

Law Firm Leads the Way in Housing Finance

Butler Snow's areas of focus include public finance, tax incentives and credit markets



David Kinman



Monica Rosenbluth



David Williams

As resources dwindle across the country, financing the improvement and construction of much-needed affordable housing becomes an exercise in creativity. Butler Snow, a law firm with more than 300 practicing attorneys and 17 offices throughout the United States and London, England, helps housing agencies, developers and lenders navigate a wide range of issues.

"The firm is an integral player due to how our specialties relate to rural housing and tax credit housing," says Attorney David Kinman, whose practices involves housing finance and real estate development law in Butler Snow's Birmingham, Alabama office. "Butler Snow's depth of expertise in the public finance markets, and the tax credit markets in particular, enables us to adopt different roles across the country in these transactions. We have unique resources, perspectives and connections to help put these deals together."

ENHANCED RURAL HOUSING

Butler Snow supports a variety of development efforts, including single-family mortgage revenue bonds, targeted assistance programs, multifamily housing, multisite pool transactions and Low-Income Housing Tax Credits. A recent large transaction involved



Butler Snow

Public Finance Attorneys :: David Williams; Monica Rosenbluth; David Kinman
Location :: Ridgeland, Mississippi



rural properties disbursed throughout Georgia. A deal that involved different 19 properties, the size of the effort allowed for more funding opportunities—something that plays into Butler Snow's key focus as a firm.

"We are bullish on rural housing in particular because of the overall need for substantial rehabilitation in our rural housing stock across the country," Kinman says. "We see it as an incredible opportunity over the long term, and we believe it's going to be more of what we do in the future. Specifically, pooled transactions enable smaller rural properties to take advantage of the tax-exempt market and the tax credit market because they can leverage resources otherwise unavailable to them on a standalone basis."

The challenge in these larger transactions, however, is coordinating the number of different parties involved.

"These 19 properties were part of a tax credit transaction for a private developer," says Attorney David Williams of the firm's public and housing finance practice group. "The for-profit developer was the general partner of the borrower, and then the tax credit investor was the limited partner. We had one housing authority issue the bonds. From there, we had 18 other local governments and housing authorities needing to approve our financing. There was absolutely a lot of coordination with all of these different players."

Besides the local entities, the effort also involved state and federal agencies.

"The U.S. Department of Agriculture was involved in this financing, as well as the state of Georgia's tax credit awarding department," Williams says. "The local government was also involved with the building, permitting and planning departments. We had to track all of this throughout the process."

Managing the expectations of developers also presented some challenges, especially when it came to delays in the process.

"It takes a lot of time," Williams says. "We had the luxury of a very experienced and skilled developer that was able to carry costs the costs of pursuing this transaction for two and a half

years. Not only did we have to control expenses, but we also had to provide the staff and the expertise to help us manage the process during that time period."

The effort ends with improved housing availability—a frequent demand in rural areas.

"It is going to make a significant impact," Williams says. "Every one of these communities was at least 25 years old and desperately needed updates. The renovations will be a direct impact on the day-to-day life of low-income rural residents. There will be 19 significantly improved communities available to them."

A SIGNIFICANT IMPACT


According to Williams, the firm will likely continue to seek large transactions, as standalone efforts are no longer cost-efficient.

"A 20-unit rural deal will not have the same funding opportunities," he says. "You cannot take advantage of a bond issuance because the process costs exceed the transaction amount. Housing authorities require assistance grouping development plans to maximize sources of capital."

This need for large transactions to increase funding is also not limited to Georgia. However, Butler Snow can offer its knowledge and coordination experience throughout the country.

"Butler Snow has significant experience in this area," Williams says. "We have been working with the [USDA] on these rural transactions over the last 15 years and closed deals in approximately a dozen states. We know how the process works and work well with the department. We know developers' motivations after working with them for so many years. This wasn't our first opportunity to work in Georgia and we were prepared to make the transaction successful."

And, Williams says, the firm benefits from its national presence.

"We will continue executing financing products throughout the country to preserve and improve housing for the neediest and most vulnerable folks," he says. "It will enhance supply and quality of living, and we look forward to being part of that." 



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