

Beltway Buzz: What's Happening in Washington, DC that's Important to Developers
Hear the buzz in Washington on a variety of topics that could impact multifamily development

Katten

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Michael Murphy
Katten Muchin Rosenman LLP
Partner



Stephen Wallace
Nixon Peabody
Partner

Citi Community Capital

Mark Dean
Citi Community Capital
National Production Manager

Agenda

1. Introduction
2. Webinar Mechanics
3. Inside the Beltway Topics
 - I. HUD
 - II. Extender Bill / EXPIRE Bill
 - III. Camp Bill
 - IV. Johnson-Crapo Bill
4. Q&A – AskCitiCommunityCapital@citi.com
5. Closing Remarks

Your Webinar Host

Mark Dean

Citi Community Capital, National Production Manager



Citi Community Capital

Mr. Dean has over 27 years of experience providing investment banking and mortgage banking services to real estate developers and corporate sponsors. He specializes in financing multifamily housing using Private Activity Bonds, both enhanced and unenhanced, for public housing authorities, affordable housing developers, and senior housing providers. Mr. Dean works with both for-profit and not-for-profit organizations to finance projects such as affordable housing developments, senior living facilities, and market rate housing.

Mr. Dean has provided acquisition, construction and permanent financing for a wide variety of multifamily housing, senior housing, not-for-profit facilities. In addition to these types of financing Mr. Dean has executed current, advance and taxable refundings of existing bond and real estate debt. His experience includes both public offerings and private placements. His broad range of experience with loan products and debt credit enhancements includes conventional financing vehicles as well as bond insurance, contingent loan agreements, FHA mortgage insurance programs, GNMA MBS, Fannie Mae MBS, letters of credit, and collateral pledges. In addition, Mr. Dean is an expert on the use of low-income housing tax credits to finance multifamily apartments.

From Katten Muchin Rosenman

Michael Murphy

Partner



Katten
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Michael P. Murphy represents clients in all aspects of structured finance with an emphasis on public finance and project finance transactions. He devotes the significant portion of his practice to affordable multifamily housing finance, transportation finance and public private partnerships transactions.

In his public finance practice, Michael represents government-sponsored enterprises and other financial institutions that provide credit enhancement and liquidity facilities, private equity funds, investment banks and owners of facilities financed with tax-exempt bonds, including 501(c)(3) charitable organizations. He advises parties in financings involving multifamily housing, senior living facilities and public facilities. He assists clients in the establishment of national programs involving complex and unique structures.

In his project development and structured finance practice, Michael participates in transactions involving interstate highway systems, seaports and energy projects and transactions secured by commercial and multifamily mortgages, single-family mortgages and tax-exempt bonds. The related securities have been sold as private placements, Regulation S offerings and 144A offerings, as well as public offerings of registered securities under the Securities Act of 1933. Michael has extensive experience with subordination agreements, guarantees, letters of credit, insurance policies, government-sponsored guarantees and derivative products.

From Nixon Peabody

Stephen Wallace

Partner



Stephen Wallace is the leader of the firm's Affordable Housing practice and one of the nation's foremost authorities on the preservation of government-assisted housing. He has been very closely involved in the legislative and regulatory development of the various federal affordable housing preservation programs over the past 25 years.

Much of Stephen's work involves helping clients refinance, rehab and preserve the affordable housing stock to increase its value and long-term viability. There are a variety of mechanisms that can be used to do this, from mark-up-to-market of Section 8 contracts to Section 236 IRP decouplings (and now re-decouplings) to HUD's signature initiative, the Rental Assistance Demonstration program. I was part of the successful effort to have HUD approve post-rehab rents effective at loan closing for certain types of financing. Owners and purchasers of older HUD-assisted properties turn to me for advice on addressing complex transactional and regulatory matters.

Stephen is in close contact with HUD officials as they work together to decipher the fine print of affordable housing legislation and get preservation deals done. Sometimes these issues take Stephen to Capitol Hill or state housing agencies as well to seek clarification or resolution of critical preservation issues.

Beltway Activities

- Budget and Appropriations matters for HUD Programs: Section 8, Home Funds, RAD and Public Housing Assistance
 - HUD Reorganization
 - HUD's recent changes in its 223(f) LIHTC program

HUD APPROPRIATIONS

| Program (\$ in millions) | 2012 Enacted | 2013 Sequestration | 2014 House Appropriations Committee | 2014 Senate Appropriations Committee | 2014 Omnibus | Administration's 2015 Budget Proposal |
|---------------------------------|--------------|--------------------|-------------------------------------|--------------------------------------|--------------|---------------------------------------|
| Section 8 Project Based | \$9,340 | \$8,851 | \$9.4 B | \$10.8 B | \$9.9 B* | \$9.746 B* |
| Section 8 Tenant Based Renewals | \$18,914 | \$17,964 | \$17 B | \$17.6 B | \$17.36 B* | \$18 B* |
| CDBG | \$3,408 | \$3,135 | \$1.636 | \$3.15 B | \$3.0 B | \$2.87 B |
| Public Housing Capital Fund | \$1,875 | \$1,777 | \$1.5 B | \$2 B | \$1.875 B | \$1.925 B |
| Public Housing Operating Fund | \$3,962 | \$4,054 | \$4.262 | \$4.6 B | \$4.4 B | \$4.6 B |
| Veterans Vouchers | \$75 | \$75 | \$75 M | \$75 M | \$75 M | \$75 M |
| Elderly 202 | \$375 | \$355 | \$374 | \$400M | \$383.5 M | \$350 M |
| HOME | \$1,000 | \$948 | \$700 M | \$1 B | \$1 B | \$950 M |
| CHOICE Neighborhoods | \$120 | \$114 | 0 | \$250 M | \$90 M | \$120 M |
| RAD | \$0 | \$0 | 0 | \$10M | \$0 | \$10 M |



* Includes advanced appropriation of \$400 M for project based and \$4 B for tenant based.

2014 CONGRESSIONAL CALENDAR 113TH CONGRESS, 2ND SESSION

JANUARY

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SEPTEMBER

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NOVEMBER

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DECEMBER

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| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

IMPORTANT DATES / KEY

| | |
|---|---|
| BOTH SENATE & HOUSE IN SESSION | HOUSE OUT OF SESSION |
| SENATE OUT OF SESSION | BOTH SENATE & HOUSE OUT OF SESSION |

The Senate has not finalized its schedule past September; however, we expect it will be out of session in October through early November. Final adjournment TBD.



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Apps, CHAPs & Closings

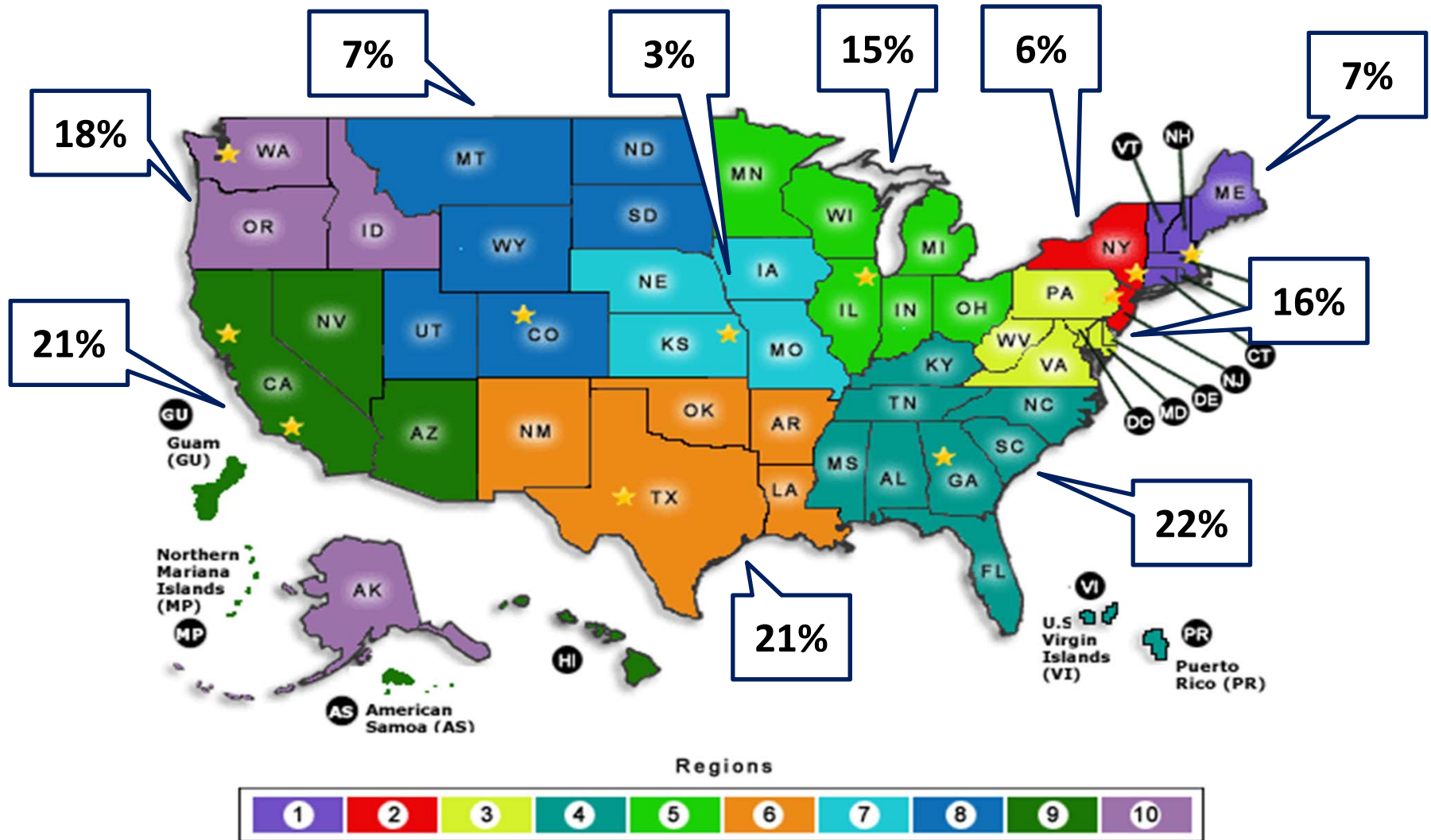
| | PENDING APPLICATIONS | | | CURRENT CHAP AWARDEES | | | CLOSED | | |
|-----------------------------|----------------------|----------------|------------|-----------------------|---------------|------------|-----------|--------------|-----------|
| | No. | Units | PHAs | No. | Units | PHAs | No. | Units | PHAs |
| First Component - PHA | 674 | 84,127 | 282 | 322 | 54,506 | 158 | 14 | 1,287 | 10 |
| First Component - Mod Rehab | 9 | 974 | - | 4 | 559 | - | 0 | 0 | - |
| Multiphase Awards | - | 2,576 | 19 | - | - | - | - | - | - |
| Portfolio Awards | - | 32,019 | 64 | - | - | - | - | - | - |
| TOTAL: | 683 | 119,696 | 282 | 326 | 55,065 | 158 | 14 | 1,287 | 10 |

| | |
|----------------------------------|----------------|
| GRAND TOTAL (PROJECTS) | 1,023 |
| GRAND TOTAL (UNITS) | 176,048 |
| GRAND TOTAL (UNIQUE PHAs) | 382 |

Note: This data reflects applications received as of 12/31/13, and CHAPs awarded through 1/6/14. CHAP Awardees includes CNI applicants as well as Portfolio and Multiphase awards made as of 1/6/14.



Percentage of Current PH Units by HUD Region that have Applied for RAD



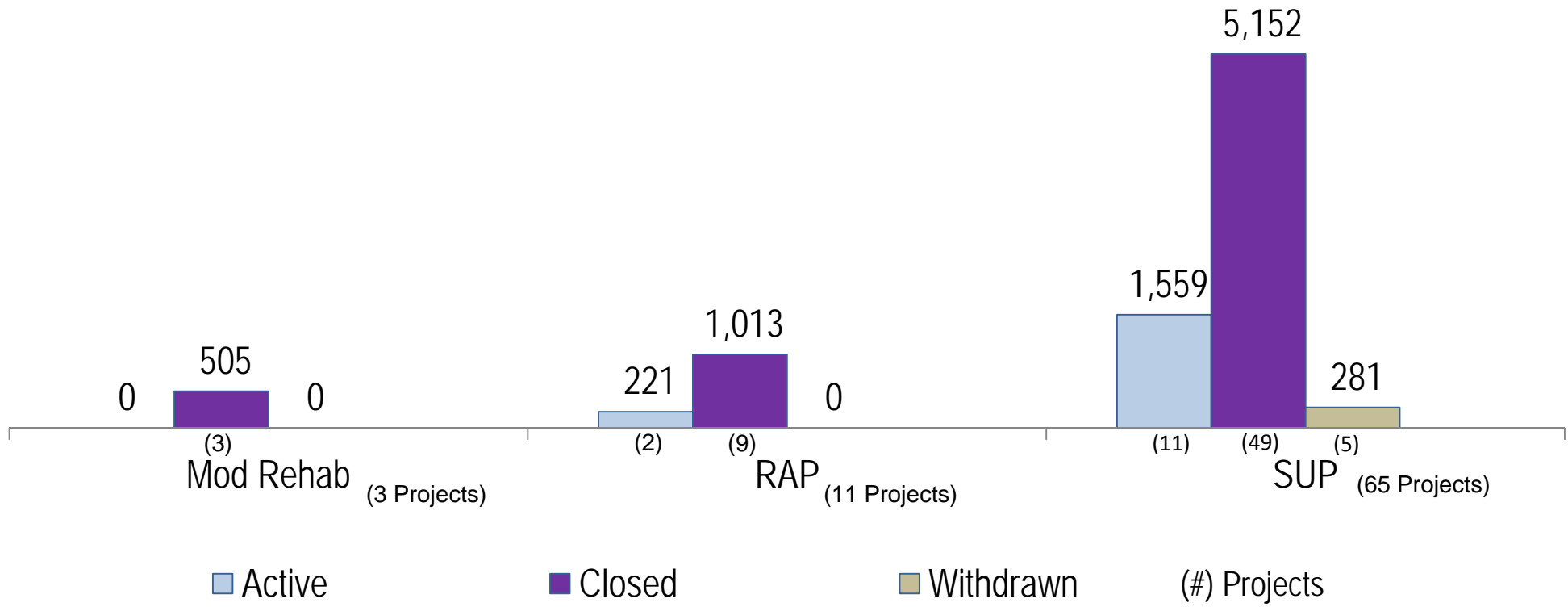
Note: This data reflects the percentage of PH units in each HUD region that have applied for RAD; note that units are considered public housing until the RAD closing is complete.



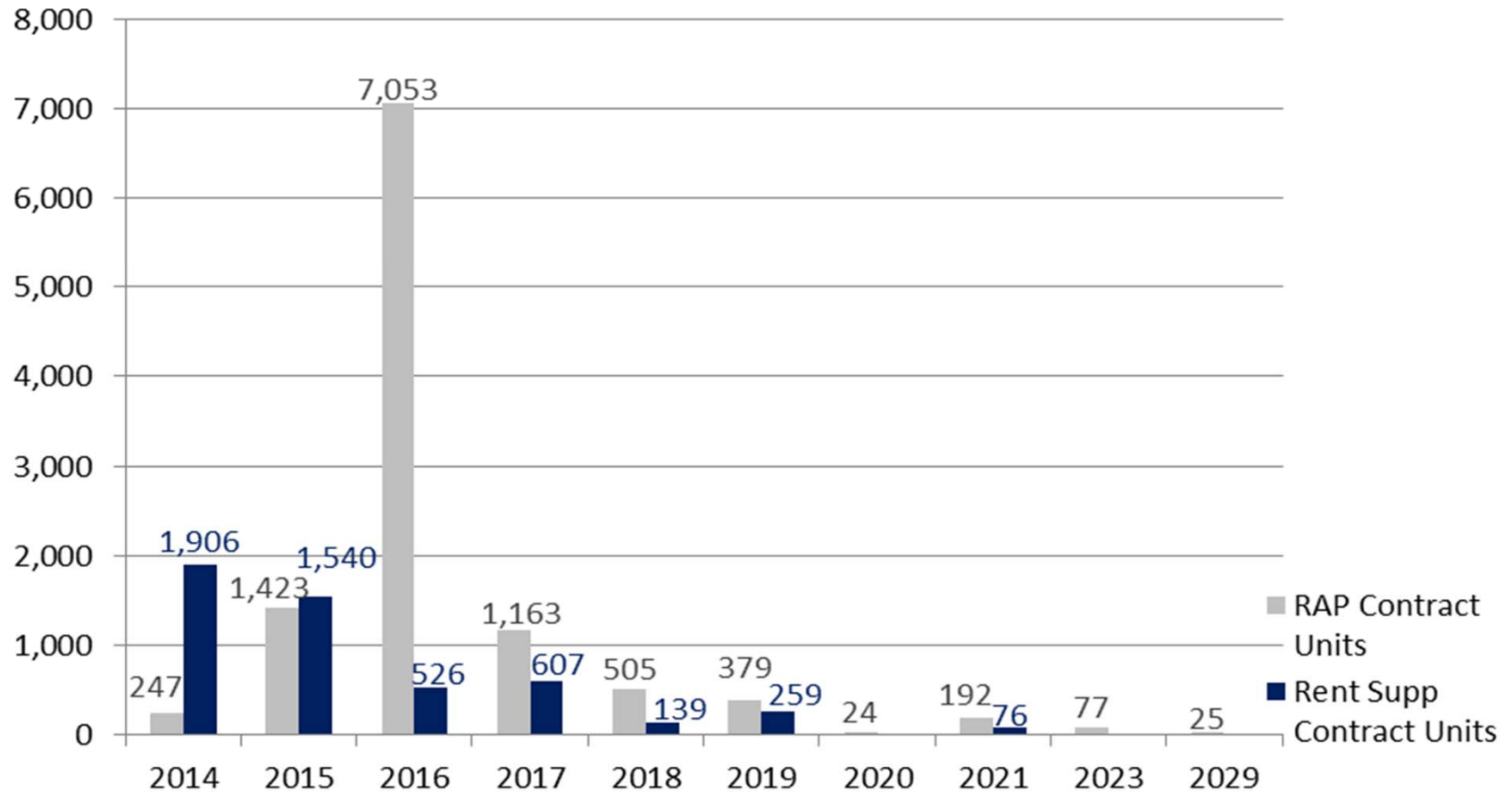
Top 10 Applicants by PHA

| | | |
|-----|-------------------|--------------|
| 1. | Chicago, IL | 10,935 units |
| 2. | El Paso, TX | 6,100 units |
| 3. | Nashville, TN | 5,384 units |
| 4. | Birmingham, AL | 5,015 units |
| 5. | Baltimore, MD | 4,583 units |
| 6. | San Francisco, CA | 4,575 units |
| 7. | Charlotte, NC | 3,424 units |
| 8. | Mobile, AL | 3,410 units |
| 9. | Tampa, FL | 3,065 units |
| 10. | Greensboro, NC | 2,195 units |

2nd Component Update – Current Status



Remaining Rent Supp and RAP Stock by FY Expiration



Senate EXPIRE Bill

- 9% Credit Extender
- New Market Tax Credits
- <http://www.finance.senate.gov/legislation/details/?id=67094f10-5056-a032-52ff-257830e0a938>

Camp Tax Bill

- Affordable Housing
- General Investment in Real Estate
- <http://tax.house.gov/>

Johnson-Crapo Bill

- What Fannie and Freddie look like after GSE Reform?
- The role of the Private Sector
- It's impact on the affordable multifamily space?
- It's impact on the investment multifamily in general?
- <http://www.banking.senate.gov/public/index.cfm?FuseAction...id>

Q&A

- Send Questions to AskCitiCommunityCapital@citi.com or
- Follow instructions from the Operator - Press *1 for the operator to open your line.
 - This will enter you into the queue to ask a question

Your Webinar Speakers

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Thank you for your participation

- Your feedback is very important to us. Go to the Survey –
https://www.citibank.com/icg/homepage/forms/citi_community_capital/form.jsp
- Listen to the playback - http://www.citibank.com/icg/sa/citicommunitycapital/resource_center.jsp
- Resources
 - Senate EXPIRE Bill - <http://www.finance.senate.gov/legislation/details/?id=67094f10-5056-a032-52ff-257830e0a938>
 - Camp Tax Bill - <http://tax.house.gov/>
 - Johnson-Crapo Bill - <http://www.banking.senate.gov/public/index.cfm?FuseAction...id>
 - Citi Community Capital – www.citicommunitycapital.com
- Our next Webinar is June 17. We look forward to having you join us!

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Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Highlights of Citi's unique role in promoting sustainability include: (a) releasing in 2007 a Climate Change Position Statement, the first US financial institution to do so; (b) targeting \$50 billion over 10 years to address global climate change: includes significant increases in investment and financing of renewable energy, clean technology, and other carbon-emission reduction activities; (c) committing to an absolute reduction in GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (d) purchasing more than 234,000 MWh of carbon neutral power for our operations over the last three years; (e) establishing in 2008 the Carbon Principles; a framework for banks and their U.S. power clients to evaluate and address carbon risks in the financing of electric power projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy and mitigation