

Resolution # _____-2012

**Approving the Rental Assistance Demonstration Application
Board Approval Form**

WHEREAS, THE Millville Housing Authority, a public body created and organized pursuant to and in accordance with the provisions of the Laws of the State of New Jersey desires to apply for the HUD Rental Assistance Demonstration Program (RAD);

AND WHEREAS, a RAD Board Approval Form as attached hereto must be submitted with the application;

NOW THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF MILLVILLE THAT that the Executive Director is authorized to submit the RAD Board Approval Form and apply for the HUD Rental Assistance Demonstration Program.

Larry Miller

Dianne McCarthy

Paula Ring

James Parent

Brian Tomlin

Date:

Attest:

Attachment 1A: Board Approval Form

Millville Housing Authority RAD Application for FERGUSON/HOLLY BERRY COURT

AMP No:	NJ061000001
Units	48

Type of Conversion
PBRA (Project Based Rental Assistance)

Proposed Units for Conversion and De Minimis			
Summary	Total Units Proposed for Conversion	Units Proposed to be Reduced	de minimis threshold
		48	0
Explanation for de minimis reduction			Unit Count

Pro Forma Sources and Uses		
Sources of Funds	Amount	Per Unit
New First Mortgage Loan	\$1,030,000	\$21,458
Public Housing Operating Reserves	\$0	\$0
Public Housing Capital Funds	\$0	\$0
Replacement Housing Factor	\$0	\$0
Low Income Housing Tax Credit Equity - 4%	\$0	\$0
Low Income Housing Tax Credit Equity - 9%	\$3,563,138	\$74,232
FHLB NY or deferred fee	\$67,997	\$1,417
Other	\$0	\$0
Other	\$0	\$0
Total Sources of Funds	\$4,661,135	\$97,107
Uses of Funds	Amount	Per Unit
Acquisition Costs	\$0	\$0
Construction Costs	\$3,170,896	\$66,060
Relocation Costs	\$98,000	\$2,042
Professional Fees	\$343,000	\$7,146
Loan Fees and Costs	\$385,855	\$8,039
Reserves	\$343,564	\$7,158
Developer Fees	\$319,820	\$6,663
Total Uses of Funds	\$4,661,135	\$97,107

6.000% + 0.400% MIP / 30.0 years

Stabilized Cash Flow Pro Forma		
	Total	PUPA
Gross Potential Rents for RAD Units	\$473,664	\$9,868
Gross Potential Rents for Other Apartment Units	\$0	\$0
Gross Potential Rents for Commercial	\$0	N/A
Vacancy Loss and Bad Debt Loss	(\$23,683)	-\$493
Other Income	\$4,032	\$84
Effective Gross Income	\$454,013	\$9,459
Total Operating Expenses	(\$321,070)	(\$6,689)
Annual Deposit to Replacement Reserve	(\$21,560)	(\$449)
Net Operating Income	\$111,383	\$2,320
First Mortgage Debt Service	(\$78,224)	(\$1,630)
Operating Cash Flow	\$33,159	\$691

PHA's Explanation of Any Relocation of Tenants (Estimated Relocation Cost is \$98,000)
 Due to the level of improvements called for in the PNA, the applicant anticipates that some level of temporary relocation will be necessary. For the purposes of budgeting, a cost of \$2,000 per unit has been assumed, to cover the cost of temporary placement, most likely at several local hotels. It is not anticipated that residents will be displaced for more than one week.

PHA's Explanation of Capacity and Experience to Carry Out the RAD Conversion
 EXPLANATION IS REQUIRED

Attachment 1A: Board Approval Form

Millville Housing Authority RAD Application for FERGUSON/HOLLY BERRY COURT

PHA's Explanation of the Proposed Total Operating Cost being less than 85% of the 3 Year Historical Operating Expenses

3 Year Historical Average Comparison	2009	2010	2011	Average	Proposed
		\$483,851	\$694,305	\$557,121	\$578,426

Currently, all utilities at Holly Berry Court are paid by the landlord. Under this structure, residents have no incentive to use energy responsibly. The capital costs proposed include installing individual metering so that gas and electric utility costs can be paid by each tenant. Additionally, the PNA calls for several major energy efficiency improvements which will reduce energy costs. It is anticipated that these changes in efficiency and metering will reduce the operating budget by approximately \$100,000. Additionally, maintenance and repairs are currently higher than typical due to the aging of much of the facilities and equipment. The repairs and equipment replacement called for in the PNA are expected to reduce maintenance costs significantly.

PHA's Explanation of the Capital Needs and Replacement Reserves Estimates

A Physical Needs Assessment (PNA) was prepared in 2010 by J.W. Pederson Architects, PC, 1199 East Park Avenue, Vineland, NJ 08360. A copy of the PNA is included as an attachment to this application. The PNA calls for \$2,960,089 in hard construction costs to be budgeted for a complete renovation. The Capital Needs indicated above includes the \$2,960,089 plus a 5% contingency of \$148,004, and an estimated \$62,803 for required permits and clearances.

Discussion of QAP timing

Applicant intends to apply for 9% tax credits in the next available application round offered by New Jersey Housing Mortgage Finance Agency. The proposed QAP for the next round is presently published for comments. The anticipated application date is April or May 2013.

Demonstration of recent success obtaining 9% LIHTCs

Conifer Realty, LLC has been selected by the Millville Housing Authority to act as a development partner for the project. Conifer Realty, LLC has a significant track record in obtaining 9% tax credit awards in New Jersey. Over the past 6 years, Conifer has received tax credit awards for 11 projects in New Jersey. The Millville Housing Authority also has a successful track record with obtaining and using 9% LIHTC. They are the managing general partner of Glasstown Residences, located in Millville. This is a 73 unit mid-rise financed using 9% LIHTC. Additionally,

Likelihood of obtaining 9% LIHTCs

N/A

I hereby certify to the following: (1) that I have the requisite authority to execute this application on behalf of the owner; (2) that HUD can rely upon this certification in evaluating the Application, (3) that I acknowledge that I have read and understand PIH Notice 2012-32 (the "Notice"), which describes the Rental Assistance Demonstration (RAD) (the "Program"), and agree to comply with all requirements of the Program or Notice; (4) that all materials submitted in association with the application are accurate, complete and not misleading; (5) that the application meets all applicable eligibility requirements for the Program set forth in the Notice; (6) that the owner approves the creation of a single-asset entity of the affected project if required by the lender to facilitate financing; (7) that, if selected for award, the owner will comply with the fair housing and civil rights requirements at 24 CFR 5.105(a) (general requirements) and will affirmatively further fair housing; (8) that there are no debarments, suspensions, or Limited Denials of Participation in Federal programs lodged against the applicant, PHA Executive Director, Board members, or affiliates; (9) that this Board Approval Form has been approved by the Board of Commissioners on the date noted below; and (10) that, if selected for an award, the PHA will comply with all provisions of HUD's Commitment to Enter into a HAP (CHAP), which shall indicate the HUD-approved terms and conditions for conversion of assistance, or will indicate to HUD within 15 days that it is refusing the terms of the CHAP and withdrawing from RAD participation.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 USC Sections 1001, 1010, 1012; 31 USC Sections 3729, 3802)

PHA Certification: By Paul Dice (Executive Director)

Signature: _____

Date: January 0, 1900