



Wallace
ARCHITECTS L.L.C.

Historic Properties and How to Fund Them – Q&A with Mike Kleffner

Mike Kleffner, partner at Wallace Architects, provides great insight into the process developers go through to fund Historic properties.

1. Why do developers choose to couple a LIHTC development with historic tax credits?

Many LIHTC State agencies have made preservation a preference in scoring and in some States these projects have a better chance of getting funded in a competitive round; more available tax credits also means more potential equity in the development and less debt earlier in the life of the project.

2. What would you tell developers thinking about doing a historic tax credit project for the first time?

“It takes 3 times as long to complete and costs 3 times as much than a conventional LIHTC project.” Well not 3 times, but certainly plan for more. Be prepared for a lengthy review process and an even more lengthy construction process. We recommend (and your lender will require) a sizable construction contingency of 10-15% for the unknown, including those things that are covered up at the initial design stages.

3. Who reviews the projects for compliance and how long does the historic review process take?

Our experience has been that the Design Team will work closely with the Owners elected and contracted historic consultant for the project in determining a historically approvable scope of work and drawings, that when submitted, will have a good chance of being approved by the State and Federal Historic specialist reviewing the project. A Part I historic application is submitted during the design process and the review time at the State level is at least 30 calendar days and then at least 30 additional days are set aside for Federal review/approval at the National Park Service Office. A Part II is also required prior to starting construction and this application outlines the scope of work for the historically significant portions of the project. This review process is also allotted at least 30 calendar days at the State level and at least another 30 days at the Federal level.

4. Are there any construction costs that are considered ineligible when determining the basis for historic tax credits?

The best test in determining what isn't eligible is if one could “turn the building over and shake it”; anything that would fall off the walls or floors would be determined ineligible for tax credits. Other items include

demolition, hazardous material abatement, exterior fire escapes and site work... just to name a few. Tip – be sure your Architects specifies glue down carpet and pad, even if the product wouldn't normally be a glue down product.

5. What locations has Wallace Architects recently completed or will soon complete drawings for an approved LIHTC/HTC coupled project?

Macon, Georgia
Sedalia, Missouri
Waterbury, Connecticut
Pratt, Kansas
Cisco, Texas

Guymon, Oklahoma
Claremore, Oklahoma
McAles ter, Oklahoma
Sapulpa, Oklahoma
Plainview, Texas

Preserving Affordable Rural Housing in Florida

Greystone Affordable Housing Initiatives LLC has closed a \$130 million deal that will preserve over 1000 affordable low-income homes in 12 counties across the state of Florida. These 24 aged USDA Rural Development Section 515 properties are owned and operated by The Hallmark Companies, Inc.

Greystone's team worked with multiple state and national services to secure the financing needed to acquire and preserve these at-risk properties. The \$130 million deal used both private and public funding, including tax-exempt bonds, Low-Income Housing tax credits, RHS 515 debt, senior debt, and additional support.

As the Architects on record for this portfolio property, Wallace Architects knows the value that low-income housing has on the community.

"Being part of this development team was a very exciting opportunity for us. This portfolio came with its share of challenges and the team did a great job identifying them and working through them," said Zac Wallace of Wallace Architects, LLC. "We look forward to seeing these projects move into the construction phase so that the residents can enjoy their updated apartments."

The completion of the 1058 household property will take 12 months and will average around \$32,000 per unit with both interior and exterior upgrades. Since the original properties were built between 1975-1995, renovations will focus on modernizing the property.

Missouri Non-Profits Cut the Ribbon on New Developments



Saints Street Apartments



Berkshire Senior & Veterans Apartments

Branson, MO

Saints Street Apartments is an affordable housing development for families and individuals with developmental disabilities in Taney County.

“The property has been fully occupied, the tenants love their units, and the neighborhood is very pleased with the new development,” said Max Lytle, Executive Director of Developmental Connections.

Lytle anticipates that the Saints Street Apartments will expand the opportunities for families and their children who have disabilities in Branson.

Mexico, MO

North East Community Action Corporation cut the ribbon on a \$4.5 million renovation and expansion of the Berkshire Senior and Veterans Apartments.

“These are beautiful homes that are going to go to people who deserve them,” said Jordan Wood, a representative of U.S. Sen. Roy Blunt. “Looking at the veteran homelessness problem, this is a real step forward.”

As Architects of record for both properties, Wallace Architects congratulates these developers on their commitment to providing affordable housing.

Accessibility Training



Topeka, Kansas

This fall, Wallace Architects sponsored Accessibility Training for Fair Housing, ADA, and Section 504. The training, led by the Kansas Housing Association and the Kansas Housing Resources Corporation, focused on the regulations for Accessibility as it relates to affordable housing.

The training, held at the Capitol Plaza Hotel in Topeka, Kan., featured topics on Accessibility regulations and standards, the future of Accessibility, and the common Accessibility issues seen on a typical site plan.

Over 100 people attended the Accessibility Training. Developers, contractors, lenders, and architects came together to have the E&A Team, a nationally recognized industry expert, answer questions to further their understanding of this important topic.

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