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9:00

Introductions &
An Update on KHC's HCV Program

9:10 -10:00

Kentucky's Homelessness Continuum of Care & PHA Partnerships that Work

10:00-11:30

KHC's roles in PHA Repositioning: Tax Credits, Bonds, and More

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KY Homelessness Continuum of Care and PHA Partnerships That Work

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Continuum of Care—What is it?

- HUD program to end homelessness by providing permanent housing, supportive services, and a framework for community collaboration.
- Annual Funding Source (Permanent Supportive Housing, Rapid Rehousing, Transitional Housing, Supportive Services Only)
- Requires strong & continuous community-wide planning and coordination. To receive CoC funding, communities must create and apply as a Continuum of Care (CoC).
- Approximately 400 CoCs nationwide; 3 in Kentucky
  - Lexington CoC (Fayette Co.)
  - Louisville CoC (Jefferson Co.)
  - Kentucky Balance of State CoC (118 counties)

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Continuum of Care—Why and How?

The Goal: To end homelessness (i.e., ensure all people have safe, affordable housing)

The Method: Build a system that works together to make homelessness rare, brief, and non-recurring by blending resources (all kinds!) and planning strategically across sectors.

The Team: Housing providers, shelters, outreach teams, health care, education, criminal justice, workforce development, veteran organizations, landlords, housing developers, PHAs, faith-based groups, persons with lived experience, etc.

The Outcome: A community that prevents homelessness from occurring in the first place, acts swiftly to move people back to permanent housing when homelessness cannot be avoided, and ensures people do not return to homelessness once housed.

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Continuum of Care—The Reality.

- CoC resources are limited (so are PHAs'!).
- CoC resources must be prioritized for people with the highest level of need, especially for Permanent Supportive Housing (PSH).
- People experiencing chronic homelessness are most likely to need long-term, permanent housing assistance <u>and</u> supportive services (CoC-funded PSH).

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CoC and PHA Partnerships

- We're both in the business of housing!
- Working together helps us both achieve our program-specific HUD requirements and expectations.
- There are many possibilities to structure partnerships to best respond to community and PHA needs.

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CoC and PHA Partnerships

- General Preferences for people experiencing homelessness or for specific subpopulations (veterans, families with children, transition-aged youth 18-24)
- Preferences for people experiencing homelessness coming directly from trusted community homeless service providers

  (emergency shelters, domestic violence programs, time-limited housing programs)
- "Moving On" Initiatives

  http://www.kyhousing.org/Specialized-Housing/Pages/Continuum-of-Care.aspx

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Understanding the Needs of PHAs- What we've heard thus far.

- High utilization rate (lease ups)
- Eviction prevention (reduce turnover)
- Reduce administrative burdens
- Strong landlord relationships
- High scores on NOFA applications (e.g., Family Unification Program, Mainstream Vouchers, etc.)

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How the CoC Can Help Through Partnerships

- Provide referrals (certify eligibility requirements for preferences and set-asides)
- Assist with all that paperwork and briefings! (pre-applications, collecting necessary documentation)
- Housing Search Assistance
- Landlord negotiations/relationships (including keeping tenants in the same apartment assisted with CoC funding)
- Supportive Services for Tenants
- Much more!

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“Moving-On” Partnership

- For very high need households such as those experiencing chronic homelessness CoC PSH programs are likely most appropriate.

  (people with disabilities like severe and persistent mental health disorders, substance use disorders, etc.)

- Because CoC PSH is non-time limited, there is little turnover, creating a bottleneck of high-need households in emergency shelters and living on the street.
- Not everyone in PSH needs the level of services offered. Many have established good rental histories, repaired credit, and are connected with mainstream benefits and services that can help with housing stability, etc.

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"Moving-On" Partnership How It Works

- PHA sets aside (or has a preference for) households being served by CoC PSH programs that no longer need the level of services provided, but do need housing subsidies.
- CoC PSH program assesses household's rental history and likelihood of successfully transitioning to a PHA resource.
- CoC makes referral to PHA, helping with all necessary paperwork.
- Highly-needed CoC PSH beds are opened up for chronically homeless in emergency shelters and living outside.

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QUESTIONS?

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Interested? Let's Talk

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KHC's Role in PHA Repositioning: Tax Credits, Bonds, and More

Wendy Smith

Tracy Thurston

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Rental Assistance Demonstration (RAD)

- In 2012, Congress authorized the Rental Assistance Demonstration Program (RAD)
- RAD allows PHA's to convert Section 9 (public housing) funding to Section 8 (rental assistance)
- Why?
  - Finance capital needs
  - Stabilize project revenue

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KHC & RAD

- RAD conversions that utilize **Tax Exempt Bonds or 9% LIHTCs** – KHC administrator for Kentucky
- History:
  - Centre Meadows, Lexington (206 units)
  - Hopkinsville Housing Authority in pipeline (400+ units)

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Financing RAD Deals

RAD Conversion benefit from one or more financial tools:

- Tax Exempt Bonds with 4% Low Income Housing Tax Credits
- 9% LIHTCs (highly competitive)
  - Prepare feasible "Plan B," in the event tax credits are not awarded
- GAP Funding (federal or state financing)
- Third-party financing
- Available PHA funding, including operating reserves and unobligated capital funds

Financing RAD Deals

Key drivers determining which financing makes the most sense:

- Scale - how many buildings and units
- Level of Rehab Needed
- Amount of Supportable Debt

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Utilizing Tax Exempt Bonds

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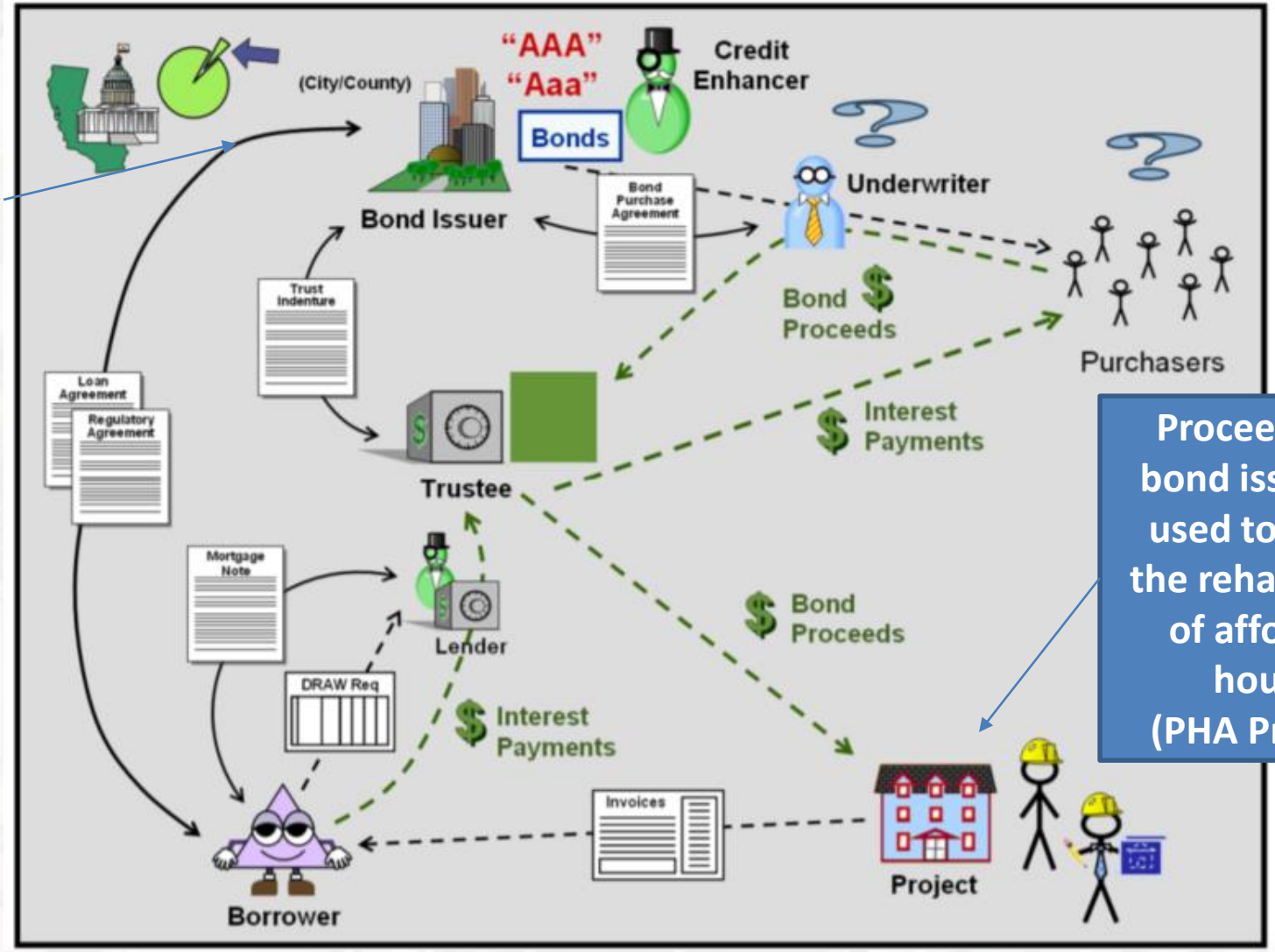

Proceeds from bond issuance is used to finance the rehabilitation of affordable housing (PHA Property)

Utilizing Tax Exempt Bonds

Sources	Total
Tax Exempt Bonds	$20,500,000
LIHTC Equity	$500,000
Federal Funds (HOME, NHTF)	$1,000,000
Existing Reserves	$290,000
Deferred Developer Fee	$250,000
TOTAL	**$22,540,000**

Uses	Total
Acquisition Costs	$8,000,000
Rehab Costs	$12,390,000
Professional Fees	$500,000
Reserves/Insurance	$450,000
Developer Fee	$1,200,000
TOTAL	**$22,540,000**

Where to Start?

- Come talk to KHC early – can help determine what financing is best
- Locate a developer who have experience in tax exempt bonds and RAD
  - Experience working in Kentucky preferable
- Will need trained staff or obtain a management company that is familiar with tax credit compliance

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Development Partners

- Expertise in bond and tax credit transactions, staff capacity
- Developer provides guarantees
- Developer provides predevelopment funding
- Have construction contacts and bond counsel recommendations that may reduce costs

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Issues to Address with Developer Partners

- Make Sure PHA is a partner in the partnership
- Get property back at end of 15 years - negotiate an exit strategy with tax credit investor at letter of intent stage
- PHA ability to manage once placed in service
- PHA continuous review of numbers up until closing

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THANK YOU.

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