



# **Northwest Michigan Housing Summit 2017**

## **Accessing Capital for New Development**

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- Cinnaire is a full-service community development financial partner that supports community and economic development initiatives through creative loans, investments and best-in-class service. We match community investment opportunities with community-focused lenders and investors.
- [cinnaire.com](https://cinnaire.com) | [844-4CINNAIRE](tel:844-4CINNAIRE)





## We can support the entire life cycle of a LIHTC transaction



**Land Acquisition  
Property Acquisition**  
- Short term acquisition  
financing  
- *Cinnaire Acquisition Fund*

**Predevelopment**  
- *Predevelopment  
loans*

**Construction/Rehab**  
- *LIHTC Investment*  
- *Bridge financing*

**Completion**  
- *LIHTC Investment*  
- *Perm lending  
(conventional & FHA)*

**Y15**  
- *Short term perm  
loan takeout*  
- *Predevelopment  
loan for  
resyndication*

Acquisition lending for individual  
properties or portfolios

# THE REAL ESTATE DEVELOPMENT PROCESS

## Affordable Rental Housing (Workforce Housing)

- **Organization**
- **Market Study & Research**
- **Financial Feasibility & Availability  
Development Team**
- **Site Investigation & Acquisition**
- **Approval Process (2 tracks)**
- **Construction Process**
- **Project Marketing & Lease-Up**
- **Compliance Issues & Reporting**

# ORGANIZATION

## Mission & Strategic Planning

- who, what, where, why, when & how

# MARKET STUDY & RESEARCH

- Identify depth of housing demand and type of housing needs
- Establish rents, number of units, bedroom mix, income targeting, amenities
- Assess competition
- Determine absorption rates
- Assist in marketing plan

# FINANCIAL FEASIBILITY & AVAILABILITY

- Development Subsidies (“Soft Second” Mortgage / Grants / Seller Financing)
- Operating Subsidies (Rental Assistance)
- Equity (General Partner / Limited Partner)
- Predevelopment Financing
- Construction Loan
- Permanent Mortgage

# DEVELOPMENT TEAM

- Developer / Sponsor / Owner
- Market Analyst
- Architect / Engineer / Attorney / Accountant / Title Agent
- General Contractor / Construction Mgr.
- Property Manager
- Lenders / Investors

*... And Support from Elected Officials is Key*



# SITE INVESTIGATION, ACQUISITION & LAND CONTROL

- Research best site for proposed development
- Gain site control (without full acquisition) until feasibility tests, financing and community approvals have been completed

# APPROVAL PROCESS (Two Tracks)

- **Community Approvals**

- zoning, site plan, tax abatement, permits

- **Financing Approvals**

- Predevelopment, construction, permanent debt, soft (gap) financing and equity
- The Process: application, initial feasibility analysis, conditional commitment, due diligence, final commitment, final documents & closing

# CONSTRUCTION PROCESS

- Value engineering (architect, owner & builder)
- Government requirements regarding hiring, wages & reporting
- Deadlines imposed by agencies or investors
- Performance Bond (or Letter of Credit)
- Construction draws and monitoring, release of Lien Waivers, update Title Insurance policy
- Cost Certification
- Ultimate Goals: On time, on budget, no drama

# PROJECT MARKETING & LEASE-UP

- Written comprehensive marketing plan
  - Leasing policies, procedures, protocols
  - Marketing budget
- Pre-lease during construction
- Pre-qualify prospective tenants (obtain docs government agencies require for compliance)
- Comply with income targeting requirements for each unit
- Achieve “Qualified Occupancy” by target date

# COMPLIANCE ISSUES & REPORTING

- Provide complete, correct tenant files (critical for compliance with government regulations)
- Achieve on-going performance targets:
  - Conduct annual tenant eligibility recertification & maintain pre-approved income mix
  - Maintain the property well and maintain a high occupancy rate (deal effectively with problem tenants & quickly re-lease vacant units)
  - Achieve budgeted rents & operating expenses
  - Provide quality, on-time reporting to agencies and investors