

Federal Reserve Banks of Philadelphia and
Cleveland and Rural LISC
Financing Community Development in

Rural Pennsylvania

Beaver Falls, PA

November 14, 2006

Uniontown Family Homes

Fayette County Community Action

Uniontown, Fayette County

Where we are...

Fayette County, Pennsylvania

- 19.1% of residents live below federal poverty level
- Highest child poverty rate in PA
- High unemployment and low labor force participation
- Medically underserved area
- Major portions of County Federal Enterprise Communities

Who we are...

Fayette County Community Action Agency

- Community Action history
- Over 60 programs and services
- Serving 20,000 Fayette County residents annually
- Fayette County's leading health and human service provider

What we offer...

Community Action Programs & Services

- Aging
- Food Bank and Nutrition Education
- Women, Infants, and Children
- Adult & Youth Education
- Housing
- Information & Referral
- Emergency Services

Serving Families and Community,

Supportive Services

- Home Ownership Consultation
- Credit Counseling
- Budget Planning
- Maintenance Monitoring
- Employment Assistance
- Family Counseling

FCCAA Campus of Services



Family Service Center



Community Service Center



Food Bank & Warehouse



Meadow Heights Apartments

FCCAA Campus of Services

CAMPUS DEVELOPMENT	\$6,300,000
FAMILY SERVICE CENTER	\$4,000,000
COMMUNITY SERVICE CENT	\$1,500,000
FOOD BANK WAREHOUSE	\$ 800,000
SOURCES	
MORTGAGE First National Bank	\$2,900,000
FOUNDATIONS	\$1,100,000
AGENCY RESOURCES	\$ 690,000
HEALTH RESOURCES	\$ 50,000
COMMUNITY SERVICES BG- DCED	\$ 200,000
CDBG	\$ 110,000
AREA AGENCY ON AGING	\$ 100,000
PA AGRICULTURE DPT	\$ 75,000
CONTRIBUTIONS (CORP/INDV)	\$ 400,000
STATE RESOURCES	\$ 450,000
OTHER	\$ 225,000
TOTAL	\$6,300,000



SOURCES: Green Building Project

WEST PENN POWER SEF	\$1,050,000
SMITHFIELD BANK	\$750,000
CAPITAL BUDGET	\$900,000
OFFICE OF COMMUNITY SERVICE	\$650,000
FOUNDATIONS	\$300000
DCED AND OTHER	\$400000
FURNITURE	
	\$4,050,000

RURAL LISC PROVIDED CONSTRUCTION FINANCING OF \$1.9 MILLION



Meadow Heights Apartments

- Light housekeeping
- Laundry services
- Money management services
- Shopping assistance
- Personal care services
- Medication assistance



Meadow Heights Apartments

MEADOW HEIGHTS

PHFA-LOW INCOME TAX CREDITS	\$4,045,875
LOANS (MELLON Bank)	\$ 680,000
FEDERAL HOME LOAN BANK	\$ 155,000
REINVESTED DEVELOPER FEE	\$ 393,038
CSBG (DCED) AND OTHER LOANS	\$ 150,000
TOTAL	\$5,423,913

REPUBLIC INCUBATOR PROJECT



SOUTHWESTERN PENNSYLVANIA COMMUNITY DEVELOPMENT CORPORATION

AND

FAYETTE COUNTY COMMUNITY ACTION AGENCY



Republic Incubator Project

REPUBLIC INCUBATOR PROJECT

TOTAL ESTIMATED COSTS	\$3,000,000
OFFICE OF COMMUNITY SERVICE	\$750,000
NATIONAL CITY LIMITED PART.	\$420,000
FEDERAL LINE ITEM APP (SBA)	\$348,000
USDA RURAL BUSINESS ENTER	\$200,000
FOUNDATION	\$ 50,000
ENTERPRISE COMMUNITY	\$ 50,000
RURAL LISC	\$ 20,000
OTHER	\$ 75,000
TOTAL	\$1,733,000

Threshold

Housing Development







GEORGES TOWNSHIP DEVELOPMENT
SOURCES

Rural Lisc predevelopment	\$ 25,000
ACT 137	\$ 83,000
FEDERAL HOME LOAN BK	\$ 235,000
HOME FUNDS	\$ 450,000
LOAN-First National Bank	\$ 150,000
RURAL DEVELOPMENT 502 AND SELF HELP	\$3,200,000
VOLUNTEER LABOR VALUE	\$ 720,000
LINE OF CREDIT-National City Bank	\$ 351,000
 TOTAL	 \$5,214,000

Uniontown Downtown



Decay Undermines a Community



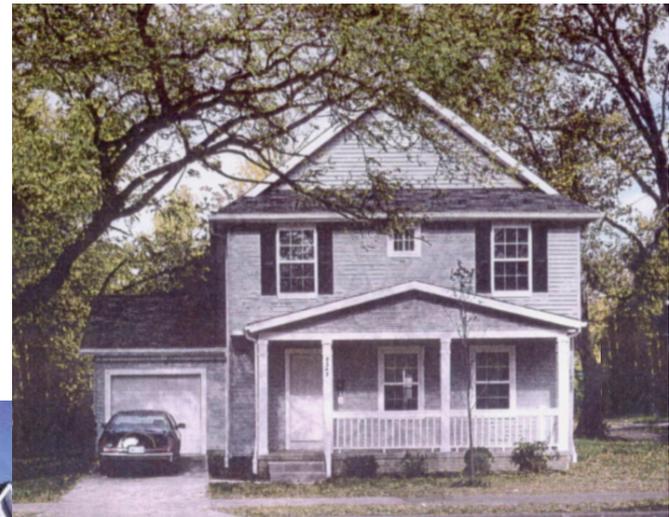
EAST END FINDINGS

- POPULATION 25% AFRICAN AMERICAN
- 28% RESIDENTS LIVE BELOW THE POVERTY LEVEL
- 85% OF HOUSING OVER 30 YEARS OLD

Dream of Home Ownership



Another Link in the Chain



In-Fill Housing Construction Revitalizes Neighborhoods

Home Styles and Costs

- Three and four bedroom homes
- Garages included where feasible
- Estimated construction costs \$160,000 per house
- Lease to own monthly installments ranging from \$298/month to \$735/month

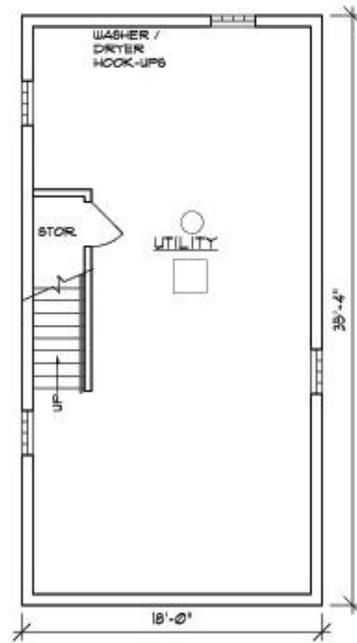
Partners



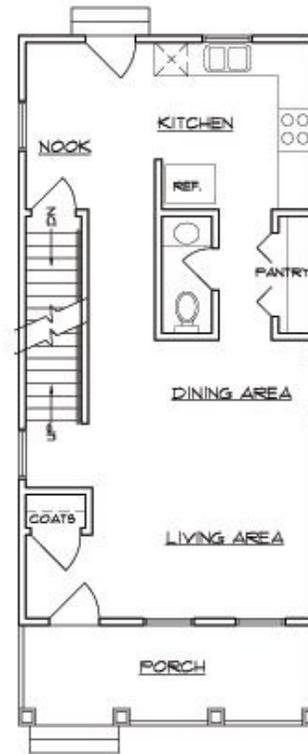
Lease/Purchase Model 15 Year Ownership Option



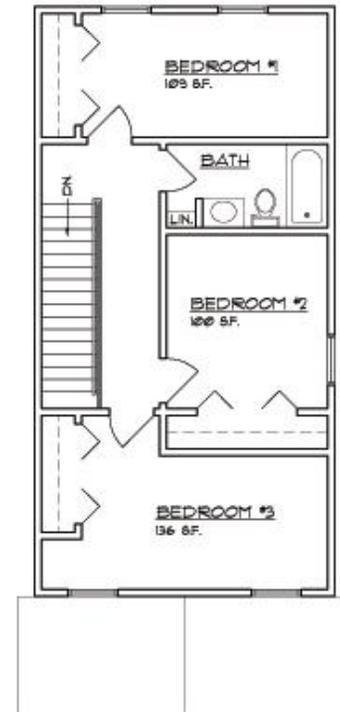
Flexible, Modern Floorplans



BASEMENT



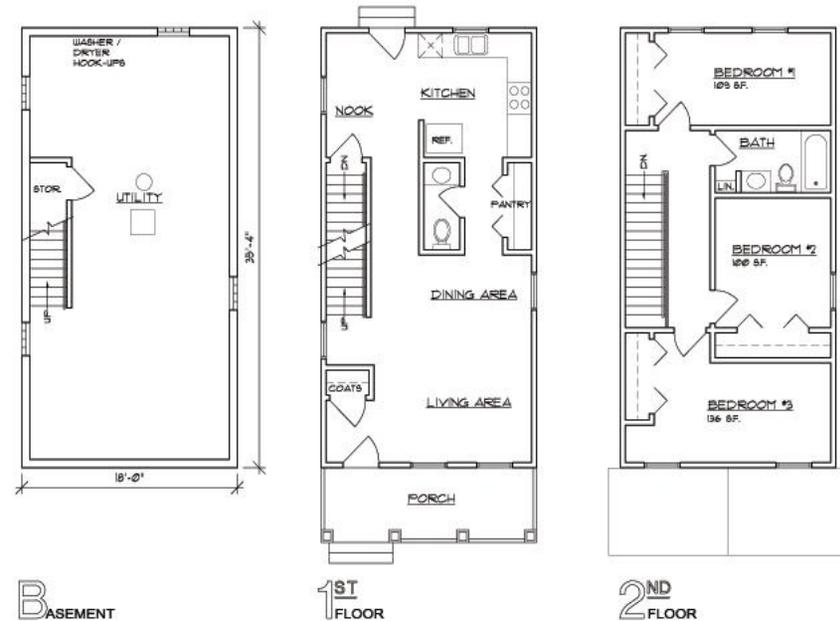
1ST
FLOOR



2ND
FLOOR

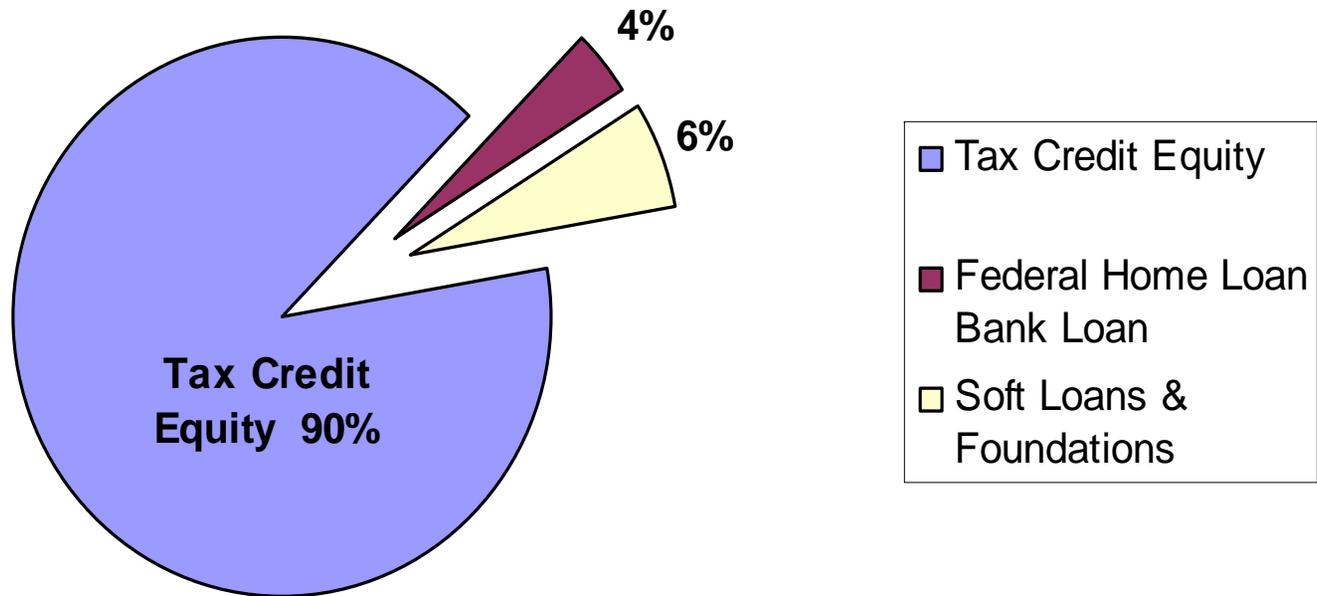
Single Family Homes

- 1200-1500 square feet
- Central air
- Living porches
- Energy Star and Green Building features
- Full basements
- Attached garages



Development Costs

Uniontown Family Homes - Anticipated Sources



A Unique and Significant Housing Development Project



Contact information

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Fayette County Community Action Corp

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Uniontown Family Homes

50 Single Family Homes

Community Development Financing in Rural
Pennsylvania

Tuesday, November 14

Art Stoltzfus, National Equity Fund

National Equity Fund

- Use the low income housing tax credit to invest in affordable housing.
- Over the past 20 years the housing credit has produced 1.8 million affordable homes nationwide.
- NEF is a subsidiary of the Local Initiatives Support Corporation (LISC)
- Community Development
- Innovations- Housing for homeless veterans, grandparents, permanent housing the formally homeless and minors aging out of the foster care system, Access@Home and environmentally sensitive construction

Uniontown Construction Financing- Uses

Total Development Cost:	\$10,500,000
Less Reserves:	\$- 400,000
Less Developer Fee	<u>\$- 1,000,000</u>
Total Construction Cost	\$ 9,100,000

Uniontown Construction Cost- Sources

Bank Loan	\$8,450,000
Federal Home Loan Bank*	\$ 400,000
Local HOME Loan	\$ <u>250,000</u>
Total Construction Sources	\$9,100,000

*Affordable Housing Program

Uniontown Permanent Sources

Federal Home Loan Bank	\$ 400,000
Local HOME Loan	\$ 250,000
Deferred Developer Fee	\$ 489,317
Tax Credit Equity	<u>\$ 9,360,683</u>
Total Permanent Sources	\$10,500,000

Tax Credit Equity

Development Budget

Hard Construction Costs	\$8,000,000
Construction Support Costs	\$500,000
Developer Fee	\$1,000,000
Total Depreciable Costs	\$9,500,000
Acquisition Costs (Land)	\$300,000
Developer Fee toward Acq.	\$100,000
Land Site Work or Site Prep	\$100,000
Reserves	\$400,000
Tax Credit Fees	\$50,000
Syndication Legal	<u>\$50,000</u>
Sub-Total	\$1,000,000
Total Development Costs	\$10,500,000

Tax Credit Calculation

Eligible Basis for Tax Credits		\$9,500,000
Less Federal Financing		\$0
Plus: Qualified Census Tract		1.30
Adjusted Tax Credit Basis		\$12,350,000
Applicable Fraction (Sq Ft)		100%
Qualified Basis		\$12,350,000
Tax Credit %	Oct-06	8.15%
Total Annual Credits		\$1,006,525
Total Credits (10 years)		\$10,065,250
Equity Pricing		\$0.93
Total Equity		\$9,360,683
Project Funding		
Total Costs		\$10,500,000
Equity		<u>\$9,360,683</u>
Funding Gap		\$1,139,318
Equity as % of Total Costs		89%

Why would we invest in Uniontown Family Homes?

- Single family model:
 - Track Record
 - Absorbed readily in market
 - Compliments other community development efforts
- Development Team
 - Experience with model
 - Relationship with developers
 - Involvement of LISC in project

Contact Information

Art Stoltzfus

National Equity Fund

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Players in the transaction

- List names and rolls of players:
- Bank – First National Bank
- Borrower – Fayette County Community Action
- City – Uniontown
- FHL Bank of Pittsburgh
- PHFA
- Rural LISC

Obstacles

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- Government- approval process can be slow. Need to concentrate on securing support of community
- Community-Community opposition can be a problem
- Lender-Deals can be complicated. Non-profits may not know how to approach a bank

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Recommendations

- To other developers-there is a learning curve for non-profit and other partners to get a comfort level with developments. This needs to be factored into planning. The non-profit partner needs to realize a portion of development fee.
- To government-Tax credit and other developments will benefit the community long term. The support of government particularly via some form of financial support adds to the competitiveness of application.
- To lenders-Lenders have a learning curve as well. Deals are very complicated but can be rewarding. Extra time will be required.