

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: \$31 million Vouchers: 140 units (100 %)
	-40% (58 units) - RAD PBV HAP Contract - 2022 RAD Rents -60% (82 units) - PBV Section 18 HAP Contract - 2023 FMR Rents
High-level summary	Status of Sources: 4% LIHTC (Federal) Award Pending under 2022 QAP ADFA HOME and NHTF Loan Requested Newport Housing Authority Replacement reserve and capital fund committed
Request	<p>Seeking proposals for the following by June 23, 2023</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>
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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Developer summary	<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>
Team	<p>Architect: Hooker Dejong General Contractor: Craig Construction Property Manager: Newport Housing Authority Developer Counsel: Reno Cavanaugh Consultant: Baker Tilly Accountant: Baker Tilly</p>
Closing Schedule	<p>RAD Concept Call: June 2023 RAD Financing Plan: July 2023 RAD RCC Issuance: September 2023 Closing: November 2023 Construction Start: January 2024 Lease-Up Start: April 2024 Construction Completion: May 2024 Stabilization: September 2024</p>
Guarantor	<p>Newport Housing Authority will make all the financial guarantees. NHA's financial statements have been included for review and to further support this, we have included additional reserves in the pro forma.</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	60%	LIHTC	570	552.00	50	602	7,176	86,112
	Downtown_28_1	1.0	1	RAD	50%	HOME	570	552.00	50	602	552	6,624
	Downtown_28_3	1.0	15	RAD	60%	LIHTC	570	568.00	34	602	8,520	102,240
	Downtown_28_3	1.0	1	RAD	60%	HOME	570	568.00	34	602	568	6,816
	Downtown_28_3	1.0	1	RAD	30%	NHTF	570	568.00	34	602	568	6,816
	Downtown_28_1	2.0	22	Section 18	60%	LIHTC	760	764.00	28	792	16,808	201,696
	Downtown_28_1	2.0	3	Section 18	60%	HOME	760	764.00	28	792	2,292	27,504
	Downtown_28_3	2.0	1	Section 18	30%	NHTF	760	756.00	36	792	756	9,072
	Downtown_28_1	2.0	3	Section 18	60%	LIHTC	760	764.00	28	792	2,292	27,504
	Downtown_28_1	3.0	44	Section 18	60%	LIHTC	928	932.00	31	963	41,008	492,096
	Downtown_28_1	3.0	4	Section 18	60%	HOME	928	932.00	31	963	3,728	44,736
	Downtown_28_1	4.0	2	Section 18	60%	LIHTC	1,153	1,092.00	34	1,126	2,184	26,208
	Downtown_28_1	4.0	1	Section 18	60%	HOME	1,153	1,092.00	34	1,126	1,092	13,104
	Downtown_28_1	3.0	2	Section 18	30%	NHTF	928	932.00	31	963	1,864	22,368
	Downtown_28_1	4.0	1	Section 18	30%	NHTF	1,153	1,092.00	34	1,126	1,092	13,104
	Hines_28_2	1.0	1	RAD	60%	LIHTC	570	568.00	34	602	568	6,816
	Hines_28_2	1.0	18	RAD	60%	LIHTC	570	568.00	34	602	10,224	122,688
	Hines_28_2	1.0	2	RAD	50%	HOME	570	568.00	34	602	1,136	13,632
	Hines_28_2_NEW	2.0	3	RAD	60%	LIHTC	760	764.00	28	792	2,292	27,504
	Hines_28_2	1.0	1	RAD	30%	NHTF	570	568.00	34	602	568	6,816
Hines_28_2_NEW	2.0	1	RAD	30%	NHTF	760	764.00	28	792	764	9,168	
			140								106,052	1,272,624
Property amenities	<ul style="list-style-type: none"> On site management Gazebos Playground Splash pad (post-rehab) Covered picnic pavilion (post-rehab) New basketball court (post-rehab) 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 - R Emmell 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

The rehabilitation of the project will take place in 4 pods/clusters of units. The rehab will begin with infrastructure updates in January 2024 and move to interior unit updates in May 2024. The unit rehab will follow a schedule of approximately 35 units every 85 days. The project targets a placed in service date of May 2025 and will utilize the tack back rule to begin generating credits in January 2025. Please refer to the enclosed credit delivery schedule for additional detail.

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 Detail by Unit
9. Project Construction Schedule