

Cutler Glen and Meadows Apartments

11000 SW 196th St.
Miami FL 33157



Project Partners

- Prudential Mortgage Capital Company (PMCC)
- Local Initiatives Support Corporation (LISC)
- Florida Housing Finance Corporation (FHFC)
- Miami-Dade County, Office of Economic and Community Development (OECD)
- U.S. Department of Housing and Community Development (HUD)

The Preservation Challenge

The most attractive asset included in POAH's portfolio acquisition in Florida, the 225 units of Cutler Meadows and Glen were acquired in late December 2008. Located in an attractive residential neighborhood with great access to highways, local services and schools, Cutler Glen and Meadows' affordability is a valuable resource for the city of Miami. Maintaining and securing both its affordability and its functionality for years to come will prove to be a valuable asset for the surrounding community. Acquired as part of a portfolio of properties purchased from a sister non-profit fallen on hard times, this property has the appeal and marketability to have fallen prey to a market-rate buyer.

POAH's Role

With an existing mortgage locked out from prepayment, POAH was able to approach the bond holder directly and negotiate a payoff penalty that satisfied the bond holders needs, but also enabled new mortgage proceeds to be available to this property, and notably, to another property within the same portfolio. Using Chapter 15 of the Section 8 Guidebook, POAH was able to implement a rent increase at Meadows and Glen. With this increase came a higher NOI and higher supportable debt. With fewer physical needs than other properties in this portfolio and far greater financial strength than others, POAH was able to structure the transaction at Cutler Meadows and Glen to have approximately two million dollars of loan proceeds aid with the renovations of its less financially sound sister-property in Jacksonville—Middletowne Apartments.

As with the other properties purchased in this portfolio, an important attribute of a successful purchaser in the high-tax area of Miami is being a non-profit. By Florida state-statute, non-profit owner entities of affordable housing developments are entitled to full tax abatements; a critical boost to operating income for these properties. With very few strong non-profits operating in the State of Florida, part of POAH's decision to pursue these acquisitions

was a desire to help strengthen the non-profit presence in Florida.

Stagnant bond markets and rising interest rates moved POAH from its original 501c3 bond execution to a conventional debt product with a shorter term and lower interest rate. Because of the tax abatement that follows non-profit ownership, POAH never sought to syndicate this deal, a circumstance that proved to be an unplanned blessing as the equity investor market also failed leaving many four-percent tax credit transactions unclosed in 2008.

The renovations at the property included many common area upgrades, new roofs, and some unit improvements. Operated primarily as a property for senior residents in the past, this property had suffered less wear and tear than the other properties in this portfolio. Once again, POAH has partnered with One Economy to bring wireless internet access to the site.