

Financial Modeling

Fort Worth
December 22, 2014

The Source for
Housing Solutions



The slide features a background with a grey textured area on the left and a blue textured area on the right. The title 'Financial Modeling' is in a blue serif font. Below it, the location and date are in a smaller, italicized serif font. The tagline 'The Source for Housing Solutions' is in a white sans-serif font on the blue background. The CSH logo, consisting of an orange square icon and the letters 'CSH', is positioned in the bottom right corner.

Building Strong, Healthy Communities

 Locations where CSH has staff stationed

 Locations where CSH has helped build strong communities



The map shows the United States with state boundaries. Green pushpins are placed in various states, including Alaska, California, Texas, and the Northeast. Orange circles are placed in several states, including California, Texas, and the Northeast. A legend at the bottom left explains the symbols. The CSH logo is in the bottom right corner.

What is Financial Modeling?

Guidance to create a pipeline of Permanent Supportive Housing that:

Is designed to be a working tool



It incorporates a great amount of flexibility in how that pipeline is achieved.



Gives a concrete base from which to *start* the implementation of a comprehensive supportive housing development strategy.



Key Considerations

Supportive housing, stand alone, projects typically cannot support debt service

Operating costs for supportive housing units can be higher than for other affordable housing units

Financing strategies should include maximizing the availability of operating and replacement reserves for supportive housing projects

Low Income Housing Tax Credit Investors will require significant reserves if rental subsidies are not committed for the long term



Key Considerations

Capital and Operating funding typically committed 2 years in advance of expenditures. Services funding typically committed 1 year in advance of expenditures

It is important to analyze the planned combination of funding sources to ensure that there are no incompatibilities or conflicting regulations

Projects may not be able to fund the full amount of 24 hour/7 day front desk coverage, and it may be necessary to explore additional financing sources



Overview of Assumptions

Goal 600 units of PSH

- PIT indicated approximately 75 for families and the balance for single adults

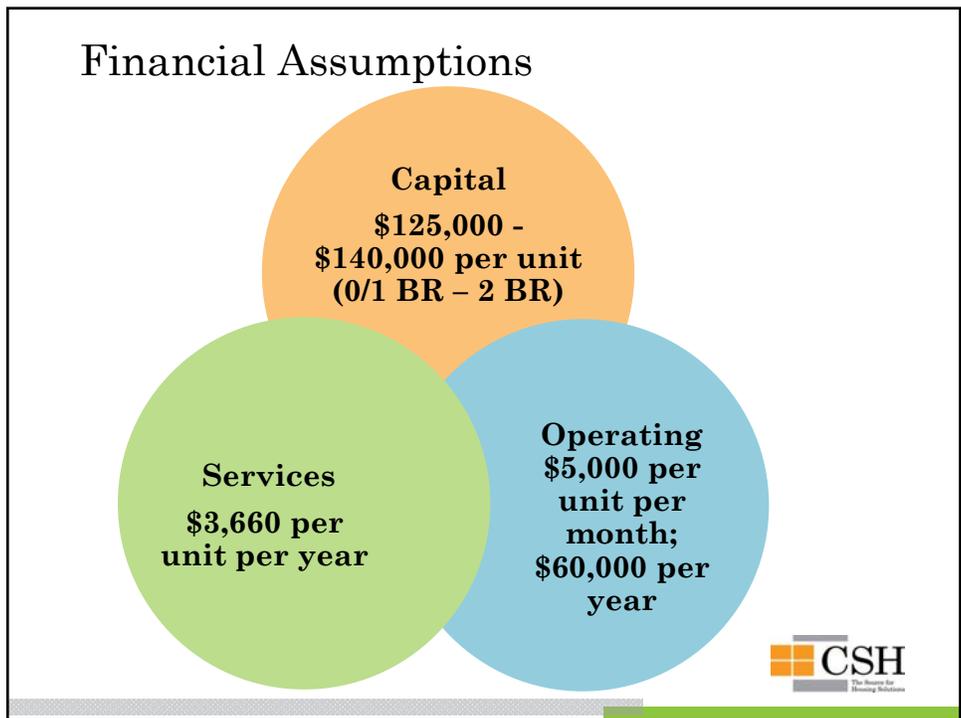
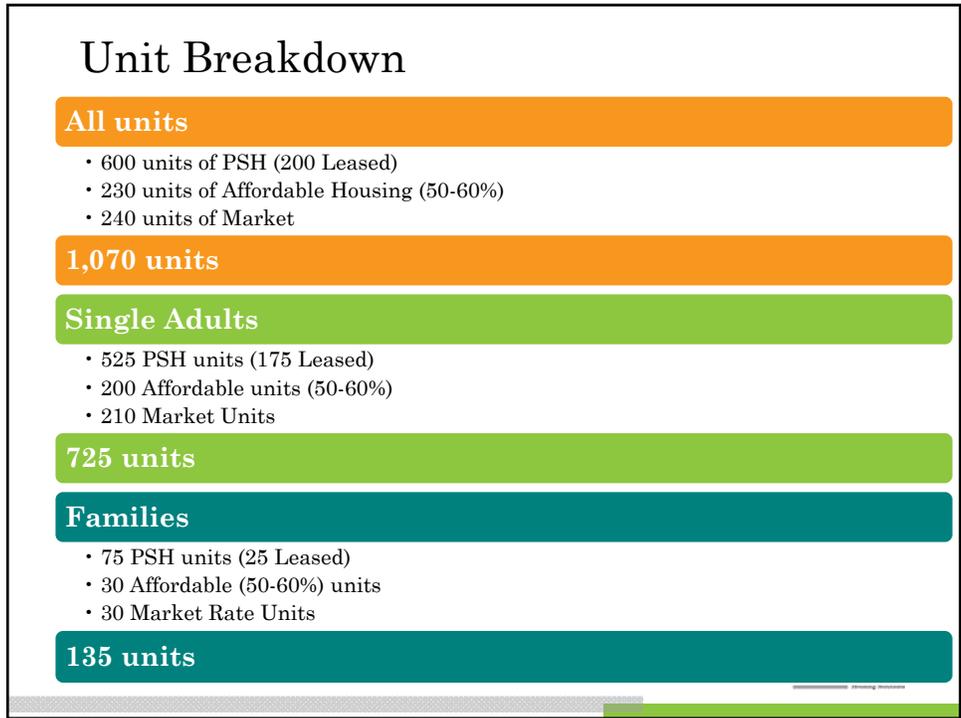
Mix of studio/1BR for single adults; 2 BR for families

200 leased; 400 new development/rehab

50% stand alone – no more than 80 units per building

50% integrated (mix of PSH, Affordable, and Market) – no more than 140 units per building





Financial Assumptions

Capital costs based on local recommendations

Operating Costs based on numbers used in previous analysis with a 12% increase

Service Costs based on discussions with local staff and assumptions on acuity of potential tenants



Total Commitments Over 5 Years – New Money

- **Capital**
 - \$82,348,500

- **Operating** **Total \$96,228,881**
 - \$9,405,600

- **Services**
 - \$4,474,781



Total Commitment Over 5 Years - Includes Ongoing

- **Capital**
 - \$82,348,500

- **Operating** **Total \$107,492,320**
 - \$14,892,200

- **Services**
 - \$10,251,620



Unit Production and Cost

Overview of Unit Production Plans by Unit Type, Unit Size, and Year													
	Total Units	Unit Production by Year										Total by Unit Size	
		2016		2017		2018		2019		2020		0/1BR	2 BR
		0/1BR	2 BR	0/1BR	2 BR	0/1BR	2 BR	0/1BR	2 BR	0/1BR	2 BR	0/1BR	2 BR
Supportive Housing Units:	600	115	30	130	5	95	5	110	5	75	30	525	75
Affordable Housing Units:	230	0	0	0	0	80	0	80	0	40	30	200	30
TOTAL UNITS:	830	115	30	130	5	175	5	190	5	115	60	725	105

Table 3: Financing Commitments Required for the Production of the Units							
	Total Costs	Financing Commitments by Year					
		2015	2016	2017	2018	2019	2020
Capital Financing Commitments:	\$82,348,500	\$13,905,000	\$12,231,250	\$18,025,000	\$19,956,250	\$18,231,000	?
Operating Financing Commitments:	\$9,405,600	\$1,136,510	\$1,058,130	\$783,800	\$901,370	\$822,990	\$4,702,800
Services Financing Commitments:	\$4,474,781	\$530,338	\$493,763	\$376,723	\$433,231	\$446,228	\$2,194,500
OTAL FINANCING COMMITMENTS:	\$96,228,881	\$15,571,848	\$13,783,143	\$19,185,523	\$21,290,851	\$19,500,218	\$6,897,300

Table 4: Financing Expenditures Required for the Production of the Units (By Year)							
	Total Costs	Financing Expenditures by Year					
		2016	2017	2018	2019	2020	2021
Capital Financing Expenditures:	\$82,348,500	\$0	\$13,905,000	\$12,231,250	\$18,025,000	\$19,956,250	\$18,231,000
Operating Financing Expenditures:	\$14,892,200	\$0	\$1,136,510	\$2,194,640	\$2,978,440	\$3,879,810	\$4,702,800
Services Financing Expenditures:	\$10,251,620	\$530,338	\$1,060,675	\$1,554,438	\$1,931,160	\$2,364,391	\$2,810,619
OTAL FINANCING EXPENDITURES:	\$107,492,320	\$530,338	\$16,102,185	\$15,980,328	\$22,934,600	\$26,200,451	\$25,744,419



Source Assumptions

Capital financing based on typical development finance structuring

Operating funding based on a mix of tenant and project based subsidies – no differentiation of source (CoC/S+C, Sec. 8, VASH, etc.) and current fair market rent as determined by HUD

Service funding based on basic service configuration
 • *Does not include mainstream resources*



Sources & Resources - Capital

Type of Financing / Financing Source	Terms of Financing	Amount of Financing Per Unit	Total Amount of Financing
9% Low Income Housing Tax Credits:	Equity	\$78,427	\$49,409,100
State Housing Financing Agency Resources:	0%, 30 Year	\$20,000	\$12,600,000
State Housing Trust Fund:	0%, 30 Year	\$0	\$0
HUD's Supportive Housing Program:	Grant	\$8,254	\$5,200,000
Federal Home Loan Bank Affordable Housing Program:	0%, 30 Year	\$5,000	\$3,150,000

TOTAL CAPITAL FINANCING:	\$ 70,359,100
TOTAL DEVELOPMENT COSTS:	\$ 82,348,500
GAP IN CAPITAL FINANCING SOURCES:	\$ 11,989,400



Sources - Operating

Sources	Terms	Fair Market		Average Subsidy Per	Total Annual Subsidies
		0/1BR	2 BR		
Tenant-Based	5 years	\$643	\$887	\$8,082	\$1,616,400
Project-Based	10 years	\$643	\$887	\$8,082	\$3,232,800
Total					\$4,849,200
TOTAL SUBSIDIES NEEDED FOR ALL UNITS (Year1)					\$4,702,800
Gap/Surplus					\$146,400



Sources - Services

Targeted Tenancy	# of Supportive Housing Units	# of Service Enriched Units	Annual Cost Per Unit	Total Annual Cost
Single Adults:				
High Service Intensity	200	N/A	\$4,000	\$800,000
Medium Service Intensity	175	N/A	\$3,500	\$612,500
Low Service Intensity	150	0	\$3,200	\$480,000
Families with Children:				
High Service Intensity	25	N/A	\$4,400	\$110,000
Medium Service Intensity	30	N/A	\$4,000	\$120,000
Low Service Intensity	20	0	\$3,600	\$72,000
AVERAGE:	N/A		\$3,658	N/A
TOTALS:	600		N/A	\$2,194,500



Gaps & Surplus

- **Capital -** **\$11,989,400**
(\$2,397,880 per year over 5 years,
includes affordable units)
- **Operating -** **\$146,400**
(annually)
- **Services -** **\$2,194,500**
(annually)



Discussion

dis·cus·sion - də'skəSH(ə)n/

noun

the action or process of talking about something, typically in order to reach a decision or to exchange ideas.



THANK
YOU

