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
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 CENTER $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 $300,000
DCED AND OTHER $400,000
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

<table>
<thead>
<tr>
<th>Repub Incubator Project</th>
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<tbody>
<tr>
<td><strong>TOTAL ESTIMATED COSTS</strong></td>
<td>$3,000,000</td>
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<tr>
<td><strong>OFFICE OF COMMUNITY SERVICE</strong></td>
<td>$750,000</td>
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<tr>
<td><strong>NATIONAL CITY LIMITED PART.</strong></td>
<td>$420,000</td>
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<tr>
<td><strong>FEDERAL LINE ITEM APP (SBA)</strong></td>
<td>$348,000</td>
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<tr>
<td><strong>USDA RURAL BUSINESS ENTER</strong></td>
<td>$200,000</td>
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<tr>
<td><strong>FOUNDATION</strong></td>
<td>$ 50,000</td>
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<tr>
<td><strong>ENTERPRISE COMMUNITY</strong></td>
<td>$ 50,000</td>
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<tr>
<td><strong>RURAL LISC</strong></td>
<td>$ 20,000</td>
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<td><strong>OTHER</strong></td>
<td>$ 75,000</td>
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<td><strong>TOTAL</strong></td>
<td>$1,733,000</td>
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Threshold

Housing Development
<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Rural Lisc predevelopment</td>
<td>$25,000</td>
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<tr>
<td>ACT 137</td>
<td>$83,000</td>
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<tr>
<td>FEDERAL HOME LOAN BK</td>
<td>$235,000</td>
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<tr>
<td>HOME FUNDS</td>
<td>$450,000</td>
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<tr>
<td>LOAN-First National Bank</td>
<td>$150,000</td>
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<tr>
<td>RURAL DEVELOPMENT 502</td>
<td>$3,200,000</td>
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<tr>
<td>AND SELF HELP</td>
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<tr>
<td>VOLUNTEER LABOR VALUE</td>
<td>$720,000</td>
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<tr>
<td>LINE OF CREDIT-National City Bank</td>
<td>$351,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$5,214,000</strong></td>
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</table>
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
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

- Tax Credit Equity: 90%
- Federal Home Loan Bank Loan: 4%
- Soft Loans & Foundations: 6%
A Unique and Significant Housing Development Project
Contact information

James M. Stark
Fayette County Community Action Corp
108 North Beeson Ave
Uniontown, PA 15401
724-430-3011
jstark@fccaa.org
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 $- 1,000,000
Total Construction Cost $ 9,100,000
## Uniontown Construction Cost- Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Bank Loan</td>
<td>$8,450,000</td>
</tr>
<tr>
<td>Federal Home Loan Bank*</td>
<td>$400,000</td>
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<tr>
<td>Local HOME Loan</td>
<td>$250,000</td>
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<tr>
<td><strong>Total Construction Sources</strong></td>
<td><strong>$9,100,000</strong></td>
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*Affordable Housing Program
# Uniontown Permanent Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Federal Home Loan Bank</td>
<td>$400,000</td>
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<tr>
<td>Local HOME Loan</td>
<td>$250,000</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>$489,317</td>
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<tr>
<td>Tax Credit Equity</td>
<td>$9,360,683</td>
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<td><strong>Total Permanent Sources</strong></td>
<td><strong>$10,500,000</strong></td>
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## Tax Credit Equity

### Development Budget

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<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Hard Construction Costs</td>
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<tr>
<td>Construction Support Costs</td>
<td>$500,000</td>
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<tr>
<td>Developer Fee</td>
<td>$1,000,000</td>
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<tr>
<td>Acquisition Costs (Land)</td>
<td>$300,000</td>
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<tr>
<td>Developer Fee toward Acq.</td>
<td>$100,000</td>
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<tr>
<td>Land Site Work or Site Prep</td>
<td>$100,000</td>
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<tr>
<td>Reserves</td>
<td>$400,000</td>
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<tr>
<td>Tax Credit Fees</td>
<td>$50,000</td>
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<tr>
<td>Syndication Legal</td>
<td>$50,000</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td>$1,000,000</td>
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<tr>
<td><strong>Total Development Costs</strong></td>
<td>$10,500,000</td>
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### Tax Credit Calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Eligible Basis for Tax Credits</td>
<td><strong>$9,500,000</strong></td>
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<tr>
<td>Less Federal Financing</td>
<td>$0</td>
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<tr>
<td>Plus: Qualified Census Tract</td>
<td>1.30</td>
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<tr>
<td>Adjusted Tax Credit Basis</td>
<td>$12,350,000</td>
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<tr>
<td>Applicable Fraction (Sq Ft)</td>
<td>100%</td>
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<tr>
<td>Qualified Basis</td>
<td>$12,350,000</td>
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<tr>
<td>Tax Credit %</td>
<td>Oct-06 8.15%</td>
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<tr>
<td>Total Annual Credits</td>
<td>$1,006,525</td>
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<td>Total Credits (10 years)</td>
<td>$10,065,250</td>
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<td>Equity Pricing</td>
<td>$0.93</td>
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<td><strong>Total Equity</strong></td>
<td><strong>$9,360,683</strong></td>
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### Financials

- **Project Funding**
  - Total Costs: $10,500,000
  - Equity: **$9,360,683**
  - 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
808 Strong Ave.
Elkhart, Indiana  46514
(574) 294-4941
art@liscnet.org
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

• 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
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.