

The Problems

■ The economy has affected many New York City affordable housing developers, threatening the viability of their housing.

The financial crisis has affected many of New York City's nonprofit community development corporations (CDCs) and other community-based housing providers. Affordable housing providers now face significant financial distress, curtailing their ability to carry out new development and to maintain and preserve their existing affordable housing portfolios. The critical social, health and other services that many of these organizations provide to their communities are under threat as well. These conditions threaten to destabilize the neighborhoods that Enterprise and our partners have worked so hard to transform over the past 20-30 years.

■ Thousands of New York City residents live in buildings that have been overleveraged and are at risk of default.

The economic fallout has threatened the viability of tens of thousands of affordable apartments in New York City, as landlords who had purchased buildings at inflated prices are now defaulting on debt payments, deferring property maintenance or abandoning their properties. Renters are left to live in deteriorating buildings in unsafe and unhealthy conditions. Nonprofit groups that would otherwise take the lead on stabilizing distressed properties are stymied by the complex ownership and debt structures, and are constrained by reduced government subsidies and their own limited resources.

■ No one player can solve the problem on its own.

Acquiring and preserving distressed affordable housing portfolios will require amassing significant resources and weaving together complex teams of players from multiple sectors. Nonprofit community groups, for-profit developers, socially motivated equity investors, foundations, and government entities each have important resources to bring to the table. Knitting these resources together into real solutions takes leadership and coordination.

Enterprise's Role

Enterprise is uniquely positioned to bring together all the key players in the affordable housing industry to preserve New York City's affordable housing. We have:

- A long **history of crafting solutions** to complex affordable housing problems
- **Strong relationships** with key stakeholders across the affordable housing industry
- A deep **understanding of the needs** of both our nonprofit and for-profit partners
- A sophisticated **awareness of the layers of financing** needed to acquire and stabilize a property
- Longtime **expertise as an intermediary**, both programmatically and on individual transactions
- A **seasoned team** that includes full-time construction managers, underwriters, asset managers and transaction experts



Wendy and Junior Gonzalez of the Bronx depend on their affordable apartment as a stable foundation for their children.

Our Approach

■ Supporting community-based developers and stabilizing housing portfolios

- Through our **Portfolio Stabilization Program**, Enterprise is reviewing our partners' portfolios, identifying and evaluating their financial position and risks, and in some cases, conducting in-depth assessments of the entire organization. As critical needs are identified, we are providing technical assistance, grants and loans to help ensure the stability of the portfolios and the organizations.
- Enterprise is bringing **Weatherization Assistance Program** resources to our New York partners, in partnership with the Local Initiatives Support Corporation and the city's Department of Housing Preservation and Development.
- We are **commissioning reports** to strengthen our partners' knowledge on preservation strategies, such as best practices in property management.
- We are working with our partners and city and state government to apply Enterprise's **Green Capital Needs Assessment** protocols to guide investments in energy efficiency retrofits.
- We have **dedicated Enterprise staff** to carry out intensive portfolio review and to identify resources for partners.

■ Creating financial tools and solutions to tackle the problem of overleveraged buildings

- We are **repositioning the New York City Acquisition Fund** to make it more nimble and responsive to the acquisition and repositioning of overleveraged housing.
- We are exploring **new partnership structures** to acquire and own overleveraged properties.
- We are **evaluating existing approaches** to preserving affordable housing stock, such as Year 15 and the Third Party Transfer Program.
- We are **supporting nonprofit partners** being called on to act as receivers of highly distressed properties, providing additional capacity and resources.
- We are supporting the University Neighborhood Housing Program's **Building Indicator Project**, an innovative early warning system for distressed buildings.

Our Preservation Experience

- Enterprise and our partners have **preserved 10,000 affordable homes in New York City** since 1987.
- We led the launch of the \$230 million **New York City Acquisition Fund**, an unprecedented collaboration between the city of New York and the philanthropic and lending communities. Enterprise has originated more than \$50 million in loans for preservation through the Fund, including a \$22.5 million loan for a 10-building, 197-home portfolio that was the first in the country to use HUD Green Retrofit financing.
- We have led the nation's first **HUD 202 refinance** transactions using 4 percent tax credits and tax-exempt bonds, preserving more than 2,000 affordable apartments for seniors in New York, New Jersey and the Midwest.
- We manage the **Neighborhood Entrepreneurs Program and Neighborhood Redevelopment Program** to rehabilitate and preserve affordable apartments and transfer them to nonprofit or local developer ownership.
- Through the **NHT-Enterprise Partnership**, we are collaborating with the National Housing Trust (NHT) to serve as a trusted advisor to national policymakers on preservation and foreclosure issues.
- We are working closely with local governments, including New York, on their action plans for the use of federal **Neighborhood Stabilization Program (NSP)** funds.

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. For more than 25 years, Enterprise has introduced neighborhood solutions through public-private partnerships with financial institutions, governments, community organizations and others that share our vision. Enterprise has raised and invested \$10.6 billion in equity, grants and loans to help build or preserve more than 270,000 affordable rental and for-sale homes to create vital communities. Enterprise is currently investing in communities at a rate of \$1 billion a year. Visit www.enterprisecommunity.org and www.enterprisecommunity.com to learn more about Enterprise's efforts to build communities and opportunity.

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