

Oak Village and West Oaks (Newport, Arkansas)

Newport Housing Authority

4% LIHTC + RAD/Section 18 Blend Conversion



TRANSACTION SUMMARY

Oak Village and West Oaks	Units: 140 Construction Type: Acquisition Rehab Building Type: Scattered Site Duplexes Tenancy Type: Family Affordability: 40% @ 60% AMI TDC: \$36 million Vouchers: 140 units (100%)
	-40% (56 units) - RAD PBV HAP Contract - 2022 RAD Rents + 23' & 24' OCAF -60% (84 units) - PBV Section 18 HAP Contract - 2024 FMR Rents
High-level summary	Status of Sources: 4% LIHTC (Federal) Award Pending under 2022 QAP, submitting FHLB Dallas AHP App 5/1/2024 Newport Housing Authority reserves and capital funds committed
Request	<p>Seeking proposals for the following by May 3, 2024</p> <ul style="list-style-type: none"> - Federal LIHTC Equity Letter of Intent - Permanent Financing Letter of Intent - Construction Financing Letter of Intent <p>Email proposals to: Joe Thrift, joe@jvillehousing.org</p>
Narrative	<p>This project is made up of 140 family units located in Newport, Jackson County, Arkansas. The units are divided into three properties known as "Downtown 28-1 (96 units), Downtown 28-3 (18 units) and Hines (26 units)". The downtown properties are located in the center portion of the city while the Hines property has some sites in the central portion of the city and some adjacent to the downtown properties.</p> <p>These three properties are comprised of several scattered site duplexes with one, two, three, and four-bedroom units, and is currently operated as public housing. The Newport Housing Authority (NHA) currently holds the land through a Declaration of Trust. These public housing units will transition through the RAD/Section 18 blend program to then operate as low-income tax credit housing. The necessary property rehabilitation will include upgrading kitchens and baths, flooring, paint, energy efficient appliances, landscaping and improvement of exterior finishes.</p> <p>The Arkansas Development Finance Authority (ADFA) requires a 7% vacancy rate however, 100% of units are covered by rental assistance and as such we are underwriting to a 5% vacancy. Please note this has been achieved by a reduction in operating expenses.</p>
Tax Exemption	<p>With the aforementioned structure of the property, the project is currently tax exempt and anticipated to remain this way. Please refer to the enclosed letter from the assessor's office. As part of an offer for financing, please confirm correspondence with your attorneys that this letter is acceptable evidence or if any additional information is required.</p>

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<p>Developer summary</p>	<p>Newport Housing Solutions www.newportpha.org David Gates, Executive Director dgates@lonokepha.org (870) 523-2195</p> <p>Newport Housing Solutions holds a central office is located at 945 Hout Circle, Newport, AR 72112. Their mission is to provide drug free, decent, safe and sanitary housing for eligible families and to provide opportunities promoting self-sufficiency and economic independence to the residents.</p> <p>The NHA currently owns 264 units of public housing units and has received a Commitment for Housing Assistance Payment (CHAP) contract through the Rental Assistance Demonstration (RAD) Program for this project. Oak Village and West Oaks will make up the first phase of rehabbing 140 units, leaving a second future phase of rehab for the remaining units.</p> <p>Newport Housing Solutions, Inc. (NHS) is a nonprofit corporation created for the purpose of fostering low-income housing and is in the process of becoming a Qualified Nonprofit Organization under IRC Section 42(h)(5)(C). In 2021, the Newport Housing Authority (NHA) formed this nonprofit entity for the purpose of furthering its mission “to provide drug-free, decent, safe, and sanitary housing for eligible families and to provide opportunities promoting self sufficiency and economic independence to our residents.” NHS operates under the same Board of Directors as NHA with David Gates serving as the Executive Director. David Gates is also the Executive Director for multiple other affordable housing providers across the State of Arkansas.</p> <p>NHA is committed to providing strong, sustainable, inclusive communities and quality affordable homes for all. NHA and NHS will continue to explore opportunities to further affordable housing in and around the Newport community. They pride themselves in being knowledgeable, accessible, and available to the residents, applicants, and community members.</p> <p>NHA has been providing affordable housing in Newport since 1967, including operating the city’s Public Housing (Section 9) program. NHA is currently working to move its public housing inventory to a more sustainable platform by utilizing the Low-Income Housing Tax Credit (LIHTC) program. NHA has procured Baker Tilly US, LLP to act on its behalf as a developer consultant and provide guidance and experience with the LIHTC program. NHA’s executive director, David Gates, currently manages a 55-unit LIHTC development in Jacksonville, AR, and also has a 60-unit LIHTC development under construction in Searcy, AR.</p>
<p>Team</p>	<p>Architect: Hooker Dejong General Contractor: Gibraltar Construction Company Inc. Property Manager: Newport Housing Authority Developer Counsel: Reno Cavanaugh Consultant: Baker Tilly Accountant: Baker Tilly</p>
<p>Closing Schedule</p>	<p>RAD Concept Call: May 2024 RAD Financing Plan: July 2024 RAD RCC Issuance: September 2023 Closing: November 2024 Construction Start: December 2024 Lease-Up Start: February 2025 Construction Completion: July 2026 Stabilization: November 2026</p>
<p>Guarantor</p>	<p>Newport Housing Authority will make all the financial guarantees. NHA's financial statements have been included for review.</p>

OAK VILLAGE AND WEST OAKS

	Property	BR Size	Units	Type	AMI Set Aside %	Type of Unit	Square Feet	Monthly Net Rent	Monthly Utility	Monthly Gross Rent	Total Monthly Rent	Annual Income
Unit Mix	Downtown_28_1	1.0	13	RAD	50%	LIHTC	570	579	103	682	7,527	90,324
	Downtown_28_1	1.0	1	RAD	50%	LIHTC	570	579	103	682	579	6,948
	Downtown_28_3	1.0	15	RAD	50%	LIHTC	570	579	103	682	8,685	104,220
	Downtown_28_3	1.0	1	RAD	60%	LIHTC	570	579	103	682	579	6,948
	Downtown_28_3	1.0	1	RAD	30%	LIHTC	570	579	103	682	579	6,948
	Downtown_28_1	2.0	22	Section 18	50%	LIHTC	760	771	124	895	16,962	203,544
	Downtown_28_1	2.0	3	Section 18	60%	LIHTC	760	771	124	895	2,313	27,756
	Downtown_28_3	2.0	1	Section 18	30%	LIHTC	760	771	124	895	771	9,252
	Downtown_28_1	2.0	3	Section 18	60%	LIHTC	760	771	124	895	2,313	27,756
	Downtown_28_1	3.0	44	Section 18	60%	LIHTC	928	939	143	1,082	41,316	495,792
	Downtown_28_1	3.0	4	Section 18	50%	LIHTC	928	939	143	1,082	3,756	45,072
	Downtown_28_1	4.0	2	Section 18	50%	LIHTC	1,153	1,099	163	1,262	2,198	26,376
	Downtown_28_1	4.0	1	Section 18	60%	LIHTC	1,153	1,099	163	1,262	1,099	13,188
	Downtown_28_1	3.0	2	Section 18	30%	LIHTC	928	939	143	1,082	1,878	22,536
	Downtown_28_1	4.0	1	Section 18	30%	LIHTC	1,153	1,099	163	1,262	1,099	13,188
	Hines_28_2	1.0	1	RAD	60%	LIHTC	570	579	103	682	579	6,948
	Hines_28_2	1.0	18	RAD	50%	LIHTC	570	579	103	682	10,422	125,064
	Hines_28_2	1.0	2	RAD	50%	LIHTC	570	579	103	682	1,158	13,896
	Hines_28_2_NEW	2.0	2	RAD	60%	LIHTC	760	771	124	895	1,542	18,504
	Hines_28_2	1.0	1	RAD	30%	LIHTC	570	579	103	682	579	6,948
	Hines_28_2_NEW	2.0	1	RAD	30%	LIHTC	760	771	124	895	771	9,252
	Hines_28_2_NEW	2.0	1	Section 18	60%	LIHTC	570	771	124	895	895	10,740
				140							107,600	1,291,200
	Property amenities	<ul style="list-style-type: none"> On site management Additional on-site parking (post-rehab) Unit Amenities (HVAC, Energy Star Refrigerators, Range/Oven, Microwaves, Washer & Dryer) Accessibility: Minimum 5% Mobility Impaired Units ; 2% Sensory Impaired Units (Intending to exceed minimum required) 										
Community Designations and Amenities	<p>Transportation - Amtrack Newport Station - 0.8 miles</p> <p>Other Community Amenities</p> <ul style="list-style-type: none"> Retail/Clothing/Department Store - Dollar General - 0.6 miles Grocery Store - Hot Spot Mart - 0.4 Restaurants - Little Brothers Wings and more - 0.3 miles Medical Care Provider - Newport Family Medical Clinic - 1.7 miles Pharmacy - iCareRx Pharmacy - 1.7 miles School - Newport High School - 0.6 miles Community Center - Public park - Remmell Park - 0.6 miles Public Library - Jackson County Library - 0.5 miles Post Office - USPS - 0.7 miles Bank - Merchants and Planters Bank - 0.7 miles Place of Worship - Emory Chapel United Methodist Church - 0.1 mi Convenience Stores - Cenex - 0.7 miles 											
Site control	Option Agreement to enter a long-term Ground Lease with Newport Housing Authority											

TRANSACTION SUMMARY

Credit delivery

Rehab will begin with infrastructure updates in January 2025 and move to interior unit updates in March 2025. The unit rehab will follow a schedule of approximately 6-8 units every 30 days. 82 units will be placed in service in 2025 and utilize the tack back rule to begin generating credits in January 2025. 38 units will be placed in service in 2026 and utilize the tack back rule to begin generating credits in January 2026. The remaining 20 units, that have been vacant since the start of construction, will start generating tax credits in August 2026. Please refer to the enclosed credit delivery schedule included in the pro forma.

Attachments

1. Market Study
2. Pro Forma (including credit delivery schedule)
3. Developer Resume and Experience
4. Site Plan
5. Photos of Existing Buildings
6. Real Estate Assessor's Letter
7. Financial Statements
8. Project Construction Schedule