



## Penn State LLC and Detroit HUD Section 8 Residential Housing Private Opportunity

**Summary of opportunity:** Penn State Energy LLC owns 64 single family homes in Detroit, Michigan, acquired through the Wayne County tax foreclosure auction for a total of \$167,000. Penn State is seeking to raise a total of \$1,477,985 from private investors to pay down the past due property taxes, refurbish the homes and rent them to tenants holding HUD Section 8 vouchers. There are currently 7,700 Section 8 voucher holders in Detroit waiting for HUD Section 8 housing. Penn State will select only those tenants where HUD Section 8 pays 100% of the rent.

After a 6-9 month period the Section 8 tenants become eligible to purchase the homes through NACA, the Neighborhood Assistance Corporation of America. Tenants wishing to purchase the homes under the NACA program will receive 100% financing to acquire the homes.

Participating investors will receive 1/3 of the rent and 1/3 of the profits from the sale of the homes. A conservative estimated sale value of the 64 homes is \$2,997,630 for a gain of \$1,519,645, a 103% return on the initial investment. Additionally, monthly rental income passed on to the investor will equal 12-13% of the original investment. Using more likely projections of potential sales prices would indicate a potential gain of \$2,518,855, for an estimated gain of 170%.

The parent company of Penn State Energy LLC is holding tax loss carry forwards from a sister company of Penn State that could possibly be used to shelter investors' income from this transaction. Investors should consult with their tax advisors to determine this.

**Investment size:** An investor may invest in 1 house, multiple homes, or pro rata based on a percentage of all. Minimum investment size is roughly \$18,000 and the homes will be held as a tenancy in common so an investor will have an outright share of ownership in the underlying real estate.

**Timing of investment:** Penn State is seeking immediate investments. Once the capital raise is complete, the sale of all the properties is expected to be within 15 -24 months from the completed raise time.

**Profit sharing:** Given the management intensive requirements of this project it is proposed that income will be split one third to the investors, one third to the developer (Penn State) and one third to the management of the tenants and subsequent sale under NACA.

For additional information on this opportunity, please contact Glenn M. Stewart, manager of Penn State Energy, LLC at [glenn.stewartm@gmail.com](mailto:glenn.stewartm@gmail.com) or at 310.739.2103.