

Lanterman Housing Alliance

*A CATALYST FOR COMMUNITY HOUSING FOR*

*CALIFORNIANS WITH DEVELOPMENTAL DISABILITIES*

**Assistance with Initial Set-Up Fees**

1. HOME Program for Rental Housing Development

2. AHP – Limited to situations where trust or non-profit purchases the property in an arms-length transaction with a purchase price somewhat close to fair market value.

3. Grants from foundations and similar sources

4. Private contributions from individuals to sponsor individual acquisitions.

5. Financing, if mortgage is necessary anyway.

6. Buyers Agent fees

**Assistance with On-Going Costs / Reducing Rent**

1. Property tax exemption

2. Payment from another supplemental needs trust, or from interest earned on cash placed in a third-party special needs trust, for costs that can be paid for by a third-party without impacting tenants’ eligibility for public programs they rely on.

3. HOME funds to reduce mortgage.

4. AHP funds for rehabilitation/capital improvements and accessibility modifications.

**Developing Property Budgets:**

**Acquisition & Operating Budgets**

If using a public funding program that has a rent cap:

1. Start with property operating budget.

2. Assume monthly rent limit X 12 as total annual income.

3. Determine all operating costs, including annual reserve set- asides for capital replacements and financial hardship.

4. After all operating costs are covered, determine how much of the rental income is left for debt service, assuming a DCR of 1.1 or higher.

5. Develop a property acquisition budget with all costs, including purchase price, if any.

6. Apply mortgage as one source to cover costs.

7. Identify other sources to cover remainder of costs.

If not using a public funding program that has a rent cap:

1. Start with property operating budget.

2. Determine all operating costs, including annual reserve set- asides for capital replacements and financial hardship.

3. Calculate rent based on operating costs only.

4. Develop a property acquisition budget with all costs, including purchase price, if any.

5. Apply amount of family or private contribution to acquisition costs.

6. Apply amount of grant funds and/or down payment assistance loans available to acquisition costs.

7. Determine remainder to be financed through a mortgage.

8. Add debt service to operating budget to determine final rent to be charged.

**Improvements and Access**

1. Evaluate accessibility when evaluating a property for purchase or acceptance by the trust. [Get trained or use someone who is trained.]

2. Remember, accessibility means different things for different people so consider accessibility needs of the people who will initially occupy the home.

3. Always consult tenants and important people in their lives.

4. Adjust capital needs budget to account for likelihood of having to add specific accessibility modifications to a property (e.g. ramp; roll-in shower; etc.)

5. Incorporate accessibility whenever you are doing needed rehabilitation.

Examples:

If you have to replace a toilet, install a raised toilet.

If you have to replace carpet, install floor covering that will maximize accessibility.

6. Identify and try to use all programs available for low-income renters or homeowners to increase energy efficiency, make modifications, or do capital improvements to their homes.

\*Generally, you won’t be able to make use of ownership programs. But some programs may consider the trust arrangement ownership while others may consider it rental.

7. Use AHP Program

\*30% match required for rehabilitation-only applications.

\*Accessibility modifications are included in definition of rehabilitation