



STARPOINT

FLAGSTAFF HOUSING COMMISSION

SEPTEMBER 24, 2020

BRINSHORE



Housing Solutions
OF NORTHERN ARIZONA

BRINSHORE DEVELOPMENT

Strengthening neighborhoods through creative and collaborative real estate developments

- Established 1994
- Based in Northbrook, Illinois
- Developed 7,000 units in over 75 residential communities valued at over \$1.3 Billion
- Active in 17 states and the District of Columbia
- 19th largest affordable housing developer in U.S.
- Winner of over 50 national, state and local awards for innovation and excellence since 2002.



LIHTC BASICS

What is the Low Income Housing Tax Credit?

- Housing subsidy program for rental housing
- Created by Section 42 of the 1986 tax reform
- Administered by State Housing Finance Agencies
 - Arizona's agency is the Arizona Department of Housing (ADOH)
- Each state receives an annual tax credit allocation based on a per capita calculation
- More demand than tax credits available each year = competitive process



LIHTC Project Characteristics

- New construction and rehab projects
- Housing for families, seniors, special needs residents
- 100% affordable and mixed-income
- Project sizes typically range from about 40 up to 120 units – sweet spot for LIHTC
- Projects can be urban or rural



How do Tax Credits Work?

- Tax credits are sold to investors who earn dollar-for-dollar credits against their federal tax liability
- Tax credit sale → equity into project
- Credit pricing depends on a number of factors:
 - Investor appetite/Community Reinvestment Act need. Different markets = different CRA needs
 - Development team track record
 - Timing – both project timing and equity pay-in schedule
 - Project size



LIHTC Restrictions

Income Restrictions

- Based on Area Median Income
- Until 2017 tax reform, LIHTC units were 60% AMI and below; 2017 reform introduced Income Averaging – up to 80% AMI

Flagstaff MSA Rent and Income Limits

LIHTC Income Limits for 2020 (Based on 2020 MTSP Income Limits)					
	Charts	60.00%	50.00%	40.00%	140.00%
1 Person	⚡	31,620	26,350	21,080	44,268
2 Person	⚡	36,120	30,100	24,080	50,568
3 Person	⚡	40,620	33,850	27,080	56,868
4 Person	⚡	45,120	37,600	30,080	63,168
5 Person	⚡	48,780	40,650	32,520	68,292
6 Person	⚡	52,380	43,650	34,920	73,332

Rent Restrictions

- Rent + tenant paid utilities restricted to 30% of income – based on AMIs

LIHTC Rent Limits for 2020 (Based on 2020 MTSP/VI Income Limits)					
Bedrooms (People)	Charts	60.00%	50.00%	40.00%	FMR
Efficiency (1.0)	⚡	790	658	527	964
1 Bedroom (1.5)	⚡	846	705	564	1,024
2 Bedrooms (3.0)	⚡	1,015	846	677	1,266
3 Bedrooms (4.5)	⚡	1,173	978	782	1,653

Compliance Period

- 15 year LIHTC compliance period
- 30+ year income restriction

Source: novogradac.com


How are LIHTCs Administered?

Qualified Allocation Plan

- Federal program requirements
- State priorities (sustainability, special needs, urban/rural, etc)

Competitive application process

- Two types of credit: 9% and 4%
- 1-2 application rounds per year



Arizona
Department
of Housing

Low Income Housing Tax Credit Program

2019

Qualified Allocation Plan

Contact Information:

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OTHER FINANCIAL CONSIDERATIONS

- Construction and Permanent Loans
- Fill remaining gap with other sources
 - City/state funding (HOME/CDBG/Trust Funds)
 - Tax Increment Financing (TIF)
 - Project Based Vouchers
 - Grants
 - Philanthropic investment
- Developer earns Developer Fee based on total eligible development costs
 - Deferred fee = final source/gap filler



LIHTC RESOURCES

- Novogradac
- Enterprise Community Partners

Enterprise Resource Center navigation and filter options:

- Financing & Development
- Solutions & Innovation
- Policy & Advocacy
- Research & Resources

RESOURCE CENTER

Home > Resource Center

FILTER BY:

- LIHTC
 - Impact Investing
 - Impacts
 - Inclusionary Housing
 - Jobs
 - LIHTC
 - LIHTC Policy
 - Loan Fund
 - Make Room
 - NMTC
 - National Housing Trust Fund
 - Opportunity Zones
- Type -
- Location -
- File Type -

	PUBLICATION YEAR	
& Native Affordable Housing With The Low Income Housing Tax	2019	Rural Webin
Affordable Housing With The Low Income Housing Tax Credit	2019	Rural Webin

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Affordable Housing Resource Center

News

About the LIHTC

The low-income housing tax credit (LIHTC) program, created in 1986 and made permanent in 1993, is an indirect federal subsidy used to finance the construction and rehabilitation of low-income affordable rental housing. Washington lawmakers created this as an incentive for private developers and investors to provide more low-income housing. Without the incentive, affordable rental housing projects do not generate sufficient profit to warrant the investment.

9 Percent vs. 4 Percent

Claimed pro rata over 10 years, the tax credit can be used to construct new or

Related Services

- Low-Income Housing Tax Credit
 - More Information >>
- Nonprofit
 - More Information >>

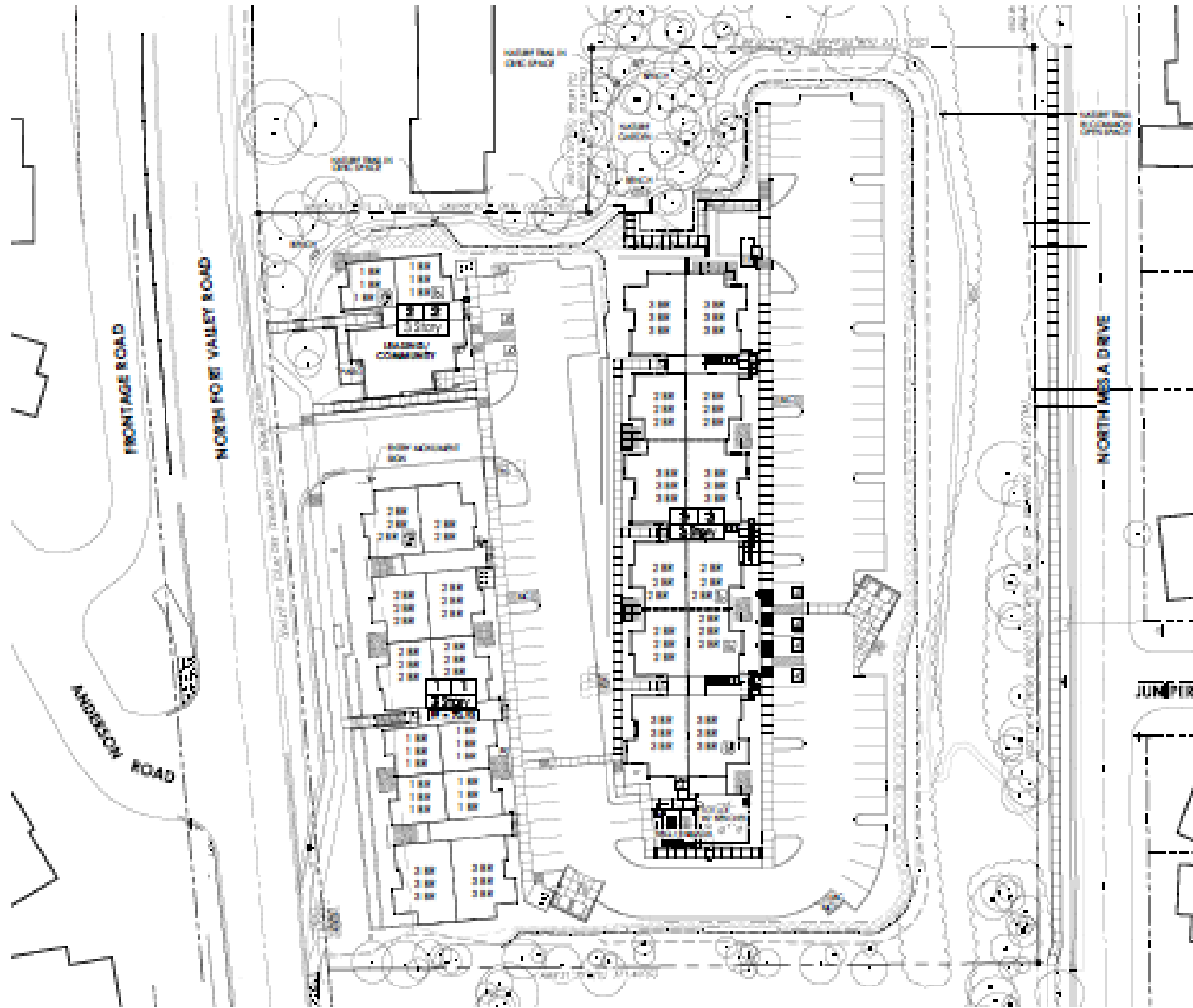
Journal of Tax Credits

THE 4 PERCENT LIHTC/BONDS ISSUE

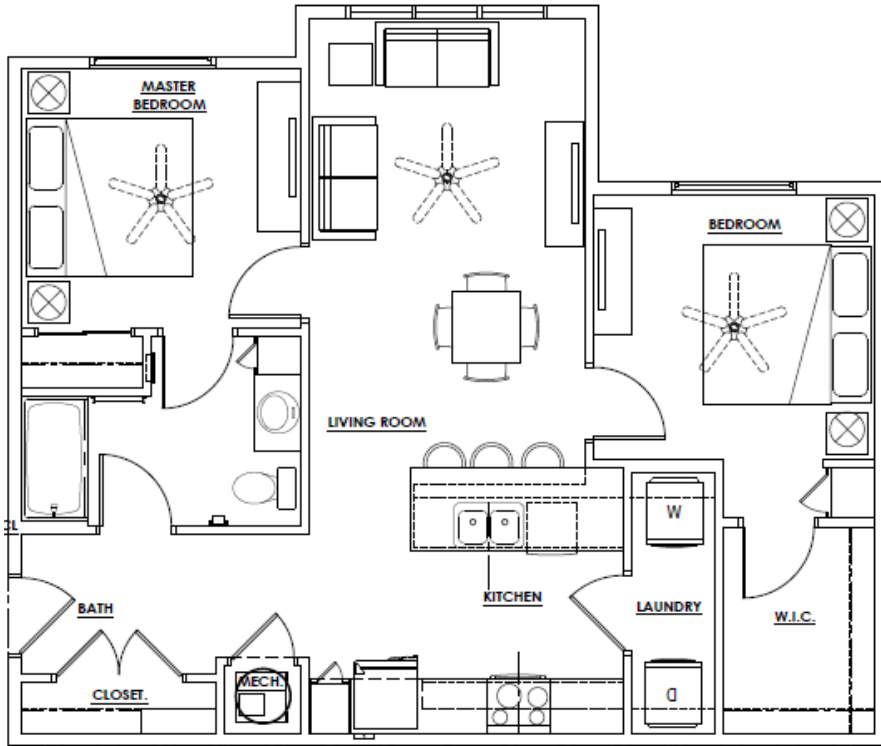
30th Anniversary

THE LATEST COMMUNITY DEVELOPMENT NEWS AND ANALYSIS

STARPOINT SITE PLAN

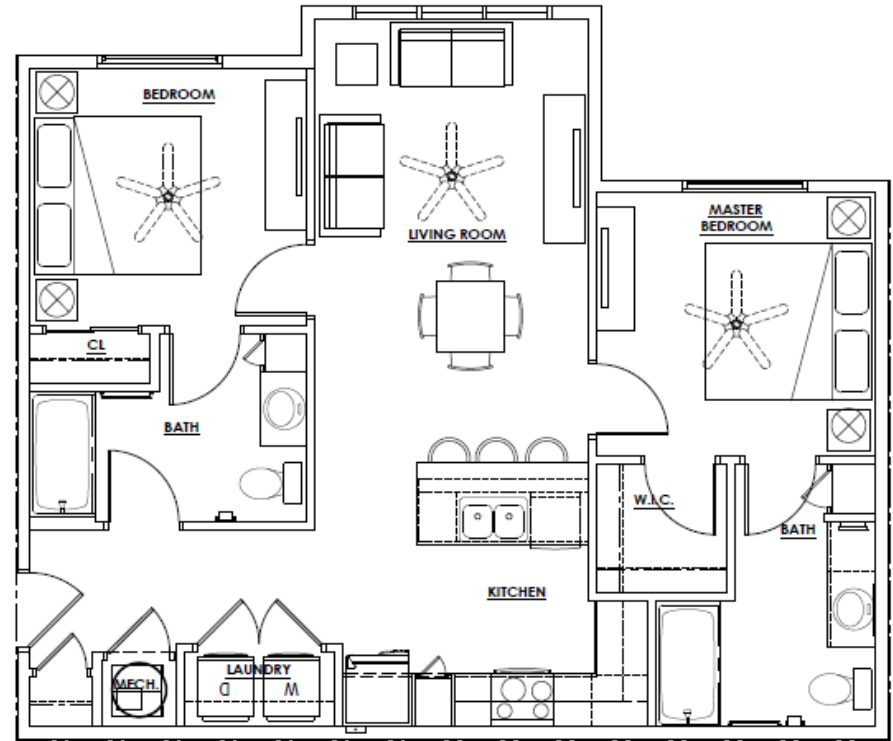


STARPOINT FLOOR PLANS



UNIT B - 2 BD / 1 BATH FLOOR PLAN

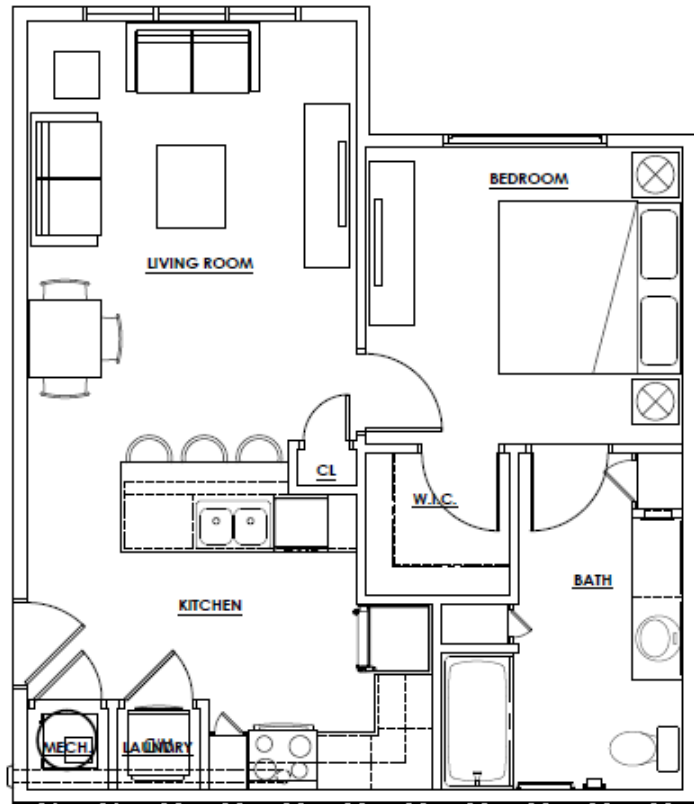
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UNIT B - 2 BD / 2 BATH FLOOR PLAN

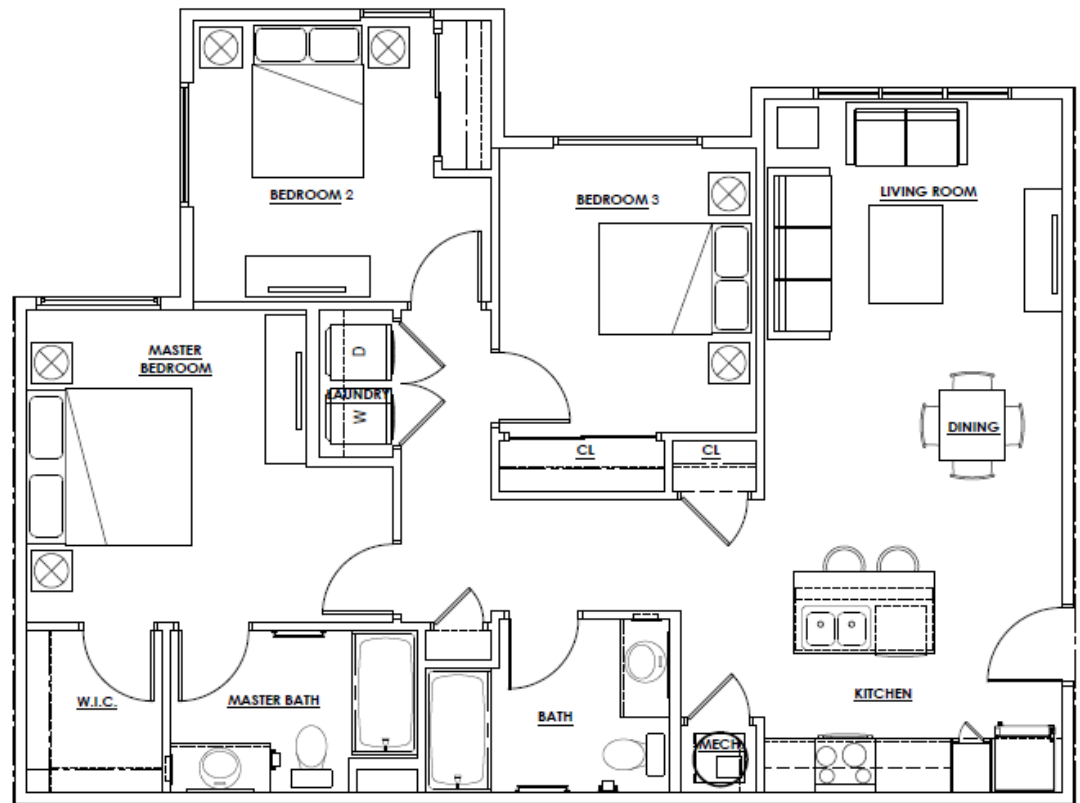
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STARPOINT FLOOR PLANS



UNIT A - 1 BD / 1 BATH FLOOR PLAN

SCALE: 1/4"=1'-0"



UNIT C - 3 BD / 2 BATH FLOOR PLAN

SCALE: 1/4"=1'-0"

STARPOINT FACTS

- 77 units: 90% affordable and 10% unrestricted/market rate
- One, two and three bedrooms units
- Rents \$492 to \$1620
- \$25 million total development cost:
 - 9% LIHTC equity
 - Permanent loan
 - State HOME Funds
 - Deferred developer fee



STARPOINT PROGRAM

Rent and Income Levels

	1 Bedroom	2 Bedroom	3 Bedroom	Rent	Income
40% AMI	6	11	6	\$492 to \$678	\$24,064 to \$34,893
50% AMI	5	10	7	\$633 to \$874	\$30,080 to \$43,616
60% AMI	5	11	7	\$774 to \$1069	\$36,096 to \$52,339
Market Rate	2	3	4	\$1224 to \$1620	

Bedroom Mix

- 18 One Bedroom Units
- 35 Two Bedroom Units
- 24 Three Bedroom Units

Affordable Resident Examples

- Paraprofessional working for Flagstaff Unified School District making \$22,890 with one child can afford a 40% AMI unit.
- Full-time Librarian Clerk at the City of Flagstaff making \$30,640 with two children can afford a 50% AMI unit.
- Full-time bank teller at National Bank making \$31,200 can afford a 60% AMI unit.



THANK YOU!

