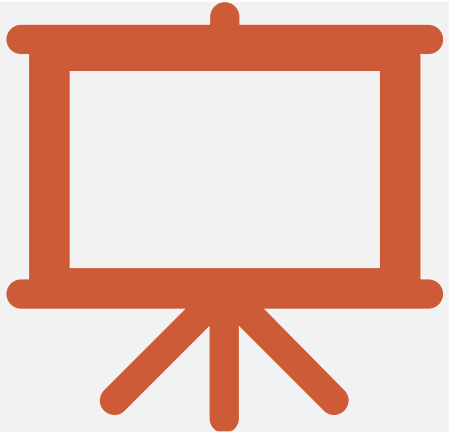




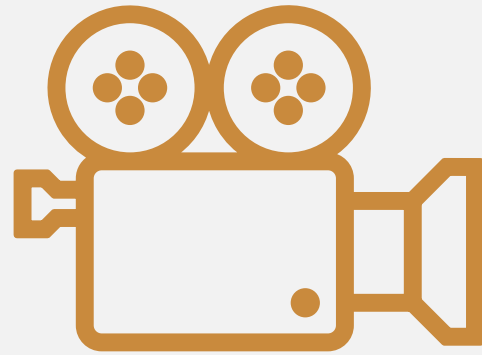
Southeast Rural Housing Preservation Academy



Housekeeping



All registered attendees will receive the slides via email



This session is being recorded. You will receive a copy and it will be posted on the Enterprise website



We will answer questions throughout the presentation. Please submit them using the Q&A or chat or raise hand function



Please tell us how we did in the survey at the end of the session

LAND ACKNOWLEDGMENT

WHO WE ARE AND WHAT WE DO

- **We develop and deploy** programs and support community organizations on the ground
- **We advocate** for policy on a nonpartisan basis at every level of government
- **We invest capital** to build and preserve rental homes people can afford
- **We own and operate** 13,000 affordable homes and provide resident services for 23,000 people



OUR VISION

A country where home and community are steppingstones to more.

OUR MISSION

To make home and community places of pride, power and belonging, and platforms for resilience and upward mobility for all.



Our Partners



ROBIN WOLFF
ENTERPRISE COMMUNITY
PARTNERS, INC

OVERVIEW OF THE PRESERVATION PROCESS

Framework



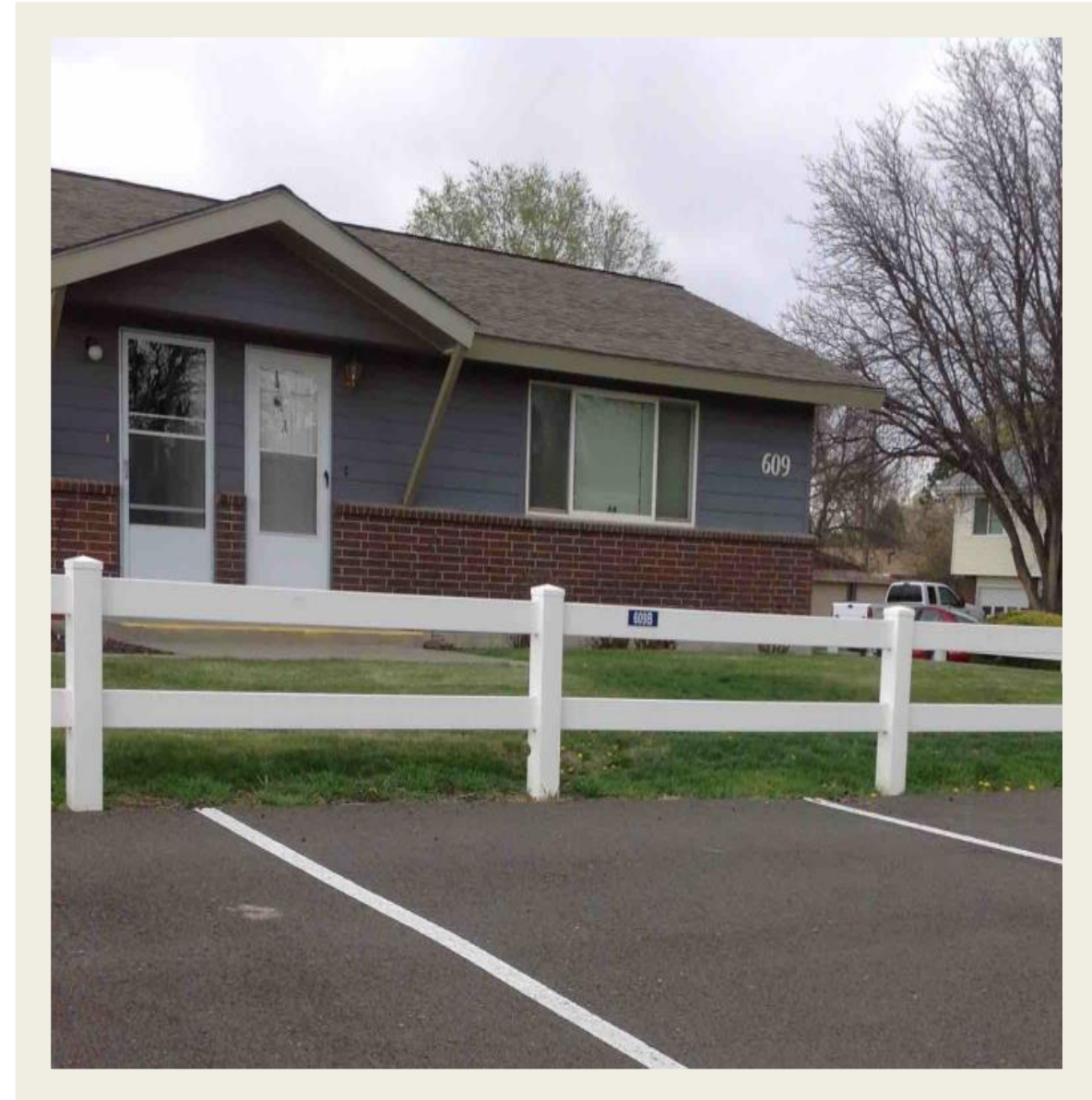
What's the difference?

Property Management

- Greatest impact in resident experience
- Manage Day to Day Operations – can have long-term implications
- Work efficiently and effectively to make homes available quickly
- Deliver programs and services
- Build community & quality of life

Asset Management

- Impact in long-term strategic planning and risk management
- Benchmarks performance for sustainability
- Measures reserves for long-term capital planning
- Monitors and responds to risk in the portfolio



How these roles can be integrated?

Identify problems early
by establishing
portfolio expectations

Asset Management
works with Property
Management to
establish KPIs relevant
for the portfolio during
the budgets.

Property Management Tasks

- Lease up
- Roles and Responsibilities
- Marketing and Tenant Selection
- Financial Management
- Compliance
 - Certifying Household Incomes
- Maintenance
 - Emergencies/urgent items (threats to life, health, and safety)
 - Daily maintenance of grounds and facilities;
 - Vacant-unit turnover; and
 - Routine maintenance services



Viability Issues: Key Performance Indicators for Property Management

Routine Check-ups – “symptoms”

- Staff vacancy
- Percentage of Rent Collection
- Percentage of On-time Resident Income Certifications
- Days to Rent Ready
- Days to fill unit vacancy
- Time to complete Work Orders
- Incident Reports/ Insurance Claims
- Negative Cash Flow



KPIs – Choose a Few to Focus On

1 Accounts Receivable	2 Turnover	3 On-time Compliance
<ul style="list-style-type: none">• Rent collection provides the cash needed to pay the daily cost of operating	<ul style="list-style-type: none">• Efficient turnover means people are housed quickly• The asset meets community need and goals• Reduces revenue loss through low vacancy expense	<ul style="list-style-type: none">• On-time compliance means funder expectations are met• Maintain credibility with external stakeholders

Third Party Property Management

- Property Management Agreement is a contract between a property owner and the management firm.
 - It outlines how that company will run the rental property's daily operations.
 - Aim is to define what services are the responsibility of the property manager and what tasks remain with the owner.

Compliance

The following may make your property out of compliance:

- Vacancy issues
- Increasing tenant rent outside of lease renewal
- Current year income verification is missing
- Incomplete household application
- Incomplete or out of date verification forms
- Physical condition of the building is in disrepair
- Non-compliance with ADA regulations

Asset Management

- Asset Management impact in long-term strategic planning and performance
 - Benchmarks performance for sustainability
 - Measures reserves for long-term capital planning
 - Monitors and response to risk in the portfolio

Asset Management Building Blocks

List of assets and their purpose

System for monitoring operating vitals and identify issues early

- Benchmarking

Forecasting on cash flow (at each budget year)

Forecasting on replacement reserves (ability to meet capital needs over time)

Schedule of debt service

- Terms
- Maturity
- Rate
- Balloon Payments

For Tax Credit Projects, schedule of investor exits

Regulatory Compliance

Integrating Property Performance in Preservation Planning

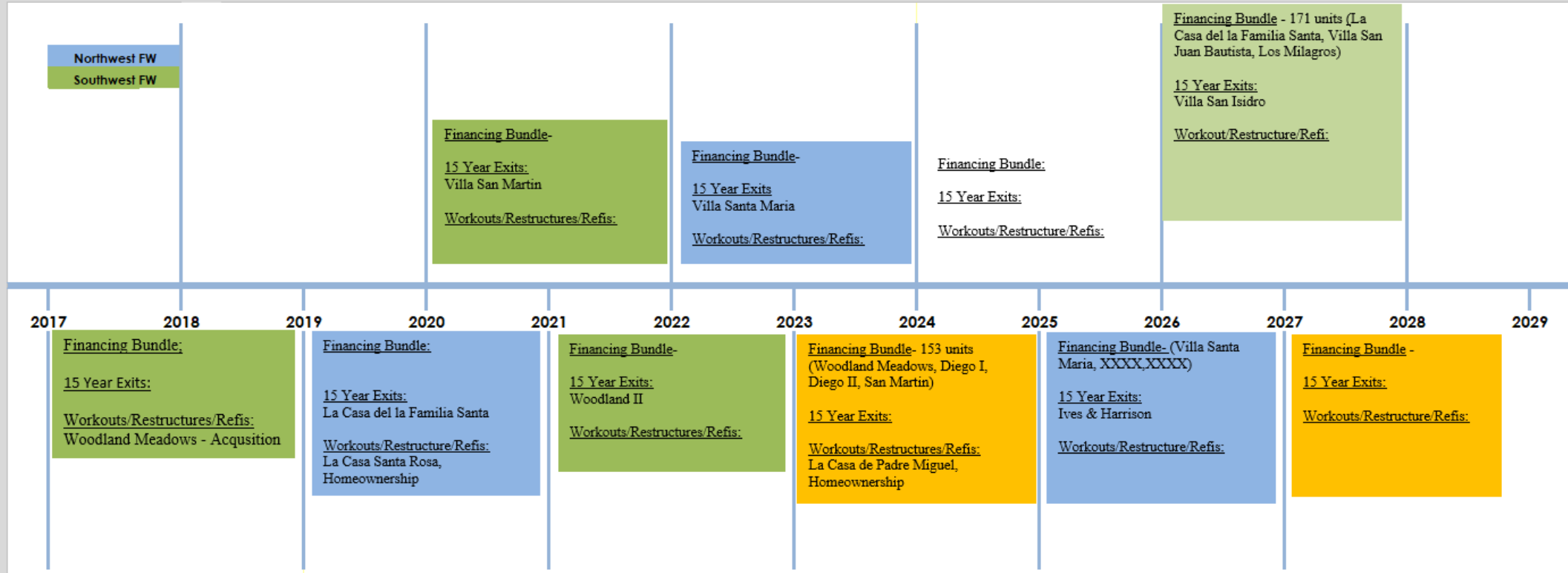


Watchlist Group

- Internal Stakeholders
 - Accounting/Director of Finance
 - Executive Director
 - Property Management (leadership if applicable)
 - Maintenance and Property staff

Preservation Timeline

Farmworker Preservation Timeline



- 1) Financing Bundle - similar population served, proximity to other operations (staff efficiency)
- 2) Workouts/Restructure/Refi - reposition assets, change set-asides, refinance, capital infusion
- 3) 15 Year Exits - Tax Credit Projects only, planning for investor exit

Long-term ownership goals

- What tenant populations do we want to serve?
- What minimum level of affordability do we want to offer to tenants?
- How long do we want to own this property?
- Concerning long-term financial and physical viability, how do we define “long term?”
- Is the organization willing to make new investments in the property?
- If so, to what extent and for what reasons
 - Do we have requirements for a return on investment?
- Do we need a minimum level of financial return, such as cash flow distributions or fee revenue, from the property?

Preservation & Recapitalization

PRESERVATION

- Safeguard long-term rental assistance for current and future generations.
- Improve and modernize properties
- Stabilize properties with solid financial footing.

RECAPITALIZATION

- Refinancing/restructuring the first mortgage loan,
- Adding secondary or subordinate loan
- Grant funds – State or Federal
- Tax credit equity.

What are my options to preserve and recapitalize rural rental housing?

- Renew USDA or HUD contracts
 - Rental assistance
 - Low-cost debt
- Attract additional soft funds
 - HOME and CDBG
 - Federal Home Loan Bank -
 - Foundations – Meyer Memorial Trust Housing Opportunities Program
- Additional/ New Debt
 - CDFIs
- Finance rehabilitation with Low Income Housing Tax Credit (LIHTC)
 - 9% or 4%

How much is needed?

Physical Considerations

- Capital Budget
- CNA and Cost Estimate
- Relocation Plan and Budget if needed

Operating Expenses (current vs. proposed)

- Rent roll
- What is the Per Unit Per Annum (PUPA) operating cost?

How much is needed?

Financial Considerations

- Appraisal
 - Use “as is” existing (subsidized) rents
 - Differentiate between land and existing building
- Rental Assistance
 - Increase/ decrease?
 - Market based or budget based?
- Existing Indebtedness
 - What is being paid off?
 - Any Owner Equity that can be contributed as a Seller Note?
- Developer Fee/ Predevelopment/Consultant costs

Reserves, rent structure and subsidies

What is currently in place?

- What needs to be addressed/repaired? (this could be informal early on, will need CNA for financing)
- Operating and Replacement Reserves
- What are the maximum rents that can be charged now?
- What is the maximum income new residents can have?
- How many units have project-based rental assistance?

MAHIR PARIKH

**ENTERPRISE COMMUNITY
PARTNERS, INC**



SE Rural Rental Housing Preservation Academy: Climate Risk Reduction

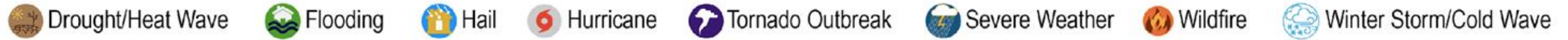
“

Climate change disproportionately affects low-income communities.... Affordable housing and community development sectors need to... anticipate how a changing climate, extreme events, ecological degradation and their cascading effects will shape housing needs.

”

Enterprise Community Partners

U.S. 2021 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the **20 separate billion-dollar weather and climate disasters that impacted the United States in 2021**

“

Many *southeastern cities* are particularly *vulnerable* to climate change compared to cities in other regions, with expected impacts to infrastructure and human health.

”

National Climate Assessment



Identify your hazard exposure.

Learn the lessons of previous climate and emergency events, research the location and climate zone of your site and your community and evaluate future risk.



Assess your risks.

Assess potential threats and anticipate their impact on your infrastructure and residents to determine where to focus your attention.



Determine your resilience strategies.

Once you understand your hazards and risk, you can assess which resilience strategies make sense for your building.

Climate Hazards & Impacts:

Our Changing Climate

- What changes have **already** happened?
- What is likely to happen in the **future**?

What are types of climate hazards?

- Extreme heat / overheating
- Wildfires
- Extreme drought / water shortages
- Extreme wind
- Sea level rise
- Winter storms
- Tornadoes
- Episodic floods
- Hurricanes / storm surges
- Power outages



The smaller photo shows what Avenue C looked like immediately after Hurricane Sandy in 2012. Credit: Dave Sanders, The New York Times

Risks to Residents



- » Injury or loss of life.
- » Psychological trauma.
- » Loss of property.
- » Economic hardship and loss of jobs.
- » Exposure to pathogens and toxins.
- » Security risk.
- » Housing displacement.
- » Loss of community services.

Risks to Buildings



- Damage to:
- » Envelope.
 - » Building systems.
 - » Communications infrastructure.
 - » Roof.
 - » Foundation.

 - » Loss of housing units.
 - » Loss of commercial and institutional tenants.

Risks to Business Continuity

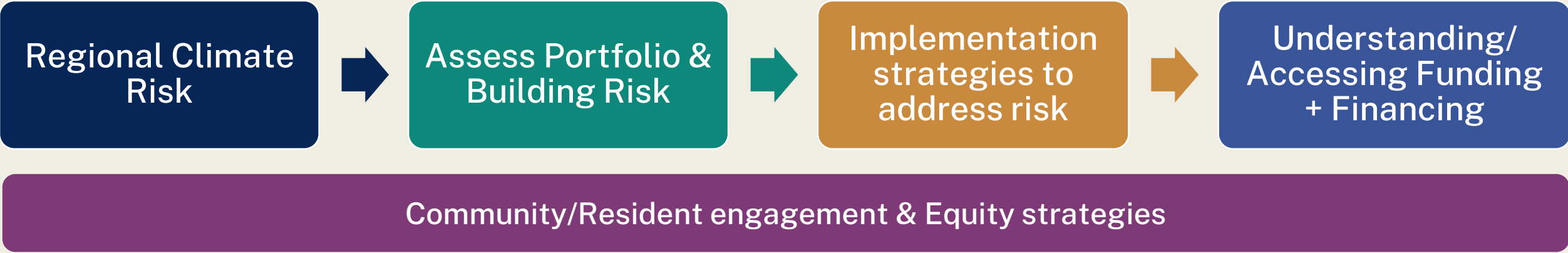


- » Cost of repairs.
- » Displacement of tenants and loss of rental income.
- » Rising insurance rates.
- » Reduction in property value.
- » Regulatory fines.

Risks to the Community



- » Destruction of public infrastructure.
- » Downturn in community business and economy.
- » Evacuation and Migration.
- » Disruption in transportation.
- » Loss of faith in public institutions.
- » Water supply contamination.



SAMPLE TOOLS & RESOURCES

Are your affordable housing properties at risk from natural hazards or climate events?

Find out with Enterprise Portfolio Protect

Look up an address by entering it here

Or enter multiple addresses by clicking here ›

Total Risk Score: 20

We have calculated your risk score by multiplying your Social Vulnerability risk level by all your hazards.



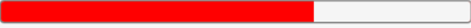


- Risk score range for USA is 0 - 96



Social Vulnerability Index

Social Vulnerability (SVI) Risk Level: 2

Hazards

Earthquake Risk Level: 1	
Flooding Risk Level: 1	
Landslide Risk Level: 2	
Sea Level Rise Risk Level: N/A	
Tornado Risk Level: 2	
Tsunami Risk Level: N/A	
Wildfire Risk Level: 4	



Determine your resilience strategies.



Protection					
1	Wet Floodproofing	○	○	●	●
2	Dry Floodproofing	○	○	○	○
3	Site Perimeter Floodproofing	○	○	○	○
4	Resilient Elevators	○	○	●	●
5	Backwater Valves	●	●	●	●
6	Sump Pumps	●	●	●	●
Adaptation					
7	Envelope Efficiency	●	●	●	●
8	Elevated Equipment	○	○	●	●
9	Elevated Living Space	○	○	○	○
10	Surface Stormwater Management	●	●	●	●
11	Window Shading	●	●	●	●
12	Distributed Heating and Cooling	●	●	○	○
Backup					
13	Maintaining Backup Power to Critical Systems	●	●	●	●
14	Emergency Lighting	●	●	●	●
15	Access to Potable Water	●	●	●	●
Community					
16	Building Community Ties	●	●	●	●
17	Creating Community Resilience Spaces	○	○	●	●
18	Developing an Emergency Management Manual	●	●	●	●
19	Organization for Community Resilience	●	●	●	●

READY TO RESPOND

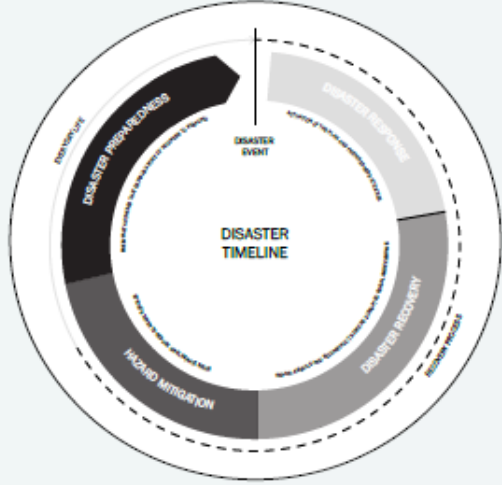
Strategies for Multifamily Building Resilience



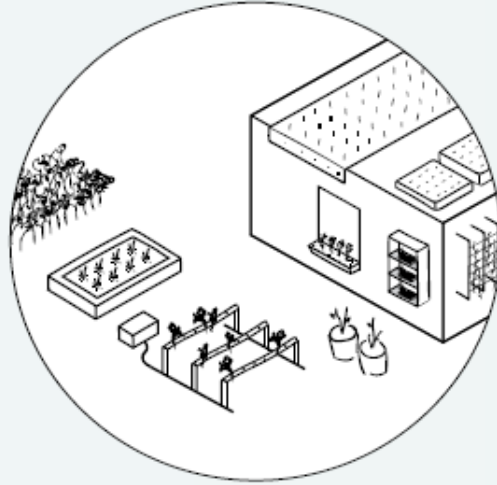
Disaster Preparedness for Affordable Housing Organizations



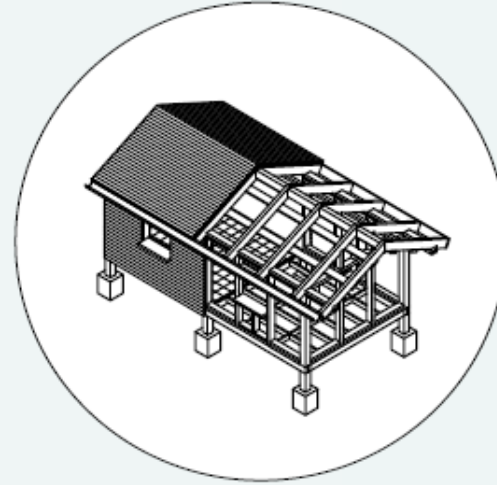
KEEP SAFE



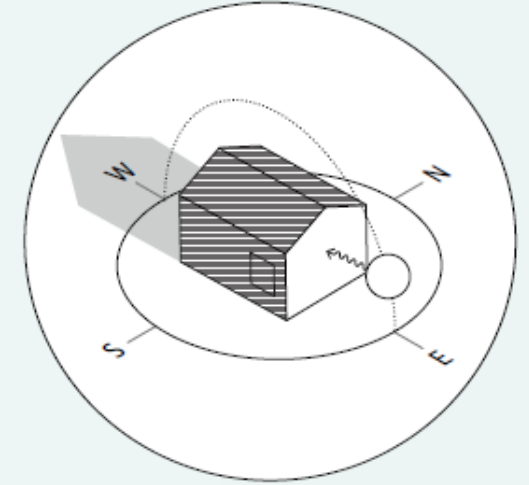
Introduction



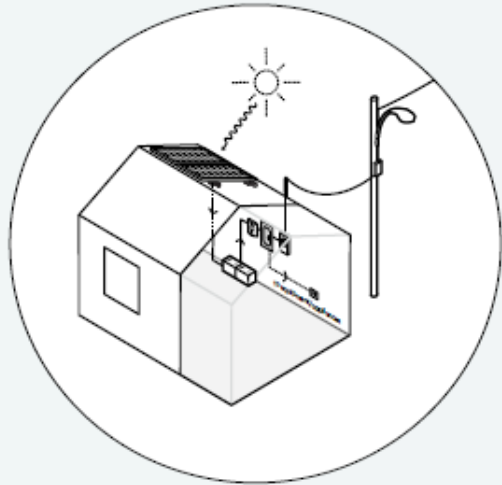
Chapter 1: A Safer Site



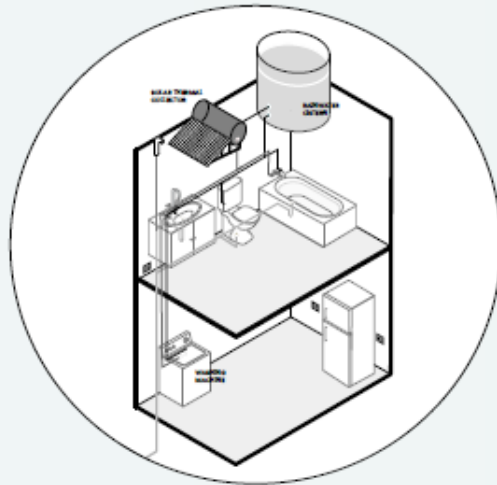
Chapter 2: Building Protection



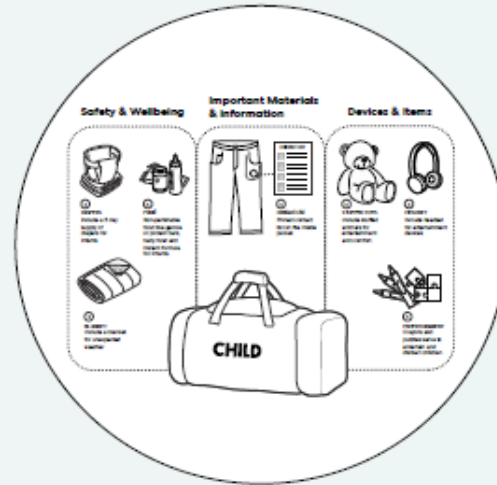
Chapter 3: Passive Habitability



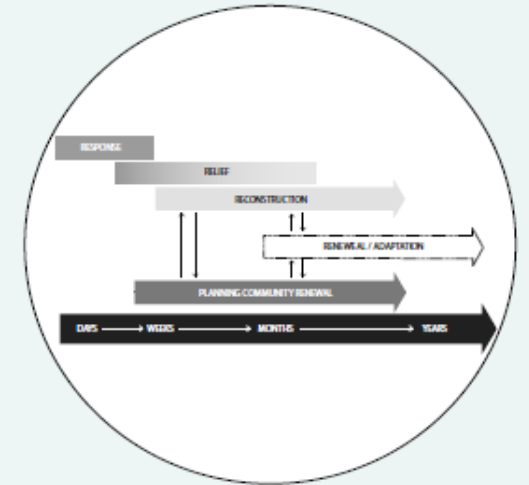
Chapter 4: Energy Generation



Chapter 5: Water Management



Chapter 6: Household Preparedness



Chapter 7: Community Engagement

ARE YOU READY TO RESPOND?

Disaster can strike at any time, and a poorly managed response can put property and lives at risk.

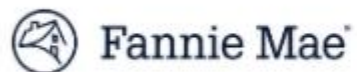
This Toolkit equips **multifamily affordable building owners & managers** with a plan to address crisis.



Watch the video or scroll down to learn more.



The smaller photograph shows what immediately after Hurricane Sandy. The New York Times



Affordable Housing Funding Guide

Prepared by the Institute for
Building Technology and Safety



Funding Tips

Get Ready!

Think through projects, conduct research, gather internal information needed to prepare documents (facts, results, funding history). *This is not a linear process but represents the tasks you need to work through.*

**Build a Pipeline
of the projects
you want
funded**



- Maintain a pipeline of projects so you can match your project to an identified funding source. That way, you can take advantage of funding as it becomes available for your projects rather than scrambling to match your needs to a new potential source.

**Consider
Funding**



Loan:

Generally given by banks to

Investment:

Financing that anticipates a return



Thank you!

Mihir Parikh,

**Senior Program
Director, Resilience**

mparikh@enterprisecommunity.org



PLEASE TAKE OUR SURVEY