Novogradac
Journal of Tax Credits

Developments of Distinction 2012

The Developments of Distinction Awards recognize excellence, ingenuity and perseverance in the development of tax credit projects using the low-income housing tax credit (LIHTC) and U.S. Department of Housing and Urban Development (HUD) program financing.

Winners of the 2012 Developments of Distinction Awards were honored at a special presentation held during the Novogradac Tax Credit Developers Conference, on January 10, 2013 in Miami, Fla. An expert panel of judges selected a total of four winners and five honorable mentions that best exemplify outstanding achievement in tax credit housing development. This year's awards recognized low-income housing tax credit projects in four categories: those that resulted in a major community impact; those that demonstrated financial innovation; those that overcame significant obstacles; and those that utilized HUD financing in an innovative manner.

Projects nominated in the Major Community Impact category rose above and beyond the needs of their community, creating a tangibly positive impact as a whole. Projects were notable in their effective use of community resources, the strong community partnerships that they helped form and the useful services that they provided for those in need.

Projects in the Demonstrates Financial Innovation category employed a number of unique and creative financing options and strategies. Not only did these projects effectively use partnerships to achieve their financial objectives, but they also established repeatable strategies that future projects can benefit from.

Projects that displayed ingenuity and perseverance in working through challenges comprised the nominations for the Overcoming Significant Obstacles category. These projects were nominated not only because they achieved their stated objectives (despite trying circumstances), but also because they established strategies and methods that will stand as inspiration for the development of future projects.

Nominees for the Innovative Use of HUD Financing category were judged on their creative use of HUD financing in a tax credit project. These projects proved to be a measureable financial success, achieving their financial and tax credit objectives through an innovative blend of financing from several different HUD programs. The challenges faced by these projects also serve to inform fellow developers about potential effective uses for this method of financing.

“We created these awards to bring attention to truly meaningful and innovative projects, and I continue to be amazed by the caliber of winners and nominees, each and every year,” said Michael J. Novogradac, managing partner of Novogradac & Company LLP. “It is inspiring to hear stories of tireless perseverance and ingenuity in the name of serving residents in need and enriching communities as a whole. Congratulations to this year’s winners, and I invite all affordable housing developers to submit nominations next year.”

Please join us in congratulating the 2012 Developments of Distinction Awardees.

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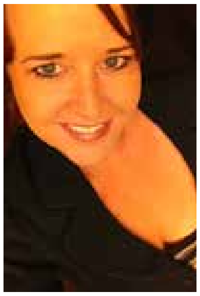
Developments of Distinction 2012

NOVOGRADAC & COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

NOVOGRADAC & COMPANY LLP SALUTES THE JUDGES OF THE NOVOGRADAC JOURNAL OF TAX CREDITS' 4TH ANNUAL DEVELOPMENTS OF DISTINCTION FOR THEIR COMMITMENT AND DEDICATION IN SELECTING AND HONORING THE 2012 AWARDEES.

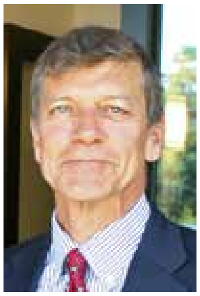
MAJOR COMMUNITY IMPACT

Tom Dixon,
Boston Capital

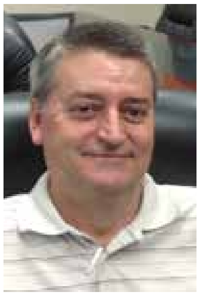


Flynann Jannisse,
Rainbow Housing

OVERCOMING SIGNIFICANT OBSTACLES

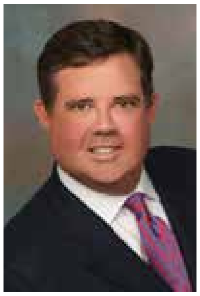


Richard Gerwitz,
Citi Community
Capital



Ray Landry
Davis-Penn
Mortgage

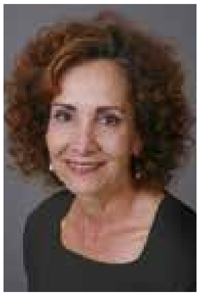
DEMONSTRATES FINANCIAL INNOVATION



Philip Melton,
Grandbridge Real
Estate Capital

Thomas Morton,
Pillsbury
Winthrop Shaw
Pittman LLP

INNOVATIVE USE OF HUD FINANCING



Monica Sussman,
Nixon Peabody LLP

Rochelle Lento,
Dykema Gossett
PLLC

FAUBOURG LAFITTE

OVERCOMING SIGNIFICANT OBSTACLES

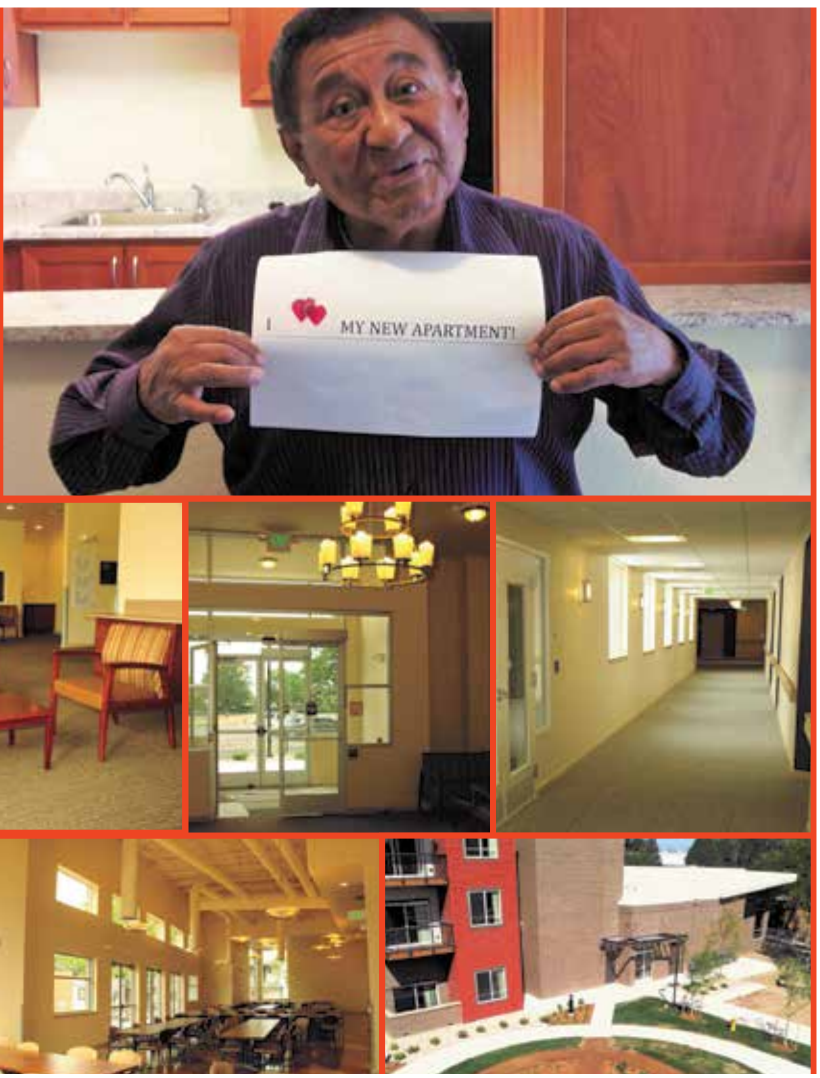
Faubourg Lafitte is an historic New Orleans neighborhood rich with character, but also one in particular need of improvements to its existing affordable housing. This project, set to include 134 low-income housing tax credit (LIHTC) units constructed on a former Lafitte public housing site, initially faced strong opposition. In addition to a large number of residents and historic preservationists who did not want to see the site demolished, some community members and individuals were opposed to seeing Faubourg Lafitte restored as a community with affordable housing.

Developers L&M Development Partners, Enterprise Community Partners and Providence Community Housing were extremely sensitive to these numerous, disparate voices, and put forth a homebuilding plan that was sensitive to the neighborhood character and that would enhance its surrounding community. The development team then began to implement the homebuilding plan, a key feature of which was creating a street grid system to reconnect the site to the existing neighborhood. This $14 million infrastructure component started in August 2009, and presented

FAUBOURG LAFITTE

OVERCOMING SIGNIFICANT OBSTACLES

a challenge because the eight-block site's infrastructure needed to be completed in advance of the housing construction. By the time infrastructure work was sufficiently completed to begin vertical construction of homes, the placed in service deadline for the Gulf Opportunity Zone LIHTC was fast approaching. With only eight months remaining to complete 134 units, or lose tax credits and equity, the development team and public and private funders had to find creative ways to finance the project and take some risk. They were eventually able to fund $35.4 million in total development costs by using six sources of capital financing. The team also overcame the challenge of managing flood elevation and handicap accessibility requirements while still maintaining a traditional front step/stoop configuration.



VILLAGE AT WESTERLY CREEK

HONORABLE MENTION

The Village at Westerly Creek project overcame a myriad of challenges, eventually resulting in the complete renovation of an existing, obsolete public housing development for seniors. While the easiest option to complete the project would have been to demolish the entire site and issue the existing residents vouchers, the existing property provided home and community to particularly vulnerable senior and disabled residents, a great deal of whom had average incomes below the poverty line, had physical or mental disabilities or had lived in the community for more than five years. Discovery and abatement of asbestos, and the re-zoning of the site to accommodate high density, were also a major challenge that needed to be addressed before construction could begin. Construction began in September 2012, and the second phase of the project is due to commence in 2013.

TOUSSIN SENIOR APARTMENTS

DEMONSTRATES FINANCIAL INNOVATION

Toussin Senior Apartments is the first affordable housing project for seniors to be built in Kentfield, Calif. The complex consists of 13 one-person households, and is home to retired seniors with annual household incomes ranging from $3,380 to $21,249. To finance the project, developer Petaluma Ecumenical Properties (PEP) Housing utilized state and federal funding leveraged by local funding from partners including the county of Marin, Marin Housing Authority and Marin Community Foundation. The project took seven years from start to finish, and features a living roof and transportation services and provides resident service coordinators to assess individual resident needs. Total development costs for the project were just more than $5 million.

TOUSSIN SENIOR APARTMENTS
DEMONSTRATES FINANCIAL INNOVATION

Judges were impressed by the sheer number of funding sources used to finance this project, which they felt demonstrated a remarkable amount of ingenuity and patience. PEP Housing utilized 19 layers of funding, a greather number than the total number of units in the building, and faced major challenges coordinating these different sources. In particular, the timing of American Recovery and Reinvestment Act (ARRA) funds was an unknown element that required PEP Housing to secure two bridge loans from separate sources from the county of Marin. PEP Housing also partnered with Burbank Housing and EAH in order to secure maximum points in California's 9% LIHTC allocation round in 2009. Two appeals were also necessary to obtain maximum points for site amenities.

LA TERRAZA

HONORABLE MENTION

Located in the Bronx, N.Y., La Terazza overcame a series of complications, including financing the decontamination of the site. La Terraza provides a new grocery store, community room, a courtyard, bike storage and laundry facilities to its residents. Additionally, a social service plan was instituted to serve the residents of 22 units set aside for the formerly homeless, including case management, referral to employment and social resources.

Because of economic conditions in early 2009, basic financing for the project was a particular challenge. La Terraza's development team was creative in their financing approach in order to satisfy lenders' risk requirements and to address expensive remediation costs, stemming from the fact that the site formerly housed a dry cleaning business. Developers were able to successfully utilize a combination of tax-exempt bonds—a portion of which were variable rate—four subordinated mortgages and equity raised from three tax credit programs, a combination that wowed our judges.

MONARCH MILLS

HONORABLE MENTION

A dramatic tenant-in-place redevelopment utilized a complex mixed-finance plan with several layers of project sources, including federal, state, & local funds under a single financial structure. This Columbia, Md. property previously included 100-units of rental housing with a mix of townhomes and garden style apartments built in the 1970s, but gradually began to suffer from years of deferred maintenance and a severe lack of amenities.

The 100 existing units had rents set well below market rates (50 project based and 50 market rate), and tenants had no other affordable housing options if the property were to close for an extended period of time. Therefore, it was imperative that the development's existing residents were not displaced during this reconstruction. This was achieved by utilizing existing vacant units to relocate most families, while staggering demolition and construction in manageable phases.

ARMORY LANE APARTMENTS

INNOVATIVE USE OF HUD FINANCING

Located in Vergennes, Vt., Armory Lane Apartments is a joint effort between Housing Vermont, a statewide affordable housing developer and tax credit syndicator, and the Addison County Community Trust (ACCT). The goal of this project was to construct a senior housing that would serve wide range of incomes, and have an active relationship with the local agency on aging. The two nonprofits determined that project-based rental assistance would be needed to serve very low income seniors, and it took several attempts before their Section 202 application was accepted by HUD.

Armory Lane Apartments was financed in part by six different HUD programs, which provided a total of $3.2 million, or just more than half of total development costs. In addition to this unique package of HUD programs, the project also utilized $2,751,116 in LIHTC equity. The 3-story, 25,244 square foot building contains 30 one-bedrooms and 5 two-bedroom apartments,

ARMORY LANE APARTMENTS

INNOVATIVE USE OF HUD FINANCING

and provides 25 mixed-income units for seniors. Eight of these apartments receive HUD rental assistance, which allows residents to pay roughly 30 percent of their income on rent. Armory Lane Apartments is also noteworthy for the extensive energy conservation measures that were put into place. Energy analysis shows that the development will use 50 percent less net energy than a typical building built five years ago.

Construction of the Armory Lane Apartments began in May 2011 and was completed in March 2012. The complex was fully leased within two months, more than double the projected absorption rate.

COTTONWOOD PLACE

HONORABLE MENTION

Funded through the HUD 202 Supportive Housing for the Elderly Program and the LIHTC program, Cottonwood Place includes 98 new affordable apartments for low income seniors aged 62 and older, with annual incomes that are at or below 40 to 50 percent of the Alameda County, Calif. area median income. This mixed-use development in Fremont, Calif. includes 9,035 sq. ft. of clinic and day center space, and offers medical, social and supportive services to frail seniors. It also includes space for the City of Fremont Senior Services Office which connects Fremont senior residents with community-based services.

GREENBRIDGE COMMONS

MAJOR COMMUNITY IMPACT

The most recently completed/occupied project for the Housing First Initiative, Greenbridge Commons was developed as part of a massive effort to curb homelessness in Cleveland, Ohio. Greenbridge Commons is a permanent supportive housing project comprised of 70 high-efficiency apartments that house chronically homeless single adults. Ninety-seven percent of the units having been funded primarily through Low Income Housing Tax Credits. Nearly 100% of residents have engaged in on-site social and support services, and more than half participating in volunteer, educational or employment activities. Additionally, fewer than 2 percent of the Housing First Initiative's 500+ participants have returned to homelessness, and employment rates among participants have increased by 15 percent. Greenbridge Commons is also a Green Communities building, and exceeds all efficiency and environmental standards set by this national standard.

GREENBRIDGE COMMONS

MAJOR COMMUNITY IMPACT

Judges chose Greenbridge Commons as the winner in this category because of the effective way in which it addresses the local chronic homeless population in a sustainable manner that also enriches the surrounding community. The project has contributed significantly to the revitalization of Cleveland's "Euclid Corridor," a five-mile main artery between the city's downtown business, cultural and medical district. After being neglected for decades, today there are more than $3.3 billion worth of projects in the works or recently finished along this five mile artery. The community impact of Greenbridge Common, and other LIHTC-funded projects, has been extremely significant, notably allowing the city of Cleveland to close a publicly-funded shelter that was no longer needed because of the success of the permanent supporting housing model.

PARKSIDE VILLAGE

HONORABLE MENTION

Located in Franklin Township, N.J., this project massively upgraded an existing affordable housing complex built in the 1950s, revitalizing the neighborhood and integrating the area with the rest of the community in the process. The project replaced the antiquated units with 140 state-of-the-art units comprising a three-story senior apartment building (Parkside Senior) and a range of two-family homes (Parkside Family). Both are 100 percent affordable to residents earning less than 60 percent of the area median income with set asides for low and very-low residents.

Whereas the previous development was fenced in and isolated from the rest of the community, the redevelopment of the site allowed the township's original street grid to be restored. Streets that had disappeared with the original development were connected, encouraging pedestrian use and multimodal transit connections. To date, the redevelopment of Parkside Village has resulted in investment of more than $44,785,000 in Franklin Township.

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