

Brookstone Apartments



Project Overview

- 160 unit affordable Housing Project
- Utilizing federal Low Income Housing Tax Credit (LIHTC) program
- Utilizing the North Dakota Housing & Finance Agency's Housing Incentive Fund (HIF)
- 100% of units are rent and income restricted by both the LIHTC and HIF program
 - Units are restricted at moderate rent/income levels (40, 50 and 60% of Area Median Income)
 - Young professionals, teachers, recent college graduates, nurses etc.

Key Points for Affordable Housing Projects

- Lower increase in income as compared to a market rate apartment
 - Typically see 1% annual increases in allowable rent amounts compared to 2-3% for market rents.
 - Same increase in expenses as market rate property.
 - Net income stays mostly flat over 15 years.
- Fixed Interest Rate for 15-20 years
 - No opportunity to refinance in the near term if interest rates drop.
- Minimal amenities
- HIF Program requires repayment of funds for projects that perform above a 1.3 debt-coverage-ratio.
- Increased fees and compliance monitoring costs.

Project Preservation Efforts

- Reserve Accounts
 - Initial reserve account of 6 months operating expenses including P&I
 - Annual contribution of \$400 per unit
- On site property management and maintenance staff
- Service Coordinator

Average Rents

- Efficiency: \$951.42
- 1 Bedroom: \$1019.83
- 2 Bedroom: \$1,224.76
- 3 Bedroom: 1,450.69