

Harbor Village Purchase & Loan Details

As of April 7, 2021

Keeping rents affordable and stable is our primary focus of the HV Cooperative's park purchase. This purchase is with the guidance and assistance of CASA of Oregon who, through their programs and funding resources, has facilitated the creation of many Resident Owned Communities (ROC's) in Oregon. We are CASA's largest community to date.

What will it take for us to achieve our goal? There are two important phases.

Phase 1: Gain Control of the Park

To do this we first need a "Bridge Loan". The bridge loan is a short-term loan that allows us to finalize ownership with the seller. The funding CASA has obtained every year is not available due to unusual circumstances in 2020. The bridge loan gives the Coop time to finalize the sale and figure things out like rent, rules and enforcement. This loan also gives us time to work with CASA on applying for grants, property tax credits and then the permanent loan. In our case, the bridge loan will be in place between 15 months to 3 years and allows us to phase in a rent increase of approximately \$39/month in 2021, \$38/month in 2022 and \$38/month in 2023 (for a total increase of \$115). April 28th is the new date Coop members will vote to approve the park purchase.

Here's the Bridge Loan breakdown:

\$9,700,000	Purchase Price	
\$77,600	Lender 1 Fee	
\$36,350	Lender 2 Fee	
\$431,065	Operating Reserves - held in a trust, we'll earn interest	
\$6,000	Appraisal Cost	
\$24,000	Due Diligence Reports	
\$86,667	Closing, Escrow & Insurance & Taxes & CASA Fee	
\$690,000	Immediate repairs (+20% contingency)	
\$88,000	Capitalized Rent Reserve	
\$11,139,681	Total Bridge Loan Cost	

Some of these numbers are estimated on the high end. We will finalize the actual totals before closing. Immediate repairs include replacing the galvanized water pipes, increasing amperage to 50 amps on RV side, some erosion control and many smaller projects. Full details are in the property conditions report.

Phase 2: Grants & Permanent Financing

After we've purchased the park with a bridge loan, the HV Coop will work with CASA to obtain State of Oregon grants through Oregon Housing & Community Services under the Mobile Home Preservation Program. According to CASA, we should qualify for \$6.3 million dollars! Oregon will also have Federal affordable housing grant money that we will pursue.

We know the lenders require the Coop to have the funds in reserve for the completion of the park's major infrastructure updates. The property conditions report estimates park repairs at \$3.8 million dollars for water lines, sewer and electrical. The good news is we can use the phase 2 grant funding to pay for infrastructure updates. What this means is that the amount we'll require for the permanent loan will be greatly reduced.

By the time these grants are lined up, we'll have much more data on the park's true revenue and expenses and we'll know the *actual* amount we need to finance. At that time, the permanent loan will replace the phase 1 bridge loan. This two-phase approach allows us to purchase the park while keeping our main goal in mind: affordable, stable rent.

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