/renter's insurance, property taxes, maintenance)	30%	\$ 21,300	\$ 1,775	\$ 18,525	\$ 1,544	\$ 13,896	\$ 1,158	\$ 6,600	\$ 550
Transportation, Groceries, Utilities	20%	\$ 14,200	\$ 1,183	\$ 11,740	\$ 978	\$ 8,808	\$ 734	\$ 4,400	\$ 367
Savings, Retirement & Debt Payments	20%	\$ 14,200	\$ 1,183	\$ 11,740	\$ 978	\$ 8,808	\$ 734	\$ 4,400	\$ 367
Personal, Entertainment, Cell Phone, Cable, Gym Memberships, Eating out, leisure travel	30%	\$ 21,300	\$ 1,775	\$ 17,610	\$ 1,468	\$ 13,212	\$ 1,101	\$ 6,600	\$ 550
	100%								

San Antonio Housing Affordability - Households w Cost Burden



March 2, 2020

Override 1 **HousingCostBurden**

B25106_CB_PCT

0-29.28% Paying>30%

29.28-38.78% Paying>30%

38.78-47.69% Paying>30%

47.69-58.44% Paying>30%

>58.44% Paying>30%

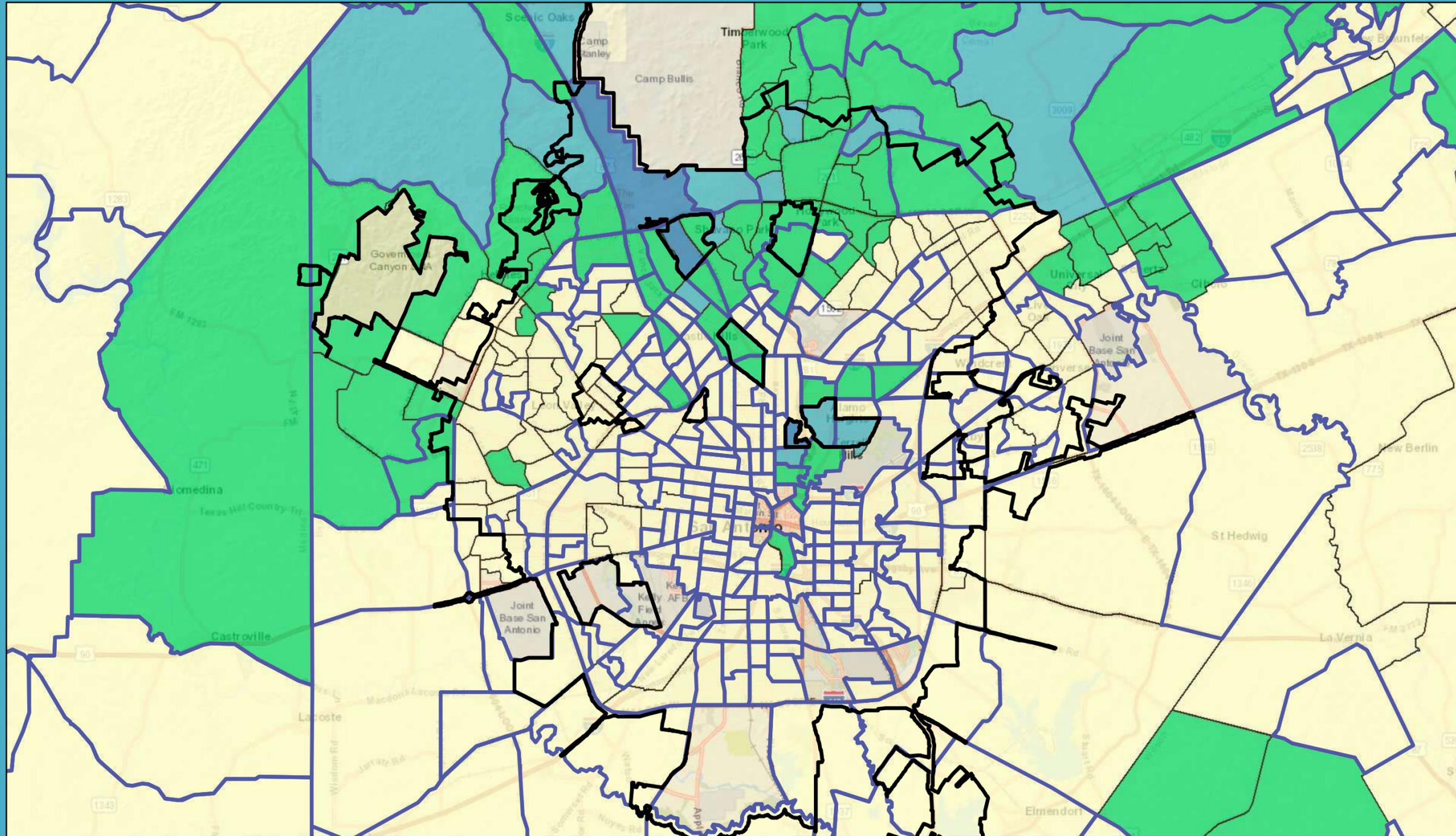
1:336,245

0 2.75 5.5 11 mi

0 4.5 9 18 km

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

San Antonio - Homebuyer Zones



March 9, 2020

Override 1

Vacancy Rate >7%

MedianHomeValue

B25097EST1

\$0-\$181,300.01

\$181,300.01-\$321,800.01

\$321,800.01-\$502,500.01

\$502,500.01-\$769,400.01

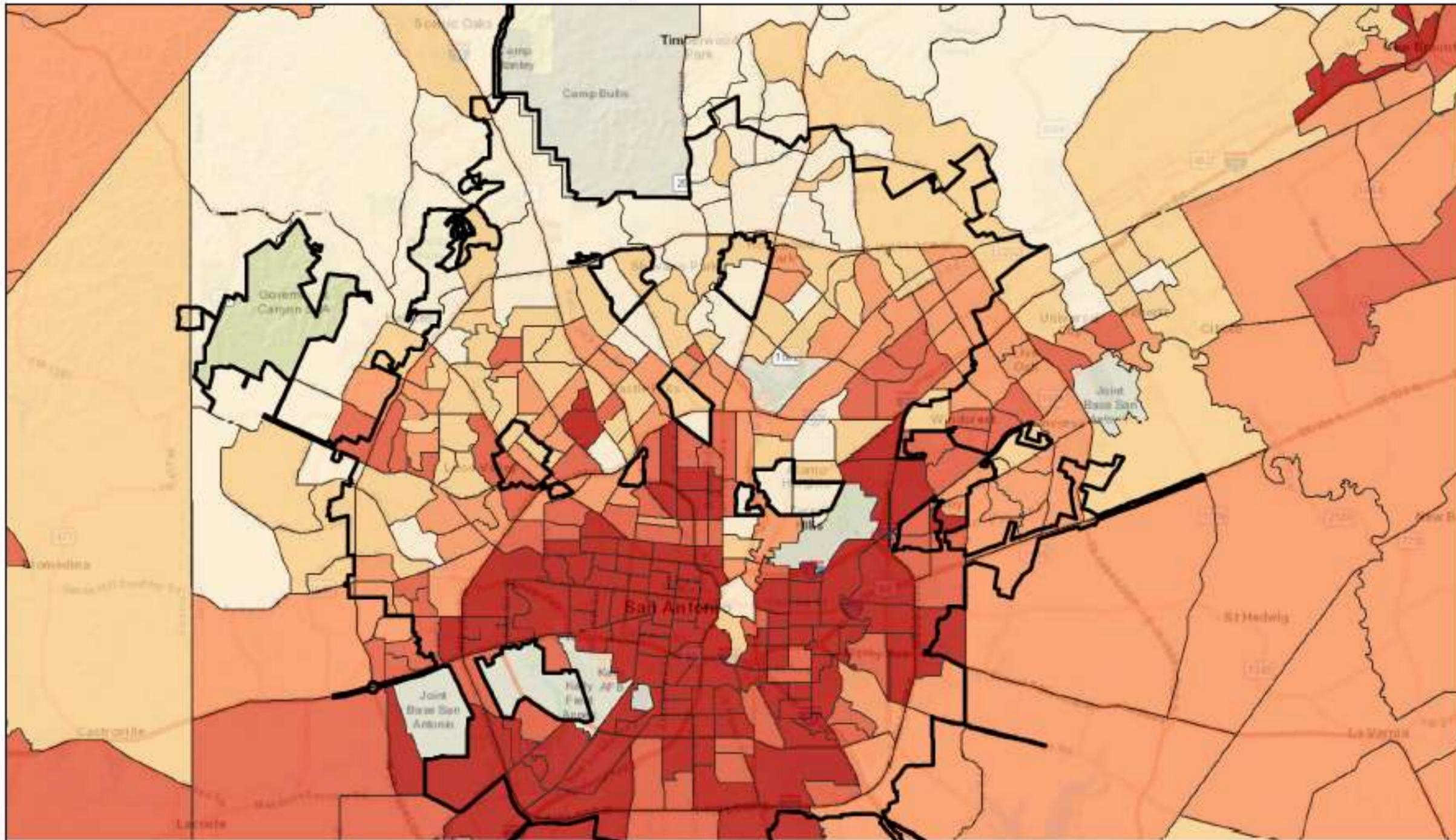
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0 3.25 6.5 13 mi

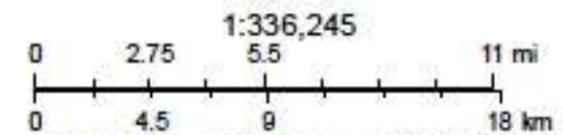
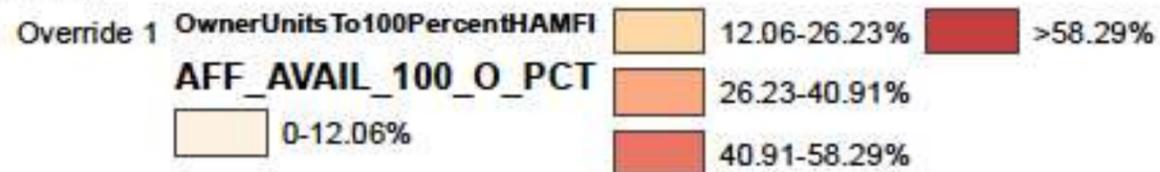
0 5 10 20 km

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

San Antonio Housing Affordability - Owner Units Affordable to 100% of HAMFI

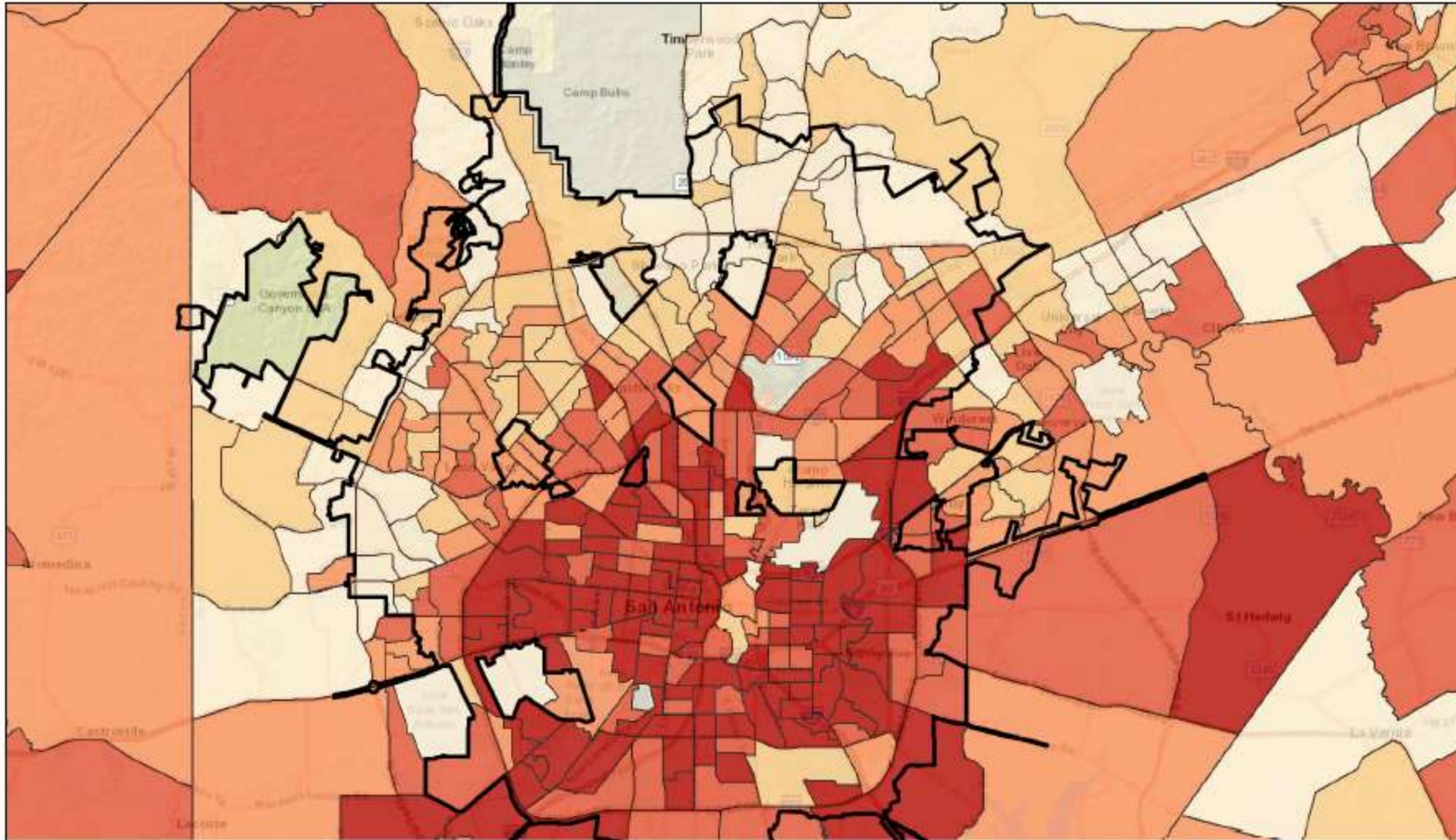


March 2, 2020

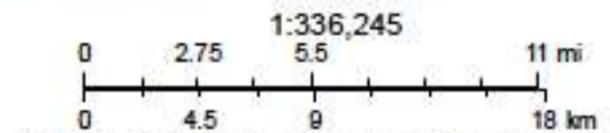
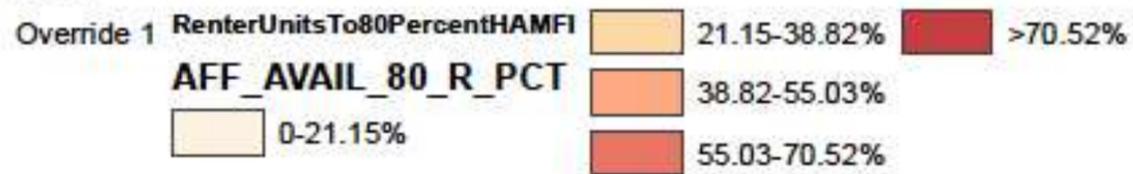


Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

San Antonio Housing Affordability - Rental Units Affordable to 80% of HAMFI

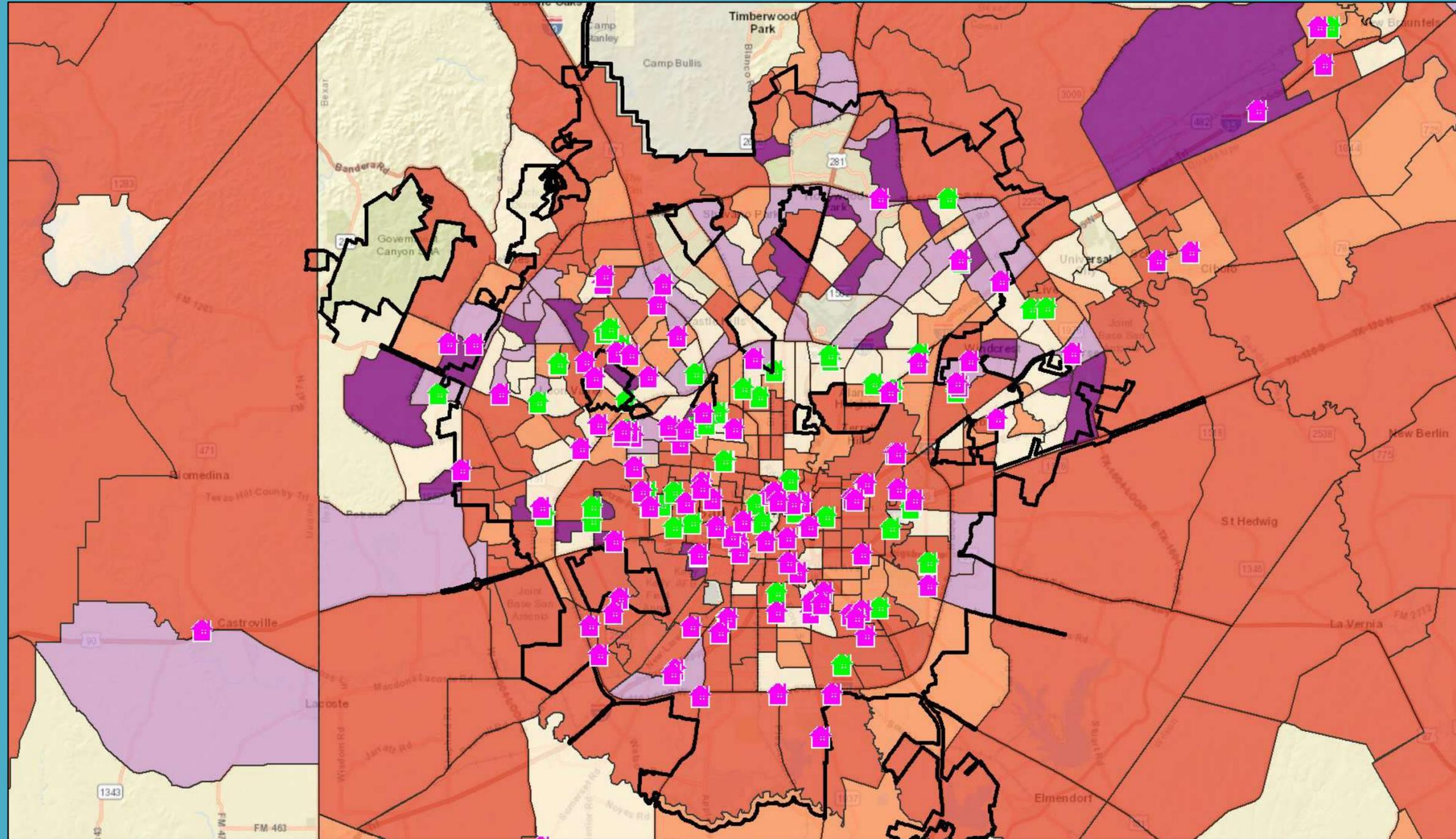


March 2, 2020



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

Risk of Homelessness - Due to Rent Increases



March 5, 2020

 LIHTC Property

Override 1

 Multifamily Properties - Assisted

ChangeInMedianRent

PCT_MED_CONTRACT_RENT

 0-16.12%

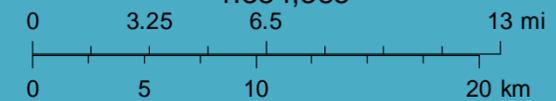
 16.12-27.13%

 27.13-37.74%

 37.74-51.57%

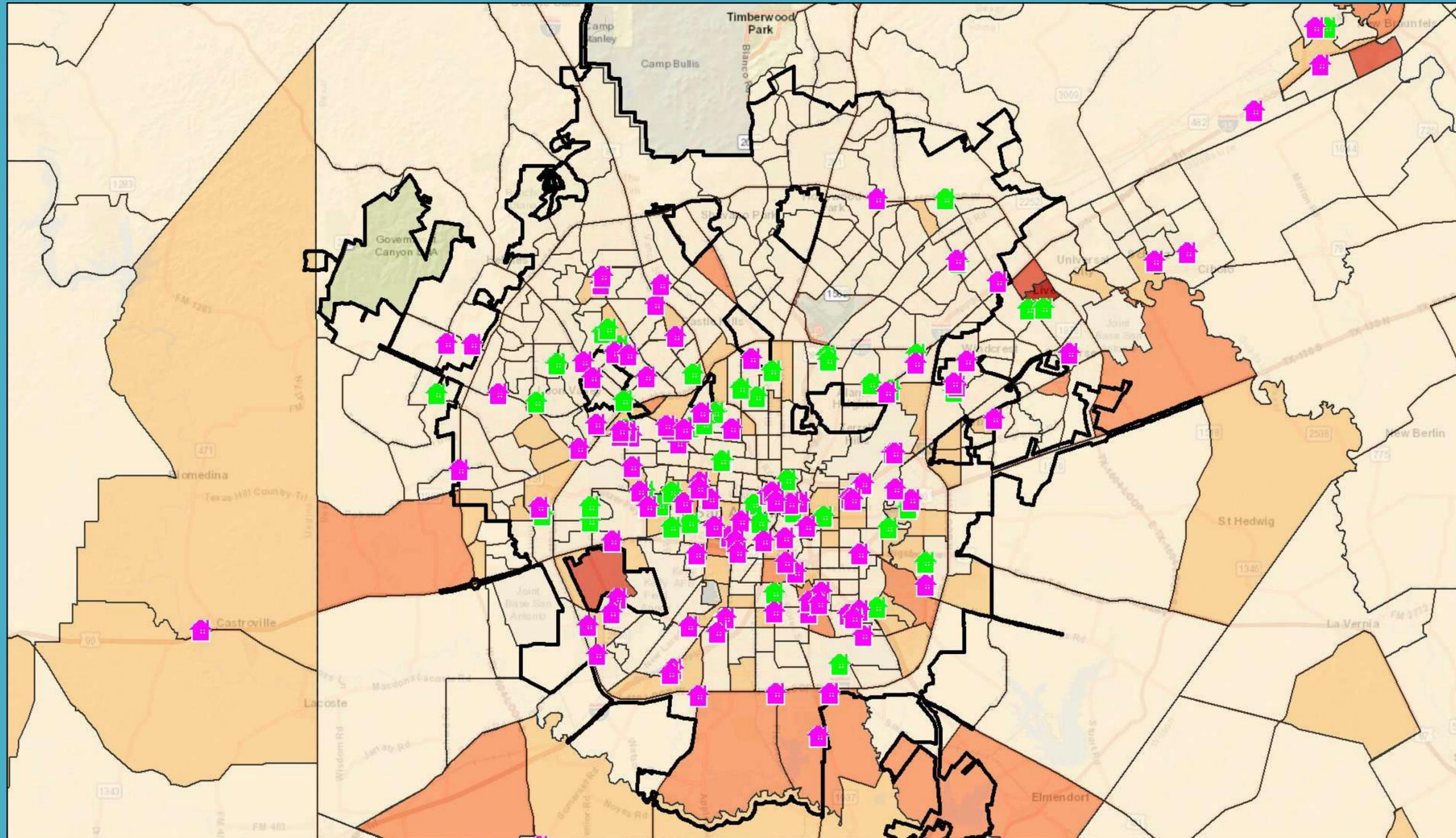
 >51.57%

1:384,385



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

Risk of Homelessness - Due to Overcrowding



March 5, 2020



LIHTC Property



Multifamily Properties - Assisted

Override 1

ELIHHWithOvercrowding

T10_LE30_OC_PCT

0-10.84%

10.84-21.85%

21.85-34.85%

34.85-52.63%

>52.63%

1:384,385

0 3.25 6.5 13 mi

0 5 10 20 km

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

REAL ESTATE DEVELOPMENT IS A BUSINESS



BENEFITS OF OWNING RENTAL REAL ESTATE

- Tax benefits
- Appreciation
- Cashflow

Cash flow and **appreciation** are most important in market-rate projects

Tax benefits are most important in subsidized projects

For sale housing provides a profit when enough units are sold that pay off all of the debt and return on equity

GOALS OF GOVERNMENT

- ➔ Invest in areas of disinvestment or in order to achieve a public goal like adding more housing to the market
- ➔ Help raise enough money for the project
- ➔ Attract the maximum amount of private money
- ➔ Fair return for the owner/developer but no undue enrichment



**CASH
IN**

Gross Rent
+ Other Income
- Vacancy Factor

= Effective Gross Rents

**CASH
OUT**

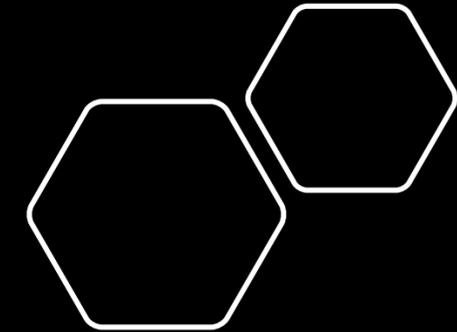
- Operating Expenses

= Net Operating Income

- Debt Service

= CASH FLOW

taxes, maintenance,
insurance, utilities
and management fee



<u>No. Units</u>	<u>Total</u>	<u>Rent</u>	<u>Restricted</u>	<u>Mkt</u>
1BR	36		17	19
2BR	88		41	47
3BR	16		5	11
	140		63	77
<u>Rents</u>		<u>Low-income</u>		<u>Mkt</u>
1BR		\$688		\$1,320
2BR		\$826		\$1,620
3BR		\$954		\$2,170
<u>Income</u>	<u>All Market</u>	<u>All LI--9%</u>	<u>Mixed</u>	
Low-Income Rent	0	1,352,640	603,984	
Mkt Rent	2,697,600	0	1,501,080	
	2,697,600	1,352,640	2,105,064	
Vacancy	-134,880	-67,632	-105,253	
EGI	2,562,720	1,285,008	1,999,811	
Expenses	-532,000	-532,000	-532,000	
NOI	2,030,720	753,008	1,467,811	
+ DCR	1.2	1.2	1.2	
Max d/s	1,692,267	627,507	1,223,176	
CF	338,453	125,501	244,635	
Max Loan	24,072,072	8,926,126	20,420,295	
		LIHTC Basis	10,800,000	4,860,000
		Percentage	0.074	0.0317
		Annual LIHTC	799,200	154,062
Investor EQ	3,367,928		7,272,720	1,463,589
Total funds	27,440,000		16,198,846	21,883,884
TDC	\$ 27,440,000		\$ 27,440,000	\$ 27,440,000
GAP	\$ 0		\$ (11,241,154)	\$ (5,556,116)
	10%	COC		

Cost to build each unit is \$250,000

Since cost is higher than FMV, a **developer subsidy** is required

FAIR MARKET VALUE
=
Sales price \$140,000

Typical buyer can afford \$104,000

The difference of \$36,000 must be filled with a **buyer subsidy**

Developer Subsidy of \$110,000 plus a fair Return On Investment (ROI) 10% ROI - \$25,000
Total Developer Subsidy is \$135,000

Total maximum subsidy for this unit is \$172,040 - \$174,120

Homebuyer subsidy is \$36,000 in the form of a second mortgage plus closing costs (1-3% of loan amount) in this case \$1,040 - \$3,120

Cost to build each unit is \$250,000

Since value is high than cost and ROI, a **developer subsidy** is **not** required

Cost to build \$250,000
56% ROI - \$140,000
SP \$390,000 meets required return

FAIR MARKET VALUE
=
Sales price \$390,000

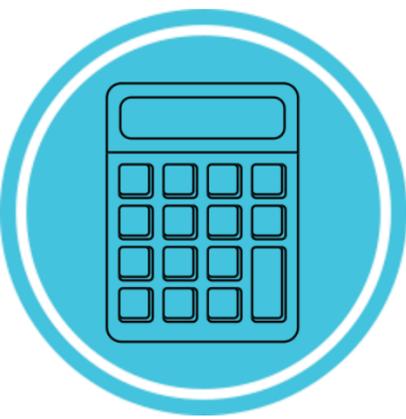
Total maximum subsidy for this unit is \$288,860 - \$294,580

Typical buyer can afford \$104,000

The difference of \$286,000 must be filled with a **buyer subsidy**

Homebuyer subsidy is \$286,000 in the form of a second mortgage plus closing costs (1-3% of loan amount) in this case \$2,860 - \$8,580



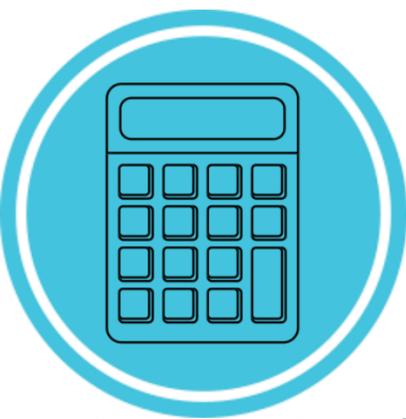
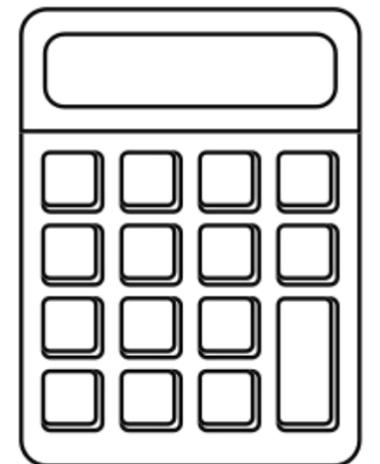


Household Budget		Income
		\$ 56,800
30%	Housing related expenses (includes owner's/renter's insurance, property taxes, maintenance)	\$ 17,040
20%	Transportation, Groceries, Utilities,	\$ 11,360
20%	Savings, Retirement & Debt Payments	\$ 11,360
30%	Personal, Entertainment, Cell Phone, Cable, Gym Memberships, Eating out, leisure travel	\$ 17,040
100%		

Annual Debt Service $\frac{\$ 17,040 \text{ or } \$ 1,420 \text{ (monthly)}}{0.07195} =$
 constant @ 6% for 30 years

\$ 236,831 Max mortgage capacity

Sales Price	\$ 320,000
Closing Costs	\$ 16,000.00
Total	\$ 336,000
Mortgage Capacity	\$ 236,831
FHA Mortgage	\$ 310,400
Subsidy needed	\$ 99,169



Questions and Answers

RENTAL HOUSING

For rental housing, which development option would you support knowing the public subsidy required?

- Mixed income
- 100% affordable
- 100% market rate

FOR-SALE HOUSING

Would you support the development of for-sale housing that requires both development and homebuyer subsidy of approximately \$140,000/unit?

For example: Subdivision of 100 units would require public subsidy of \$14.0M

OTHER IDEAS

What other ways could we help increase the production of housing in San Antonio?

