

CASE STUDY

SHALOM HOUSE

\$8,672,800 | November 2015 | Ventnor, NJ



SIMS MORTGAGE FUNDING CLOSES HUD-INSURED LOAN TO PRESERVE AFFORDABLE HOUSING IN NEW JERSEY



“We really appreciated all of the hard work Sims provided our organization. They helped us navigate through a complicated HUD financing process that resulted in considerable financial benefit to the project and to our elderly residents.”

— Steve Gould, Executive Property Manager, Community Realty Management

PARTNERED RIGHT

Sims Mortgage Funding (SMF) recently closed an FHA-insured loan for the Shalom House, a 151-unit elderly project located in Ventnor, NJ.

Shalom House was constructed in the early 1980s and financed with a HUD Section 202 Direct Loan. Its primary source of income is a Section 8 Contract that had a remaining term of approximately 17 years. The Section 8 subsidy is sufficient to fund operations and debt service, but the Project has growing capital needs that could not be financed from operations and current reserves.

STRUCTURED RIGHT

SMF underwrote a new \$8,672,800 loan insured under the Section 223(f) program that was approved by HUD in approximately 100 days under the Multifamily Accelerated Processing (MAP) program.

Approximately \$2,270,000 in proceeds were escrowed for capital repairs; \$900,000 funded an initial deposit to a reserve fund; and, \$1,300,000 in a Developer Fee will be distributed to the Sponsor.

EXECUTED RIGHT

The new loan reduced the Project’s interest rate by approximately 50% and will amortize over a 35-year period. HUD also awarded the Project a 20 year renewal of its Section 8 Contract; extending funding for approximately 37 years.

FINANCED RIGHT®

As a result of the SMF loan, the Project has a significant source of new capital for repairs and reserves, and a long-term Section 8 funding platform. The Sponsor will continue to provide affordable housing to low and moderate-income elderly for years to come.

This is the third affordable housing recapitalization that SMF has completed for the Project’s management agent, which operates approximately 7,500 units of rental housing.

For more detailed information on how **Shalom House** was Financed Right® by HJ Sims and Sims Mortgage Funding, please contact:

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