

Response to Rating Factors – CN Supplemental Funding

Louisville Metro Housing Authority

LMHAResponseToRatingFactors.pdf

Rating Factor 1: On-time First Closing

As HUD will find in its records, the Louisville Metro Housing Authority submitted a request for a 9-month extension to its first Beecher Terrace closing deadline of 6/12/18, bringing the revised deadline to 3/12/19. The actual closing for Phase I occurred on 3/5/19, before the end of the HUD-approved extension period.

Rating Factor 2: Original Size of Target Housing Project

At the time of our original Choice Neighborhood Implementation grant application submission in June 2016, there were a total of 758 dwelling units and 10 non-dwelling units located on the Beecher Terrace site.

Rating Factor 3: Financial Need

The housing budget originally submitted with our Choice Neighborhood (CN) Implementation grant application was based on construction costs from other recent mid-western CN grantees, and comparable large-scale residential projects in the Louisville area, with adjustments for inflation over the grant period. However, between the grant submission and the closing for Phase I in March 2019, several events occurred which resulted in steep increases to original cost projections, as well as reductions in projected sources.

Post-CN application events that contributed to those increased construction costs included, but were not limited to, new trade tariffs on materials, increased demands for materials and labor resulting from numerous natural disasters throughout the United States, and a boom of large-scale residential, hotel and industrial projects that have taken place in Louisville since our grant award.

The glut of available construction work has also made it difficult to attract contractors and subcontractors with competitive pricing, especially those who are willing to hire and pay full-

time employees at prevailing wages or Davis-Bacon wage rate levels, and forego their typical practice of employing independent contractors. Louisville is further challenged by a relatively small pool of contractors, subcontractors, and businesses that can fulfill our significant MBE/WBE/DBE and Section 3 participation goals for Beecher Terrace's redevelopment, which are 25% MBE participation, 10% WBE participation, 0.5% DBE participation and 10% participation for Section 3 business concerns.

Higher costs and lower levels of competition were quickly evidenced when the responses to the first Request of Qualifications (RFQ) for a General Contractor for Phase I were reviewed in late 2017. Despite intense negotiations between our Housing Implementation Entity and Developer, McCormack Baron Salazar (MBS), and the initial General Contractor with the most responsive qualifications, estimates were almost 35% (or nearly \$4 million) over the Phase I cost projections in the CN application. The Development Team's decision to reissue Phase I for bid, which is described in more detail below, was a primary reason behind our 9-month extension request to HUD.

The negative impact of these increased costs have been compounded by reductions in our anticipated leverage sources, particularly low-income housing tax credits (LIHTCs). The CN application budget assumed a net raise of \$0.96, which was the market for LIHTCs in Louisville at that time. After the Tax Cuts and Jobs Act of 2017 was passed, the market for LIHTCs dropped to a net raise of \$0.92, translating to a reduction in LIHTC equity of approximately \$2 million compared to the original CN application budget.

As part of LMHA's previous HOPE VI revitalization initiatives at Park DuValle, Liberty Green and Sheppard Square, LMHA had been successful in getting ad valorem tax abatement from the PVA (Property Valuation Administrator), our local tax authority. The CN application

was underwritten anticipating this same tax abatement. However, by the time our grant agreement was executed, there had been a change in Louisville's PVA administration and the political climate, which made the ad valorem tax abatement unobtainable. These estimated property taxes, plus other increased insurance expenses, reduced our anticipated net operating income significantly, and impacted our ability to support first mortgage debt by an estimated \$1 million. The CN application budget included first mortgage debt of approximately \$23.5 million and the current master budget includes \$22.5 million in first mortgage debt for Rental phases.

If one was to simply tally the impact of the changes referenced above, there would be a total budget impact of \$7 million (\$4 million increased Phase I construction costs, \$2 million LIHTC equity loss and \$1 million 1st mortgage debt loss). However, the hard construction cost increase described previously for Phase I ripples through the budget to increase the construction costs for all future phases, resulting in a total impact to the budget of nearly \$20 million. To begin reducing this gap, our Development Team immediately began implementing the following strategies.

Value Engineering and Modification of Housing Plan Phasing: A first step was to reanalyze Phase I and Phase II building plans for value engineering opportunities, while simultaneously issuing a second RFQ for a General Contractor. Because of delays with the closing for Phase I and the readiness of Phase II, MBS was able to realize efficiencies in pricing by requesting bid responses for both phases at the same time. While this second round of bidding yielded better construction pricing, costs were still 24% higher than budgeted for Phase I, and 20% higher than budgeted for Phase II. The strategy of seeking cost efficiencies through value engineering and plan modifications will continue throughout the redevelopment process.

The Development Team then looked at cost savings that could be gained by modifying the phasing of our Housing plan. At the time of our CN grant application, the Kentucky Housing Corporation (KHC) had firmly committed five LIHTC set-asides (two 4% and three 9%) as follows:

- Phase I - tax-exempt bond and 4% low-income housing tax credits (LIHTC) in 2017
- Phase II - 9% LIHTCs in 2018
- Phase III - 9% LIHTCs in 2019
- Phase IV - 9% LIHTCs in 2020
- Phase V - tax-exempt bond and 4% LIHTCs in 2021

The Development Team reexamined this phasing plan and found cost savings could be realized by combining the original Phase III and IV into one larger Phase III. Both KHC and HUD have approved this phasing consolidation, which will result in efficiencies of time, as well as a projected savings of \$1 million in hard and soft costs. A Request For Proposals (RFP) for a General Contractor for the newly combined Phase III will be released in late 2019 to determine if any additional cost savings can be achieved through another round of competitive bidding.

Competitive 9% LIHTC Allocation Application: To further reduce our gap, the Development Team will competitively apply for a fourth 9% LIHTC allocation from KHC. This new 9% allocation would generate additional LIHTC equity of approximately \$5 million, (compared to the equity generated by a tax-exempt bond and 4% LIHTC allocation), for a total of \$11,449,000 for the final rental phase. If awarded, the original Phase V could be broken into two smaller development phases - Phase IV, which would be funded with the originally committed tax-exempt bond/4% LIHTC allocation and a new Phase V, which would be funded with the new 9% LIHTC allocation. To realize additional efficiencies in bidding,

predevelopment, and closing costs, these two phases would be closed at the same time. (If our fourth 9% LIHTC application is not approved, the final phase will not be broken into two phases, and funding will remain a tax-exempt bond/4% LIHTC allocation.) The letter from KHC in Attachment 5 indicates its support for this revised approach.

LMHA Contribution of Developer Fees: MBS and LMHA also reviewed the original developer fee structure included within our CN application budget and agreed to a number of modifications that would further mitigate the gap. These modifications included a reduction in the fee to MBS, as well as an increase in recontributed fees from LMHA. The current summary budget reflects a reduced MBS developer fee of 11% on Phase I, and 10% on Phases II through V, compared to the MBS developer fee of up to 12% outlined within the Master Developer Agreement. LMHA also agreed to recontribute developer fees earned in Phases I through IV. While the state allocating agency requires some recontribution of developer fee in the two tax-exempt bonds and 4% LIHTC allocations, LMHA plans to recontribute its developer fee above and beyond the KHC requirement, bringing over \$1.5 million in additional **Committed** resources to our financial plan. As summarized below, despite these cost saving measures, and our plans to obtain additional potential funding sources, we still face a projected financing gap of \$12,521,860 within our CN housing budget.

Preliminary Budget Gap	\$19,521,860
Modification of Housing Plan Phasing	(\$1,000,000)
Competitive 9% LIHTC Allocation Application	(\$5,000,000)
LMHA Contribution of Developer Fee	(\$1,500,000)
Current Budget Gap	\$12,521,860

LMHA Additional Contributions: During HUD's initial CN site visit, LMHA was given a directive from the Choice Neighborhoods Director that our CN Grant Management Team would expect the closing package for each phase to include an all-phase summary budget demonstrating our ability to complete the entire Housing plan. Therefore, as soon as LMHA was presented with these remaining cost overruns, staff began a review of all its projected capital expenditures and investments. Subsequently, LMHA and its Board of Directors committed additional Capital Funds and Section 8 Reserves in the amount of \$12,521,860 to close this gap. However, this commitment has meant that LMHA must reprioritize other projects and defer needed improvements and repairs to its housing stock. Regrettably, this also includes diverting much-needed funds for Beecher Terrace's public improvements and amenities, such as recreating Old Walnut Park, the expansion and renovation of the historic Baxter Community Center, improvements to Baxter Square Park, and the abatement and demolition of buildings on the Porter Paint site.

Parks and community spaces are well known for enhancing the quality of residents' lives and are vital components of any neighborhood redevelopment initiative. Therefore, our transformation plan and summary budget also currently includes \$1,940,500 in CN funding for the renovation of the Baxter Community Center. Given the building's aging roof and boiler systems, which have deteriorated considerably since the submission of our CN application, the initial cost estimates far exceed that figure. LMHA is working with the Louisville Metro Government and Olmsted Parks Conservancy to raise additional funds to renovate the Baxter Community Center and make needed improvements to Baxter Square Park, a Frederick Law Olmsted-designed park adjoining the Center.

Additional funding is also needed to address the former Porter Paint site, which LMHA acquired in December 2018. Although not part of the original CN grant submission or master site plan, LMHA seized the opportunity to purchase this abandoned, heavy industrial property when it became available. Its purchase will allow LMHA to expand the redevelopment area and enhance marketability by ensuring that an industrial use would not resume operations next door. (A paint manufacturer and a commercial trucking firm had also expressed interest in purchasing the property.) Because the Porter Paint site is located directly across from Beecher on 13th from Muhammad Ali Boulevard to Liberty Street, the 5.7-acre property also provides an ideal location for recreating Old Walnut Park. Previously on Beecher's footprint, the 2.4-acre park was heavily utilized by a number of youth sports leagues right up until it closed in August 2018 to allow for the construction of the 117-unit Phase I building. In addition to its \$863,500 acquisition cost for the Porter site, LMHA anticipates it will require an additional \$3.8 million to remediate and raze the factory buildings, before it can begin recreating Old Walnut Park on a portion of the Porter site. The Development Team also hopes to attract commercial and/or retail businesses to the portion of the site that runs along the Muhammad Ali Boulevard, a major corridor within the Russell neighborhood, and a focus area for several of our CN Action Activities and Critical Community Improvement investments.

Kentucky Housing Corporation/Louisville Metro Government Additional Funds:

KHC'S letter in Attachment 5 also highlights additional matching funds that it has made competitively available through a partnership with Louisville Metro Government (LMG) and the Louisville Affordable Housing Trust Fund (LAHTF). The Development Team will apply for these funds, which could realize up to \$500,000 from KHC, plus \$500,000 from LMG and the

LAHTF, for a total of \$1 million, potentially reducing LMHA’s additional commitment from \$12, 521,860 to \$11,521,860.

CN Supplemental Grant Funds: A \$5 million Supplemental grant award for the Housing Plan would reduce LMHA’s contribution towards the funding gap even further, and allow our resources to be invested instead into making Beecher’s parks and the Baxter Community Center vibrant hubs of activity that the residents of Russell will enjoy for generations to come.

The following summarizes these additional measures to fill our financing gap.

Remaining Budget Gap/LMHA Potential Contribution	\$12,521,860
KHC / LMG LAHTF Funds (Potential)	(\$1,000,000)
CN Supplemental Grant Funds (Potential)	(\$5,000,000)
LMHA Adjusted Additional Contribution (Committed)	(\$6,521,860)
Current Capital Gap in Development Sources and Uses	\$0

Rating Factor 4: Mixed-Income Housing Plan

As shown in Attachments 1 and 2, the current Housing Plan for Beecher Terrace offers a variety of mixed-income housing options for individuals and families, both within each on-site phase of the overall redeveloped Beecher Terrace community, and at off-site locations in high opportunity neighborhoods throughout the city.

On-site: Six phases are currently planned on-site, including five rental phases and a final homeownership phase. The site will feature a total of 640 units, including 316 (49.4%) PBV replacement rental units, 132 (20.6%) other affordable LIHTC non-replacement rental units, 172 (26.9%) unrestricted market rate rental units, and 20 (3.1%) homeownership opportunities.

Because of the large number of Beecher Terrace residents who are or will be age 55+ when the Phase I building is completed in late 2020 (approximately 265 individuals, of which 219 or 83% have incomes at 30% or below of AMI), and the high level of interest expressed in returning to the redeveloped site, our first phase of on-site housing was designed specifically with this demographic group in mind. Currently under construction, the four-story *450 Roy Wilkins Avenue Building* will include 114 PBV replacement and 3 affordable LIHTC non-replacement units. The building features a number of amenities designed to promote life-long wellness, such as indoor and outdoor recreational areas, a community room with a small kitchen for warming and serving community meals, and a visiting physician's office. The management offices for the entire site, a hair salon, a game room/library, and a crafting room will also be located within the *450 Building*, along with laundry rooms on every floor. To maximize the number of Beecher Terrace residents who could return to this amenity-rich building, LMHA used the flexibility provided through its Moving to Work (MTW) designation to lower the eligibility for occupancy from age 62+ to 55+.

On-site rental Phases II through V will be available to residents of all ages. As shown in *Attachment 1: On-Site Housing Plan*, each phase includes a mix of PBV replacement units (between 35.7% to 46.4% depending on the phase), affordable LIHTC non-replacement units (between 13.9% and 39.7%) and unrestricted market rate units (between 17% and 46.3%). Building types will be a mixture of walk-ups and townhomes, plus one four-story 43-unit elevator building in Phase III located on Roy Wilkins Avenue next to the *450 Building*.

Twenty homeownership opportunities will be created in the final phase of Beecher Terrace's redevelopment, including six homes affordable to buyers with incomes up to 80% of Area Median Income (AMI), and 14 market-rate homes. While townhome style units were initially

envisioned for this phase, the Development Team, neighborhood stakeholders, and community members are also exploring other buildings types that could address the needs and interests expressed by potential homebuyers. LMHA will use market-based statistics to ensure that these homeownership units have 1) long-term salability and 2) remain at prices points that are economically inclusive. Development models, such as a Community Land Trust and/or shared-equity, may also be utilized to protect affordability.

Off-site: To complete our one-for-one replacement commitment, a total of 442 Project Based Voucher (PBV) replacement units will be offered in locations outside of the footprint of the Beecher Terrace site. Units will either be located within the Russell neighborhood or in non-impacted Census Tracts in opportunity and resource-rich locations that meet the site and neighborhood standards of the Choice Neighborhoods program. Depending on the location, LMHA has MTW approval to place HAP contracts on up to 100% of the units, however the majority of our off-site PBV locations are anticipated to have HAP contracts on between 50% and 60% of the total units.

While the Louisville Metro Housing Authority's development entity, the Louisville Metro Housing Authority Development Corporation (LMHADC), has either purchased, or plans to purchase, a number of existing properties, it is anticipated that the majority of the off-site PBV replacement units will be located at sites that are owned by other private, for-profit or non-profit developers. These units, to be owned by other entities, are being selected either competitively from proposals that are submitted by developers in response to a request for PBV proposals, or from projects that meet the criteria of receiving a funding award through a previous competition from a federal, state, or local government housing assistance, community development, or supportive services program.

In June 2019, LMHADC acquired its first off-site PBV replacement development for \$1.9 million. Called *New Bridge Place*, this 27-unit development is comprised of walk-up apartments and is located in the Fern Creek area of eastern Louisville. The site is located in a Census Block primarily comprised of market rate housing in which 70% of the households have incomes at or above 80% of Area Median Income. *New Bridge* also has access to bus service and is within walking distance of a public high school, along with many other neighborhood amenities. Since the neighborhood is amenity-rich and has households with high incomes, LMHA has designated all 27 units as PBV replacement units. LMHA will execute HAP contracts on units as they become available.

LMHADC is also in the process of acquiring two recently renovated Federalist style four-plex apartment buildings in the Russell neighborhood on *West Market Street*. The Environmental Review process is nearing completion, and the closing for this property, which is being purchased for \$200,000, is anticipated to occur in December 2019. Four (50%) of these units will be PBV replacement units available to families with incomes up to 80% AMI, two (25%) units will be available to households with incomes between 60% and 80% of AMI, and two (25%) units will have no income restrictions. While LMHA has committed an additional \$6,465,000 in Capital Fund and Section 8 Reserves for LMHADC to purchase other PBV replacement units, the Authority anticipates fulfilling the majority of the remaining off-site PBV replacement units through partnerships with private, for-profit or non-profit developers.

LMHA's Board of Commissioners has voted to award PBVs to five developments through either LMHA's competitive selection process or to projects that were previously awarded other federal, state, or local funds through competitive selection processes.

LMHA is currently working with three developers that have plans to construct 554 new units at four different locations – *Brookside*, *Prospect Family*, *Taylorsville Road*, and *Zion Manor*. Financing will consist of a combination of tax-exempt bonds, 4% low-income housing tax credits (LIHTCs), 9% LIHTCs, HOME Funds, and Affordable Housing Trust Fund financing. As shown in *Attachment 2: Off-Site Housing Plan*, all but one of these sites is a mixed-income community (see additional details below about *Zion Manor*). These four new developments will provide a total of 322 PBV units, (73% of our off-site replacement unit commitment), in areas of opportunity. The walk-up garden-style developments will range from two- to three-stories in height, and will offer amenities such as on-site management, clubhouses, fitness centers, playgrounds, swimming pools, picnic areas, dog parks, and business centers.

Because of the high need for affordable replacement housing options for Beecher Terrace residents age 55+, and as permitted by the PBV program, LMHA has committed to enter into a HAP contract for 100% of the units at the *Zion Manor Senior Housing II* site. The site is to be developed directly adjacent to *Zion Manor I*, which is located in the Russell neighborhood. LMHA has also selected one other existing, and previously competitive 9% LIHTC project in Russell - *Louisville Historic Rising* - to receive an award of up to 20 PBV units.

The Authority recently received two other PBV proposals, which are currently under review. LMHA will continue to issue RFPs and review PBV proposals, or acquire properties through its development entity LMHADC, until reaching our final goal of 442 off-site PBV replacement units.

Rating Factor 5: Financing Plan for Remaining Phases

As described previously in *Rating Factor 3: Financial Need*, construction pricing has greatly increased both locally and across the nation since the start of our CN efforts at Beecher Terrace. Increased costs, combined with reduced sources, including a reduction in low-income housing

tax credit equity pricing, has resulted in an estimated financing gap of \$12,521,860 to Beecher Terrace's Housing plan budget. While we cannot entirely predict how national and international economic forces will impact Louisville's local market and Beecher's final phases, the development Sources and Uses outlined in *Attachments 3 and 4*, which are based on current market trends, illustrates our Development Team's financial plan to close this gap. Sources are shown as either **Committed** or **Presumed Available**, as in 1st mortgage debt and 2nd mortgage/down payment assistance for homeownership units, or as **Potential** new sources.

Key to closing the budget gap for our remaining housing phases is the \$6,521,860 (\$5,375,090 for Phase IV and \$1,146,770 for Phase V) in additional funds that LMHA is contributing from its Capital Fund and Section 8 Reserves. These are **Committed** Federal funds above and beyond LMHA's original \$41.5 million investment. The Development Team also intends to apply for gap funding being made available through the Kentucky Housing Corporation (KHC) in partnership with Louisville Metro Government (LMG) and the Louisville Affordable Housing Trust Fund (see KHC's letter in Attachment 5). Receipt of these **Potential** funds (\$500,00 from LMG and the Louisville Affordable Housing Trust Fund, plus KHC's match of \$500,000) would reduce the gap by another \$1 million. The **Potential** \$5 million in Supplemental CN grant funds completes our current financial plan, effectively closing our housing budget gap.

The narrative within *Rating Factor 3* also describes how our current financial plan is built on several HUD-approved revisions and consolidations to our Housing plan phasing, including combining our original Phase III and IV into one larger 185-unit phase, which will be funded with two of our **Committed** 9% LIHTC allocations. The updated unit count, timeline and budget

for the newly combined Phase III, which is expected to close in June 2020, is reflected in *Attachment 3: On-Site Development Sources and Uses*.

Attachment 3 also reflects the **Potential** receipt of a competitive round of 9% LIHTCs from KHC. This fourth allocation of 9% LIHTC funds would yield approximately \$5 million above what could be generated with a tax-exempt bond and 4% LIHTCs; the allocation would allow our final housing phase to be split into two smaller phases (Phase IV with 141 units and Phase V with 69 units), which is also reflected within the table. Phase IV would then be funded with KHC's originally **Committed** tax-exempt bond and 4% LIHTC allocation and Phase V would be funded with the **Potential** 9% LIHTC allocation. To realize further cost efficiencies, closings for these final two phases, which are anticipated to take place in June 2021, will occur simultaneously. Construction for these two phases is still estimated to take approximately 24 months, making their projected completion date June 2023, prior to our original CN grant deadline of 9/30/2023.

If the additional 9% LIHTC allocation is not awarded by KHC, Phases IV and V will be combined back into one 210-unit phase that will be closed with a tax-exempt bond and 4% LIHTCs. The absence of this additional equity would create a need for additional gap funding, which the Development Team will seek through larger fundraising efforts, including, but not limited to, applications to the Louisville Affordable Housing Trust Fund, Louisville Metro Government's HOME Program, and possibly the Federal Home Loan Bank. LMHA is committed to filling any remaining gap with additional Capital Fund and Section 8 Reserves.

In addition to the financial plan, unit counts and timelines for on-site Phases III, IV and V, *Attachment 3* also provides details for Phase I and II, which have closed and are under construction, on-site homeownership development, and the funding currently allocated for the

Baxter Community Center. *Attachment 4* provides information about Beecher's off-site PBV housing component, including the \$865,000 that LMHA **Committed** in our CN grant application, plus another \$7.7 million that LMHA has **Committed** since our grant award. These funds will be used towards the PBV replacement units that LMHA has, or will acquire through its development entity – the Louisville Metro Housing Authority Development Corporation.

Rating Factor 6: Section 3 Performance

Since the award of Louisville's CN grant in December 2016, LMHA has submitted four Section 3 Form 60002 Reports to HUD covering activities through June 30, 2019. However, the bulk of Section 3 activity (new hires and contract awards) occurred once construction commenced on-site in March 2019. The information below reflects the Section 3 performance data for the entire grant period - from December 2016 through October 2019. As construction progresses on Phase I and II, and begins on future Phases, these outcomes will increase substantially. For example, contracts with two additional Section 3 businesses will be executed by year's end.

CN Section 3 New Hires to Date:

Total New Hires: 56 (34 Construction and 22 Non-Construction)

Total Section 3 New Hires: 19 (14 Construction and 5 Non-Construction)

% Section 3 New Hires: 34%

CN Section 3 Construction Contracts to Date:

Total Construction Contract Awards: \$66,504,824

Total Construction Contract Awards to Section 3 Businesses: \$8,316,039

% Construction Contract Awards to Section 3 Businesses: 13%

Section 3 Businesses: 6

***CN Section 3 Non-Construction Contracts to Date**

Total Non-Construction Contract Awards: \$3,464,408

Total Non-Construction Contract Awards to Section 3 Businesses: \$2,484,408

% Non-Construction Contract Awards to Section 3 Businesses: 72%

Section 3 Businesses: 2

*Employing Section 3 residents is a primary goal for USI, the CN People entity. So when the Louisville office was established in 2017, one Beecher and several Russell residents who had either been outreach workers or task force members during the CN Planning grant process, were among the first to be hired. As of October 2019, USI verified that 33% of all new hires in the local office have been Section 3 residents, making the local USI office a Section 3 business concern as per advisement by the Director, FHEO Programs and Compliance, Florida & Kentucky, Office of Fair Housing & Equal Opportunity, Region IV.

Rating Factor 7: Section 3 Plan

Types and Amounts of Employment, Training and Contracting Opportunities

Employment Opportunities: Louisville's economy is booming with rehab and new construction projects, bringing with it numerous, employment opportunities across the trades – from electrical, plumbing and pipefitting, to masonry, carpentry, insulation and more. Therefore, our Development Team, along with our Section 3 consultant, HGF, Inc. have developed a multi-pronged process to ensure that Section 3-eligible individuals are made aware of these job opportunities, and are able to gain the skills needed to result in long-term careers within the construction industry. Beecher's five rental phases and one homeownership phase are a great launch pad for these careers, as Phase I and II are projected to require a total of 153 construction workers and future phases will require over 250. To date, contractors and subcontractors for Phase I and II have employed 34 new workers, including 14 Section 3 Construction hires (41%). The total number of new hires is dependent upon normal turnover rate and position openings. At least one out of every three new hires will be a Section 3 resident. Section 3 hires, like all employees working on the Beecher site, will earn prevailing wage rates or Davis-Bacon wages rates, whichever is higher. Our Section 3 Plan includes several strategies to help Section 3 hires retain their positions throughout the entire Beecher redevelopment process.

Training Opportunities: Our Section 3 Plan also includes several strategies to prepare Section 3-eligible individuals for these new positions, as many will have little or no prior construction experience. One program that has been very successful in readying residents for these jobs is Kentuckiana Builds, which is offered at no cost by the Louisville Urban League at their headquarters in the Russell neighborhood. Kentuckiana Builds prepares candidates for what they might expect on a construction site and assists participants in gaining OSHA

certification, employment, and entry into additional apprenticeships and training programs (<https://kentuckianabuilds.org/>). To-date, 36 former Beecher Terrace residents have enrolled and 12 (33%) have completed the program.

While the Beecher job site offers opportunities for both skilled and unskilled labor, the Development Team also works closely with contractors, professional trainers, and unions to provide more apprenticeship opportunities to turn entry-level workers into skilled tradespersons. The Team is also working with the non-union companies on the site to help them find or develop their own training programs outside of the union-led apprenticeship programs, which typically connect graduates to jobs at union companies. One example of this at Beecher is the Asbestos-Containing Material abatement training program with guaranteed employment for graduates, which is still recruiting interested candidates. The Development Team is also working with our partners at the *Russell: A Place of Promise* initiative, as well as Jefferson Technical and Community College to create a special apprenticeship masonry training program to meet the high demand for bricklayers in Louisville, particularly at Beecher Terrace. Locations in Russell are also currently being explored to host the program.

Contracting Opportunities: The redevelopment of Beecher Terrace has been structured to maximize contracting opportunities - each component being divided into smaller, sub-phases (three demolition and six housing). Contracting opportunities within these sub-phases are numerous, and varied in field, size and scope. Examples include:

Abatement	Demolition	Excavating
Brick and Masonry	Drywall	Fencing
Cabinetry	Electrical	Fire Protection
Concrete	Erosion Control	Flooring

Framing	Infrastructure	Roofing
Geotechnical	Landscaping	Trim Carpentry
Grading	Paving	Trucking and Hauling
HVAC	Plumbing	Welding

Contracting opportunities also exist for professional services related to construction and non-construction activities, including architecture, engineering, surveying, environmental testing, legal consulting, financial consulting, project management consulting, and contracts related to the Section 106 mitigation activities at the Beecher Terrace site, such as archaeology, historical archiving, and documentary filmmaking.

Actions to Ensure Priority Consideration for Section 3 Residents and Business Concerns

Section 3 Residents: The hiring process in place for Beecher’s redevelopment requires contractors to report all employment and training needs prior to filling any open opportunities. Section 3 residents who qualify for available opportunities receive first notice and consideration, and are referred to contractors according to the following priority order: 1) former Beecher Terrace residents; 2) Russell neighborhood residents; 3) other public housing or Housing Choice Voucher residents; 4) YouthBuild participants or Louisville Urban League referrals; and 5) local, low- to very low-income residents. To support this effort, the General Contractor (GC), LMHA and Urban Strategies, Inc. (USI) have developed the following process, working together to recruit Section 3 candidates. During reviews of the weekly work plan, and the six-week and six-month lookaheads, the GC asks subcontractors how many openings they currently have, if any, and how many they anticipate needing to fill in the next two weeks, two months, and overall project. The GC also communicates regularly with USI to ensure timely notification of these construction employment opportunities, while simultaneously providing information about the

trade and nature of any open positions to LMHA's Section 3/MBE Coordinator. The Section 3/MBE Coordinator then refers to the Beecher Terrace Section 3 Applicant Log (see additional information about the Applicant Log below), calls potential candidates, and provides contact information for at least three interested candidates for every one open position. The GC then calls the candidates and assists the subcontractor with scheduling interviews.

Outreach efforts are intensive and often require multiple phone calls, and detailed coordination to successfully contact and schedule a time that works for potential candidates. The GC is also required to send out letters to all subcontractors and suppliers requesting their assistance in identifying available employment and business opportunities, including apprenticeship programs.

Section 3 Business Concerns: To ensure priority consideration for Section 3 contractors, bidding opportunities are sent directly to businesses within LMHA's database of Section 3 businesses as soon as each Request for Proposals is released. Other business databases utilized to identify and notify Section 3 business include the HUD Section 3 business registry and iSqFt, a bid management software used by the GC. During pre-bid conferences, the LMHA Section 3/MBE Coordinator explains the Section 3 certification process and the advantages afforded to Section 3-certified businesses including preference for contracting opportunities.

MBS and the GC are committed to maximizing Section 3 business participation by segmenting large construction trade contracts into smaller tasks and quantities. They are also committed to providing additional scoring points to contractors that partner with Section 3 businesses to deliver the proposed scopes of work.

Written Criteria Used for Certifying Eligible Section 3 Residents and Business Concerns

All bidders for construction contracts at the new Beecher Terrace site must comply with Section 3 regulations, which require that at least 10% of the construction contracts be awarded to Section 3 Business Concerns, at least 3% be awarded for non-construction scopes of work, and at least one of every three new hires (33%) be a Section 3-eligible individual or live in a Section 3-eligible household.

Section 3 Residents: The Development Team utilizes a Section 3 intake form to begin determining eligibility of Section 3 residents according to the priorities previously outlined. Beecher Terrace residents are verified through LMHA resident records, and Russell neighborhood residents by their addresses. The form includes an opportunity for residents to indicate whether they are Public Housing or Housing Choice Voucher residents. It also includes an area for the resident to indicate the employment fields in which they have experience or interest, and any certifications they may hold. YouthBuild and Louisville Urban League referrals come directly from those organizations, which certify the residents' Section 3 eligibility. New hires also complete a Section 3 Resident Certification Form which verifies income per HUD's latest-year Household Income Limits for the Louisville Metro area. The most current data indicates that, of a total of 14 Section 3 new hires, 4 (29%) are former Beecher Terrace residents, and 8 (57%) are Russell neighborhood residents.

Section 3 Business Concerns: LMHA, MBS, HGF, and the GC perform an extensive analysis to verify whether a subcontractor meets the HUD-published guidelines for certification as a Section 3 Business Concern

LMHA's Section 3/MBE Coordinator provides instruction on how to complete Section 3 Business and Resident Certification Forms, as well as technical assistance and support to

businesses interested in determining their Section 3 eligibility. To date, the Development Team has been able to confirm the eligibility of 6 subcontractors as Section 3 Business Concerns. Two others are in the process of completing certification documents and additional Section 3 contract awards are expected prior to the end of 2019, as well as in upcoming phases.

Written Procedures for Notifying Section 3 Residents and Business Concerns about Training, Employment and Contracting Opportunities

Section 3 Residents: The Development Team has a written protocol and feedback loop for: 1) creating a pipeline for opportunities; 2) reaching out to individuals who have expressed interest; and 3) assisting individuals with entering into training opportunities and gaining employment.

Outreach with the community about upcoming Section 3 opportunities began early on during the CN Implementation grant planning process. Information was shared with Beecher and Russell residents during community and relocation meetings, including a handout of Frequently Asked Questions about the Section 3 program.

After the grant award, but prior to the start of construction, a call for workers at Beecher Terrace was made via Facebook. This call had an outstanding response, and in combination with neighborhood-based recruiting events, over 800 individuals contacted Urban Strategies and LMHA to express their interest. All 800 individuals completed an initial intake form which includes information on the resident's skills, interests, and any certifications.

Since construction began, individuals have been able to visit the construction trailer on-site to complete intake forms. A Section 3 Hotline has also been established that accepts both texts and phone calls for residents to express interest in Section 3 opportunities or to update their contact

information. This number is published on the *Vision Russell* website, as well as the Beecher site's construction signage, so individuals passing by can readily see the information.

Data from Section 3 resident intake forms has been compiled into a master list, the Beecher Terrace Section 3 Applicant Log that is maintained by LMHA staff. When there are position openings, the Section 3/MBE Coordinator uses this Applicant Log to recommend Section 3 residents to the GC according to the priority order.

As training opportunities are identified and/or scheduled, notifications are sent to all individuals on the Applicant Log. USI works directly with Beecher residents who have an interest in construction, to notify and enroll them in training opportunities and soft-skill coaching. As the People Entity for the CN grant, USI provides ongoing case management support during the hiring process through employment, and after to ensure that the resident succeeds in the Section 3 opportunity. Any Beecher residents in case management who are not offered employment, or do not accept an offer, are referred back to USI for further assistance with their training and employment goals. Urban Strategies also holds Employment Opportunity Fairs to continue recruiting former Beecher Terrace residents and Russell neighborhood residents. USI, MBS, the GC and LMHA also regularly attend community events to promote Section 3 opportunities.

The Development Team has been very successful in garnering media coverage highlighting our Section 3 hiring efforts, which has directly increased inquiries into these positions. Articles about Section 3 employees are featured in the *Beecher Report*, a special newsletter for Beecher residents, and the *Vision Russell* newsletter, which is mailed to everyone in the Russell neighborhood and emailed to the 550+ people on our *Vision Russell* master contact list. The

Development Team also recently hired a highly experienced Section 3 consultant, HGF, Inc., to help review our Section 3 processes and expand outreach strategies.

Though not all candidates respond, attend scheduled interviews, or accept offers of employment, this process is working successfully to provide employment and training to individuals who have completed intake for the Beecher Terrace Section 3 Applicant Log and are ready to work. The GC also provides weekly on-the-job training sessions for Section 3 new hires, which go above and beyond the daily training that employees receive on the job site from their subcontractor employers.

Section 3 Business Concerns: As a part of pre-bid activities, MBS conducts a pre-bid conference, which is advertised in local newspapers, sent directly to Section 3 businesses, and published on the LMHA and *Vision Russell* websites. LMHA staff, including our Section 3/MBE Coordinator, attend these pre-bid conferences, which are designed to answer questions about the project's scope of work, and to provide support to Section 3 businesses in responding to contracting openings. The pre-bid conference also offers information for non-certified businesses to review Section 3 requirements and instructions for qualifying as a Section 3 Business Concern.

A Section 3 Notice of Commitment poster is also posted on the project site. The poster provides details about Section 3 (regulations, Section 3 resident and business definitions, priority orders, etc.) and how to request information about employment, training and contracting opportunities. Information on employment, training and contracting opportunities are also available on the project site, with directions on how to apply. LMHA, the GC, and MBS coordinate additional outreach, such as Construction 101 workshops, where businesses can learn tips and advice on gaining access to capital and the construction procurement process. The

Development Team utilizes this opportunity to identify potential Section 3 businesses and ensure they are notified of contracting opportunities.

Methodology for Monitoring Compliance with Section 3 Requirements

The Development Team is maintaining records of all Section 3 affidavits from contractors and individuals, as well as records of its own Section 3 New Hire forms. Subcontractors discuss the Section 3 Program and their efforts to maximize the employment of Section 3 workers during the monthly pay draw meetings to track progress. The Development Team also documents the verifiable, good faith outreach efforts it conducts to recruit and train the maximum number of persons in various employment categories in all phases of the work to be performed under the Section 3 category. Lastly, in order to remain compliant and maximize Section 3 opportunities, the Development Team regularly reviews forms and reporting required by Section 3.

The GC and construction subcontractors are required to submit a Core Employee List (a listing of employees on company payroll at the time of contract award) prior to commencing work on the project. The Core Employee List is examined against each certified payroll to identify new hires. Non-construction contractors are also required to provide quarterly reports of all new hires and Section 3 new hires. If new hires are determined to exist among construction and non-construction contractors and a) the contractor did not engage the established hiring process to provide preference to Section 3 residents before hiring, and/or b) the new hire is not a Section 3 resident, the contractor is penalized and required to create a training opportunity for a Section 3 resident that would continue until the contractor's work is completed on the project.

The GC is required to provide monthly progress reports of Section 3 business engagement to include 1) contracts, 2) current contract amounts, and 3) payments made to Section 3 businesses. Should Section 3 business activity not meet the Section 3 contracting goal, efforts are employed

to determine existing project scopes that could potentially be divided into smaller tasks to increase Section 3 participation.

The Development Team is dedicated to meeting and exceeding the aforementioned goals and requirements, as outlined in our Section 3 Plan for Beecher Terrace. All subcontractors are committed to making at least two new hires, one of whom will be Section 3-eligible. Most subcontractors already have, or plan to exceed that goal. Participation by Section 3 Business Concerns continues to increase as progress continues on Phase I and II construction and is projected to meet or exceed goals by the end of 2019. The Development Team also continues to seek out opportunities for Section 3 Business Concerns to provide non-construction scopes of work to the Beecher Terrace revitalization.

Contact Information and Qualification for Staff Responsible for Section 3 Implementation

The Development Team members who are responsible for the day-to-day implementation of our Section 3 program include:

McCormack Baron Salazar (MBS) – Housing Implementation Entity

- Laura Kinsell-Baer, Vice President, Senior Project Manager

Phone: 314-335-2958; Email: laura.kinsellbaer@mccormackbaron.com

- Ashley Foell, Associate Project Manager

Phone: 314-335-2762; Email: ashley.foell@mccormackbaron.com

McCormack Baron Salazar is dedicated to diversity and promoting minority, women-owned and disadvantaged business interests and creating employment opportunities for Section 3 residents and business concerns in all of its development projects. Over the course of its 45-year history, MBS has an excellent track record of achieving Section 3 participation goals on its revitalization projects. Its most recent developments over the last ten years afforded 55% of new

job opportunities paying Davis-Bacon or prevailing wages, whichever is higher, to Section 3 residents and 14% (\$86 million) of total construction contracts went to Section 3 businesses. By contrast, HUD's minimums are 30% and 10%, respectively.

Vice President and Senior Project Manager, Laura Kinsell-Baer, and Associate Project Manager, Ashley Foell, draw from these years of MBS's institutional knowledge and experience, as well as from their respective 3.5 years at MBS coordinating with partners to meet and exceed the Section 3 goals.

HGF, Inc. – Section 3 Consultant

- Gladys Sawyer, President

Phone: 901-481-0354; Email: gsawyer@hgfincorporated.com

- Rhonda Turner, Vice President

Phone: 901-277-3903; Email: rturner@hgfincorporated.com

HGF, Inc. is a woman-owned marketing and project management firm launched in 1998 and specializing in strategic thought partnerships, business and marketing plan development, community engagement, and event planning and management. The firm is certified as an MBE, SBE (Small Business Enterprises) and DBE business concern.

HGF, Inc. has an accomplished track record resulting from partnerships with national developers and public housing authorities engaged in construction projects governed by labor standards and funding regulations. The firm provides industry clients support via a planning process that results in customized processes and tools such as development of Section 3, Minority Business Enterprise and Women Business Enterprise recruitment and engagement strategies; monitoring and reporting of Section 3 business performance; certified payroll

compliance review, resolution and submittals; and, customized training workshops focused on federal labor standards, certified payroll review and Section 3 compliance.

Louisville Metro Housing Authority (LMHA) – Co-Grantee

- Phillip Stepteau, Section 3/MBE Program Coordinator

Phone: 502-569-4922; Email: stepteau@LMHA1.org

Mr. Stepteau has 17 years of service as LMHA's Section 3/MBE Coordinator. He conducts pre-bid conferences, pre-bid openings, site monitoring, contractor certification, recruiting and provides technical assistance and bid evaluations as pertaining to Section 3 and MBE contracts.

- Jill Schloemer, Construction Manager

Phone: 502-569-4505; Email: schloemer@LMHA1.org

Ms. Schloemer has over 10 years of service as LMHA's Construction Manager. She conducts pre-bid conferences, bid openings, HQS and construction inspections, payroll reviews and employment interviews at the construction sites (From HUD-11) for verification of contractor compliance with Davis-Bacon and Labor Standards.

Urban Strategies, Inc. (USI) – People Entity

- Esther Shin, President

Phone: 314-517-3858; Email: Esther.Shin@urbanstrategiesinc.org

- Donovan Duncan, Executive Vice President

Phone: 314-517-3858; Email: Donovan.Duncan@urbanstrategiesinc.org

- Kristie Stutler, Regional Vice President

Phone: 502-299-3519; Email: Kristie.stutler@urbanstrategiesinc.org

- TaLonda Holland, Senior Project Manager

Phone: 502-714-3288; Email: talonda.holland@urbanstrategiesinc.org

Urban Strategies, Inc. (USI) is a national not-for-profit organization that specializes in results-informed human services development, planning, and strategy implementation as part of comprehensive neighborhood revitalization. For over 40 years, USI has been committed to making sure that the families served become stable and thriving. By using housing as a platform for success, USI builds on existing community assets to align services before, during, and after large-scale neighborhood transformation efforts. In doing so, USI effectively establishes a seamlessly coordinated support network for families. USI has been working with families around the country to maximize their participation in the Section 3 program since its inception. Its system strives to create robust partnership between PHA's, Developers, General Contractors, and families.

Within USI's leadership structure, Esther Shin, President, has over 17 years of experience creating and leading Section 3 support and compliance monitoring initiatives in communities where USI has been contracted to work. Additionally, Donovan Duncan, Executive Vice President, has overseen these efforts across the nation since joining USI in 2016. Further, while serving in his former role at the Cuyahoga Metropolitan Housing Authority (CMHA), he developed and supervised CMHA's Section 3 programming. Both Donovan and Esther assist with developing and supporting the entirety of USI's work in Beecher Terrace where USI has partnered with the Louisville Metro Housing Authority (LMHA) on the Choice Neighborhood Initiative since 2016.

Messer Construction – General Contractor for Phase I and II

- Brian Schaefer, Project Administrator/Accounting Associate

Phone: 502-907-4884; Email: bschaefer@messer.com

Mr. Schaefer serves as the on-site Section 3 point of contact and LMHA liaison for all subcontractors. He ensures all required documentation is turned in before work begins on site, tracks hiring needs and tracks and maintains Section 3 hiring compliance on site. Mr. Schaefer assists subcontractors with obtaining and confirming Section 3 candidates for hire, and sets up and assists with monthly training sessions for Section 3 employees.

Rating Factor 8: Leverage in Prior Phases

Using the closing budgets for Beecher Phase I and Phase II, LMHA has analyzed and determined that the leverage ratio of CN and public housing funds, to non-public housing funds is less than 1:2.00. Looking ahead, Phase V is projected to have a much higher leverage ratio at 1:9.68, and the Homeownership Phase will be funded entirely without CN or other Public Housing funding sources.

Rating Factor 9: Opportunity Zones

The entire Beecher Terrace site is located in Census Tract 30, one of several designated Opportunity Zones located within Jefferson County, Kentucky. All of the Census Tracts immediately adjacent to Beecher Terrace (23, 24, 49, and 50) are also Opportunity Zones.

Attachment 1 – On-Site Beecher Terrace Housing Plan

Louisville Metro Housing Authority

Att1OnSiteBeecherTerraceHousingPlan.pdf

Attachment 1: On-Site Beecher Terrace Housing Plan

Rental Phases	PBV Replacement	Other Affordable LIHTC	Unrestricted Market-Rate	Total Units by Phase	Building Type(s)	Occupancy Type	Target Neighborhood
Phase I	114	3	0	117	4-Story Elevator	Ages 55+	Yes
Phase II	43	15	50	108	Townhomes, Walk-ups	Family	Yes
Phase III	66	37	82	185	Townhomes, Walk-ups, 4-Story Elevator	Family	Yes
Phase IV	61	56	24	141	Townhomes, Walk-ups	Family	Yes
Phase V	32	21	16	69	Townhomes, Walk-ups	Family	Yes
Subtotal	316	132	172	620			
Homeownership Phase		Affordable	Market-Rate	Total Units by Phase	Building Type(s)		
		6	14	20	TBD	Family	Yes
Subtotal	0	6	14	20			
TOTALS ON-SITE	316	138	186	640			

Attachment 2 – Off-Site Beecher Terrace Housing Plan

Louisville Metro Housing Authority

Att2OffSiteBeecherTerraceHousingPlan.pdf

Attachment 2: Off-Site Beecher Terrace Housing Plan

PVB Site Name	Potential Requested # of PBVs	Maximum % of PBVs	Other Affordable LIHTC	Market Rate	Total Units by Project	Surrounded by Market Rate Housing	Building Type(s)	Occupancy Type	Target Neighborhood
New Bridge Place	27	100%	0	0	27	Yes	Walk-ups	Family	No
W. Market Street	4	50%	2	2	8	No	Walk-ups	Family	Yes
Brookside	24	50%	24	0	48	Yes	Walk-ups	Family	No
Prospect Family	100	63%	60	0	160	Yes	Walk-ups	Family	No
Taylorville Road	164	53%	148	0	312	Yes	Walk-ups	Family	No
Zion Manor Senior Housing II	34	100%	0	0	34	No	3-Story Elevator	Ages 62+	Yes
Louisville Historic Rising	20	50%	20	0	40	No	Walk-ups, Duplex, Tri-plexes and Four-	Family	Yes
Balance Remaining	69	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
TOTAL OFF-SITE	442		TBD	TBD	TBD				

Attachment 3 – On-Site Development Sources and Uses

Louisville Metro Housing Authority

Att3OnSiteDevelopmentSourcesandUses.pdf

Attachment 3: On-Site Development Sources and Uses

UNIT COUNTS	On-Site Phases							Subtotals
	Current		Remaining					
Phase	I	II	III*	IV**	V**	HO	Baxter Comm. Center	
Total Per Phase/Component	117	108	185	141	69	20		640
PBV Replacement	114	43	66	61	32	-		316
Affordable LIHTC/Affordable	3	15	37	56	21	6		138
Market	0	50	82	24	16	14		186

TIMELINE	On-Site Phases							
Closing Date/ Anticipated Closing Date	3/5/2019	6/27/2019	6/15/2020	6/19/2021	6/19/2021	11/1/2022	TBD	
Construction Start Date/Anticipated Start Date	3/6/2019	6/28/2019	6/16/2020	6/20/2021	6/20/2021	11/2/2022	TBD	
Anticipated Construction Completion Date	10/1/2020	11/16/2020	3/18/2022	6/20/2022	6/20/2022	6/30/2023	TBD	

SOURCES	On-Site Phases							
FEDERAL SOURCES (Committed)								
Original LMHA Funds (Capital, Section 8/MTW Reserves, Section 5h, Sheppard Square Program Income)	12,723,965	8,236,404	16,369,514	3,305,117	-	-	-	40,635,000
HUD - CNI Grant Funds	6,830,750	6,634,855	6,908,420	6,544,725	715,750	-	1,940,500	29,575,000
Recontributed Developer Fees - LMHA	1,333,000	-	-	1,541,000	1,503,833	-	-	4,377,833
Louisville Metro Government - CDBG	2,500,000	3,125,001	3,125,000	3,630,513	2,619,485	-	-	14,999,999
Additional Section 8/MTW Reserves for Off-site PBV	-	-	-	-	-	-	-	-
Additional LMHA Funds for On-site (Capital, Section 8 Reserves)	-	-	-	5,375,090	1,146,770	-	-	6,521,860
FEDERAL SOURCES (Potential)								
HUD - CNI Supplemental Grant Funds	-	-	-	5,000,000	-	-	-	5,000,000
NON-FEDERAL SOURCES (Committed)								
LIHTC Investor Equity (Two 4% & Three 9%)								
4% Bond Allocations	11,826,000	-	-	11,319,000	-	-	-	23,145,000
9% LIHTC Allocations*	-	11,039,000	22,078,000	-	-	-	-	33,117,000
Deferred Developer Fees - MBS & LMHA	334,100	-	-	770,801	-	-	-	1,104,901
1st Mortgage Debt - Rental	3,020,000	4,139,000	7,900,000	5,000,000	2,400,000	-	-	22,459,000
1st Mortgage Debt - HO (Presumed Available)	-	-	-	-	-	2,780,393	-	2,780,393
Homeownership 2nd Mortgage/Down Payment (Presumed Available)	-	-	-	-	-	2,400,000	-	2,400,000
NON-FEDERAL SOURCES (Potential)								
LIHTC Investor Equity (Fourth 9%**)	-	-	-	-	11,499,000	-	-	11,499,000
Gap financing from KHC, LMG and the Louisville Housing Affordable Trust Fund	-	-	-	1,000,000	-	-	-	1,000,000
TOTAL SOURCES	38,567,815	33,174,260	56,380,934	43,486,246	19,884,838	5,180,393	1,940,500	198,614,986

USES	On-Site Phases							
Housing Development Costs - Dwelling	32,707,154	26,583,222	47,837,816	37,746,933	17,252,583	5,180,393	-	167,308,101
Non-Dwelling Structures	-	-	-	-	-	-	1,940,500	1,940,500
PBV Acquisition - LMHADC	-	-	-	-	-	-	-	-
PBV Program - Other Developers	-	-	-	-	-	-	-	-
People Component - CSS	826,500	761,000	1,304,000	994,000	485,750	-	-	4,371,250
Neighborhood Component - CCIs	836,250	773,000	886,500	-	-	-	-	2,495,750
Demolition	1,064,097	1,059,208	1,594,743	1,059,208	226,525	-	-	5,003,781
Site Remediation	582,301	432,893	453,714	400,000	300,000	-	-	2,168,908
Public Improvements & Infrastructure	1,651,513	2,639,937	3,184,161	2,639,105	1,222,980	-	-	11,337,696
LMHA Grant Administration/Legal/Evaluation	567,000	592,000	787,000	647,000	397,000	-	-	2,990,000
Relocation	333,000	333,000	333,000	-	-	-	-	999,000
TOTAL USES	38,567,815	33,174,260	56,380,934	43,486,246	19,884,838	5,180,393	1,940,500	198,614,986

* Both the 2019 and 2020 original Committed 9% LIHTC allocations will be used to fund the combined Phase III.

** If the Potential fourth 9% LIHTC award is not received in 2021, Phases IV & V will be combined into one larger, Phase IV which will be funded with the Committed 4% bonds.

Attachment 4 – Off-Site Development Sources and Uses

Louisville Metro Housing Authority

Att4OffSiteDevelopmentSourcesandUses.pdf

Attachment 4: Off-Site Development Sources and Uses

UNIT COUNTS	Off-Site PBV Component									
	LMHADC			Other Developers						Balance Remaining
	New Bridge Place	W. Market Street	Possible PBV Sites	Brookside Apts.	Prospect Family Apts.	Taylorsville Road Apts.	Zion Manor II	Louisville Historic Rising		
Phase										
Total Per Phase/Component	27	8	TBD	48	160	312	34	40	TBD	TBD
PBV Replacement	27	4	TBD	24	100	164	34	20	69	442
Affordable LIHTC/Affordable	-	2	TBD	24	60	148	-	20	TBD	TBD
Market	-	2	TBD	-	-	-	-	-	TBD	TBD
TIMELINE	Off-Site PBV Component									
Closing Date/ Anticipated Closing Date	6/19/2019	12/30/2019	TBD	3/15/2020	2/1/2020	4/1/2020	7/15/2020	NA	TBD	
Construction Start Date/Anticipated Start Date	Existing	Existing	TBD	3/20/2020	2/2/2020	4/2/2020	8/1/2020	Existing	TBD	
Anticipated Construction Completion Date	Existing	Existing	6/30/2023	1/15/2021	12/15/2021	2/15/2022	8/1/2021	Existing	6/30/2023	
SOURCES	Off-Site PBV Component									
FEDERAL SOURCES (Committed)										
Original LMHA Funds (Capital, Section 8/MTW Reserves, Section 5h, Sheppard Square Program Income)	-	540,000	325,000	-	-	-	-	-	-	865,000
HUD - CNI Grant Funds	-	-	-	-	-	-	-	-	-	-
Recontributed Developer Fees - LMHA & MBS	-	-	-	-	-	-	-	-	-	-
Louisville Metro Government - CDBG	-	-	-	-	-	-	-	-	-	-
Additional Section 8/MTW Reserves for Off-site PBV	-	-	7,700,000	-	-	-	-	-	-	7,700,000
Additional LMHA Funds for On-site (Capital, Section 8 Reserves)**	-	-	-	-	-	-	-	-	-	-
FEDERAL SOURCES (Potential)										
HUD - CNI Supplemental Grant Funds	-	-	-	-	-	-	-	-	-	-
NON-FEDERAL SOURCES (Committed)										
LIHTC Investor Equity (Two 4% & Three 9%)	-	-	-	-	-	-	-	-	-	-
4% Bond Allocations	-	-	-	-	-	-	-	-	-	-
9% LIHTC Allocations	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fees - MBS & LMHA	-	-	-	-	-	-	-	-	-	-
First Mortgage Debt - Rental	-	-	-	-	-	-	-	-	-	-
First Mortgage Debt - HO (Presumed Available)	-	-	-	-	-	-	-	-	-	-
Homeownership 2nd Mortgage/Down Payment (Presumed Available)	-	-	-	-	-	-	-	-	-	-
NON-FEDERAL SOURCES (Potential)										
LIHTC Investor Equity (Fourth 9%*)	-	-	-	-	-	-	-	-	-	-
Gap financing from KHC, LMG and the Louisville Housing Affordable Trust Fund	-	-	-	-	-	-	-	-	-	-
TOTAL SOURCES	0	540,000	8,025,000							8,565,000
USES	Off-Site PBV Component									
Housing Development Costs - Dwelling	-	-	-	-	-	-	-	-	-	-
Non-Dwelling Structures	-	-	-	-	-	-	-	-	-	-
PBV Acquisition - LMHADC	1,900,000	200,000	6,465,000	-	-	-	-	-	-	8,565,000
PBV Program - Other Developers	-	-	-	-	-	-	-	-	-	-
People Component - CSS	-	-	-	-	-	-	-	-	-	-
Neighborhood Component - CCLs	-	-	-	-	-	-	-	-	-	-
Demolition	-	-	-	-	-	-	-	-	-	-
Site Remediation	-	-	-	-	-	-	-	-	-	-
Public Improvements & Infrastructure	-	-	-	-	-	-	-	-	-	-
LMHA Grant Administration/Legal/Evaluation	-	-	-	-	-	-	-	-	-	-
Relocation	-	-	-	-	-	-	-	-	-	-
TOTAL USES	1,900,000	200,000	6,465,000							8,565,000

Attachment 5 – Kentucky Housing Corporation Support

Louisville Metro Housing Authority

Att5KentuckyHousingCorporationSupport.pdf

October 9, 2019

Lisa Osanka, Executive Director
Louisville Metro Housing Authority
420 S. 8th Street
Louisville, Kentucky 40203

RE: Beecher Terrace Phase III Apartments Application and Future Phase Commitments

Dear Ms. Osanka:

Kentucky Housing Corporation (KHC) has received your application for \$2,400,000 in annual credit for Beecher Terrace Phase III. We appreciate the need to pursue efficiencies in cost and time by combining two applications (originally planned to be a 100-unit Phase III, and a 100-unit Phase IV, with two pre-committed 9% allocations for those phases in 2019 and 2020) into one allocation for a newly combined Phase III project. KHC supports this approach and anticipates providing a reservation letter for the revised 185-unit Phase III as soon as we complete our review of the application.

KHC understands the tough market conditions in construction. We are currently seeing labor shortages and budget gaps all over the state of Kentucky, not just at Beecher Terrace. As a partner in the Choice Neighborhoods Initiative, we will do all we can to support the Beecher Terrace project. We understand HUD's recent Notice of Funding Availability (NOFA) provides an opportunity to the project team to apply for up to \$5 million to assist in realizing the final housing phase of your project - which you are now proposing as a 69-unit Phase V. While we cannot, at this time, commit to another 9% tax credit allocation for the proposed Phase V, your team is welcome to apply to KHC in the 2021 competitive round.

KHC was pleased to provide a firm commitment (along with another 4% and three 9% firm commitments) as part of the Beecher Terrace/Vision Russell Choice Neighborhood Implementation grant application. As an alternative to an allocation of 9% tax credits in the 2021 competitive round, KHC remains committed to providing the 4% tax credit and bond allocation in 2021. In addition, we would like you to be aware that KHC will soon be releasing a NOFA in partnership with Louisville Metro Government and the Louisville Affordable Housing Trust Fund, for gap funding which KHC will match dollar-for-dollar up to \$500,000. You will be receiving an email notification when the NOFA is released, and your team is welcome to apply.

We wish Louisville Metro Housing Authority and your CNI Housing Lead, McCormack Baron Salazar, success throughout the ongoing implementation of Vision Russell and the revitalization at Beecher Terrace.

Sincerely,



Lisa A. Beran
Interim Executive Director