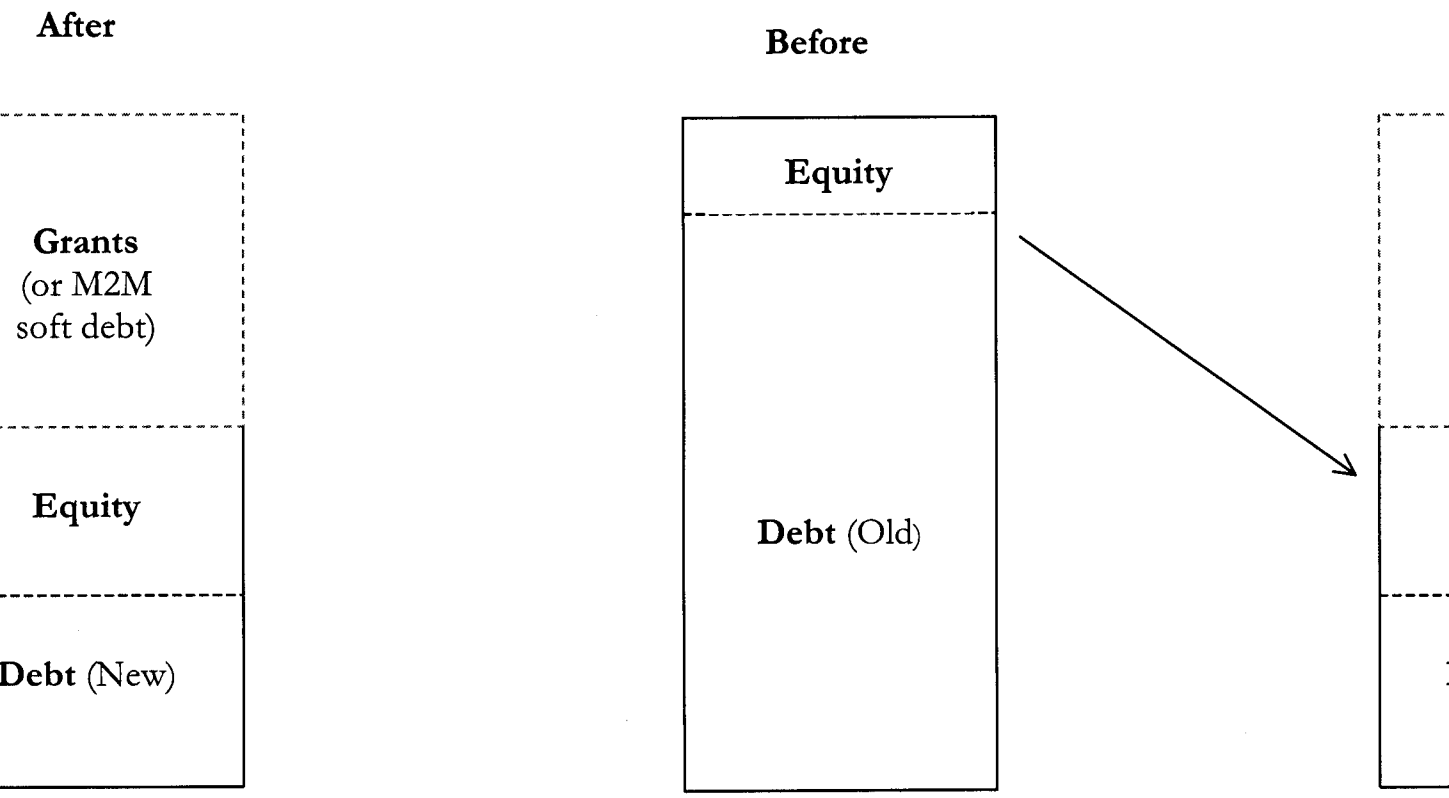
Exhibit 4.
Recapitalizing Existing Affordable Housing

Value, Debt and Equity



Low debt

- Low debt service
- Low rents
- Less or no need for Section 8
- Affordability can be *permanent*

High debt

- High debt service
- High rents
- Need for Section
- *Affordability last*
  long as Section 8

financing flourished from 1977 through 1985. High-leverage third-party debt (typically
ted in high mandatory annual debt service, resulting in high rents that were
m the property was intended to benefit, so these financing programs were
. While the system was effective in developing housing, it created Section 8
and affordability were at risk if the Section 8 were cut or interrupted.

dominated since 1986. Rents are capped at low levels by an automatically
rty can support only low debt. Remaining capital for development or
king a cash flow return) and soft debt/equity (LIHTC syndication proceeds or
PE VI). With low rents, most low income families can afford them without
t only subsidy-independent, affordability can be *permanent*, and a logical
that combines a commitment to permanent affordability with sound financial
ources.

ubsidy-dependent properties into low-rent/ subsidy-flexible financing.

High-rent/subsidy-dependent
backed with FHA mortgage insurance) genera
beyond the reach of low income families who
accompanied by Section 8 to hold up the rents
dependency, where both operational viability

Low-rent/subsidy-flexible financing has pred
adjusting affordability covenant, so the proper
acquisition comes from economic equity (seel
soft financing such as HOME, CDBG, or HO
property-based Section 8. The property is no
owner is a mission-oriented preserving entity
and business principles to conserve scarce res

Mark-to-market retrofits existing high-rent/su

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