

# Eventual Homeownership Program

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# EADC's Portfolio

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EADC's affordable housing projects are all restricted to low income tenants earning less than 60% of the Area Median Income and are financed with tax-exempt bonds and 4% low income housing tax credit equity.

- ❑ **Grandon Village** a \$22,000,000, 161 unit senior housing development in San Diego County, CA.
- ❑ **Rancho Santa Fe Village** a \$21,000,000, 120 unit mixed use development in San Diego County, California.
- ❑ **Las Flores Villas** a \$22,000,000, 100 unit workforce-family housing development in San Diego County, CA, that satisfied the City's Inclusionary Housing Requirement for Fieldstone Communities Rancho Santalina single family subdivision.
- ❑ **Fox Hollow Apartments** a \$13,000,000, 156 unit affordable family housing development in Orlando, FL.
- ❑ **Huntington Reserve Apartments** a \$13,000,000, 168 unit affordable family housing development in Sanford, FL.
- ❑ **Shannon Lake Apartments** a \$22,000,000, 294 unit affordable family housing development in Union City, GA.
- ❑ **Orchard Mill Apartments** a \$20,000,000, 238 unit affordable family housing development in Austell, GA.
- ❑ **Lake Point Apartments** a \$26,000,000, 360 unit affordable family housing development in Stone Mountain, GA.
- ❑ **Escondido Village** pursuant to an RFP, EADC was recently chosen by the City of Escondido to develop an 80 unit mixed use workforce housing development which will be part of EADC's Eventual Homeownership Program.

# EADC's Principals have over 20 years of financing and development experience.

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## **David Rubin**

Mr. Rubin is the President and Chief Executive Officer of CDR Financial Products, a national interest rate swap and investment advisory firm with extensive experience in tax exempt home purchase and multi-family acquisition programs for low and middle income families. Through CDR Financial Products, he has developed and implemented creative, tax exempt home purchase programs in excess of \$2 Billion for low and middle-income families and structured transactions totaling over \$1 Billion to provide proceeds to acquire and rehabilitate multi-family apartment projects for low-income families and the elderly. He is a CFA and was a Commissioner for the Housing Authority of the City of Los Angeles.

## **Marc Gelman**

Over the past 15 years, Mr. Gelman has specialized in the management and development of for-sale housing and condominium projects as well as several commercial properties and developed or consulted for a variety of senior living projects. He also served as general counsel and Assistant Chairman of the Board to Long Beach Bank where he managed the development and joint venture of over 2000 apartment units.

# EADC's Homeownership Program

## Objectives

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- ❑ To develop high quality affordable multifamily workforce housing for working families, whose incomes meet HUD's low-income housing guidelines.
- ❑ To assist cities in satisfying various housing goals by providing subsidized multifamily rental projects currently and affordable future homeownership opportunities for low-income families.
- ❑ To promote neighborhood stability and "pride of ownership" by promoting future owner occupancy opportunities to tenants of subsidized multifamily rental housing projects.
- ❑ To provide a built in mechanism at the time of conversion to home ownership to allow for the tenant's mortgage payment to be no greater than the tenant's Low Income Housing Tax Credit restricted rental payment.

# Eventual Homeownership Deal Structure

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- 1) EADC acquires vacant or under utilized property and constructs work force housing that will be rented for a period of 15 years to low-income families whose income's are *sixty percent (60%) or less* of the area median income for the applicable metropolitan statistical area; in accordance with section 42 and 142(d) of the Internal Revenue Code

EADC finances the acquisition and construction of each project with any combination of the following funding sources: (i) tax-exempt and taxable variable rate bonds; (ii) federal and state low-income housing tax-credit ("LIHTC") equity; (iii) local jurisdiction grants and loans; (iv) mezzanine debt; and (iv) developer loans.

- Over the 15 year rental period, the tenants would be required to undergo homeownership and home finance education and be required to participate in maintenance programs and HOA governance to learn how to be an owner. As part of the homebuyer education process, tenants will be required to maintain the units in good, marketable condition as it relates to normal wear and tear of the unit. Units will be inspected semi-annually to ensure compliance.

## Deal Structure Cont.

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- ❑ 2) After Year 15, each tenant will have an option to purchase their units at our original cost. EADC will provide each tenant/purchaser with a mortgage equal to their purchase price (100% financing). The mortgage payment will not exceed the tenant's restricted rental payment that they will be paying prior to their purchase.
- ❑ 3) The purchase price will be limited to an amount not to exceed the cost of construction of the unit and may not be in excess of 80% of the area's average median home price. This feature will provide a substantial benefit to the tenant/purchaser and will ensure a price ceiling for the purchase of the unit.
- ❑ 4) In the event a tenant doesn't purchase a unit, the City may have the option to purchase the unit at the same price as the tenant. The City can then either re-sell the unit (at the maximum price allowed, at that point in time) or maintain the unit as an affordable rental unit.

## *EADC's will require the following conditions for a tenant's eligibility to purchase a home:*

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- ❑ Principal Residence Requirement. EADC will require each tenant/purchaser to certify that the home is a residence that is (or will within a reasonable time become) the principal residence of the tenant/purchaser and that no more than 15% of the total area of the residence is (or will be) used in a trade or business.
- ❑ First-time Home Buyer Requirement. Each tenant/purchaser must be a first-time home buyer. The first-time home buyer requirement is satisfied if the tenant/purchaser did not own his or her principal residence within the preceding three years.

### ❑ **Conclusion:**

EADC will provide the City and its low income tenants with the sense of pride that comes with homeownership, knowing that each low income tenant will have the option to eventually become the owner of their unit. There is a certain satisfaction in knowing that the home you live in belongs (or will eventually belong) to you.