

Wabuck

DEVELOPMENT COMPANY



Wabuck Development Company, Inc. Leitchfield, Kentucky Since 1982

- Wabuck Development Company – Development and Consulting Services
- Clayton Watkins Construction Company - Construction Division
- Homeland, Inc. – Property Management Division

- **Types of Developments:**
- Affordable Rental Properties – New Construction and Rehab
- Family Housing
- Elderly Housing
- Special Needs Housing
- Empowerment Initiatives

Shortage of Affordable Rental Housing

January 20, 2023

Homeland, Inc. Portfolio

- **Barren River Area Development District:**

	<u>Units</u>	<u>Unrented Units</u>
• Warren County	738	2
• Barren County	40	0
• Simpson County	96	0
• Butler County	88	0
• Hart County	119	0
• Edmonson County	<u>144</u>	<u>0</u>
• TOTAL	1,225	2

Developing New Rental Housing

Two Bedroom One Bath Development

- Development Cost Per Unit:
- Land Acquisition \$8,000
- Construction Cost \$200 Sq Ft @/\$200 Sq Ft \$180,000
- Construction Interest \$9,000
- Architect/Engineering \$10,000
- Legal Title and Other Costs \$1,000
- Rent Up \$1,000
- **TOTAL Development Costs \$209,000**

Developing New Rental Housing

Two Bedroom One Bath Development

• Operating Costs Per Year:	
• Taxes	\$2,100
• Insurance	\$500
• Repairs and Maintenance	\$1,000
• Site Management	\$700
• Water/Sewer/Trash	\$600
• Accounting	\$200
• Office Operations	\$300
• Property Management	<u>\$400</u>
• TOTAL Operating Costs	\$5,800

Developing New Rental Housing

Two Bedroom One Bath Development

Debt Service Assuming 20% Down Payment	
Loan at 7.5% amortized for 30 years	\$14,029
Debt Service Coverage Ratio at 20%	<u>\$2,806</u>
Total Operating Costs and Debt Service	<u>\$22,635</u>
Total Operating Costs adjusted for 7% Uncollected Rents	<u>\$24,338</u>
Required Rent Per Month	<u>\$2,028</u>
Required Annual Income needed assuming 30% of Income for Rent and Utilities assuming \$125 Monthly Electric	<u>\$86,120</u>
Hourly Income to Afford – 1 Paycheck	\$41.40
Hourly Income to Afford - 2 Paychecks	\$20.70

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Developing New Homeownership

Three Bedroom Two Bath

1,200 Sq Ft Home plus a 280 Sq Ft Garage

Developing New Homeownership Three Bedroom Two Bath 1200 Sq Ft Home plus a 280 Sq Ft Garage

Ownership Costs:

Monthly Payment at 7% for 30 Years	\$1,632
Taxes	\$200
Insurance	<u>\$150</u>
Total Monthly Payment	\$1,981
Total Annual Payment	\$23,772
Income to Qualify at 28% of Income for Payment	\$84,900
Hourly Wage to Afford – 1 Paycheck	\$40.82
Hourly Wage to Afford – 2 Paychecks	\$20.41

HOUSING SOLUTIONS

- *Multifamily Resources*
- Low Income Housing Tax Credit Program Competition
 - Limited Supply
 - Income Rent Limitation
 - Extremely Complicated and Costly
- Low Income Housing Tax Credit Program – Tax Exempt Bonds
 - More Supply but still Limited
 - Even More Complicated and Costly
 - Typically only works in the highest income Counties

HOUSING SOLUTIONS

- HOME Funds
 - Federal Funding for Rental or Homeownership
 - Limited Resources, usually GAP Funds
- Affordable Housing Trust Fund
 - Kentucky Housing Corporation's Internal Funds
 - Typically GAP Financing for Multi-Family

HOUSING SOLUTIONS

- Lot / Land Donation
- Relaxed Zoning Requirements
- Preservation of Existing Housing
- Kentucky Housing Corporation's Homeownership Program
 - Down-Payment Assistance
 - Reduced Interest Rates
 - Low Down-Payment

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