

Renter Wealth Creation Fund

Overview	<ul style="list-style-type: none"> Invest equity capital via Renter Wealth Creation Fund (the “Fund”) through joint ventures to support the preservation of affordable and workforce rental housing across the country. The Renter Wealth Creation Fund provides renters the wealth building opportunities traditionally limited to homeowners via a three-pronged approach: <ol style="list-style-type: none"> Cash Back: residents may receive cash back every month in return for making timely rent payments. Resident Services: focused on promoting upward mobility, a resident services program will be tailored to the needs of the residents of each respective property. Shared Appreciation: when the property is sold or refinanced, long-term residents may share in its appreciation.
Eligible Sponsors	<ul style="list-style-type: none"> For-profit and not-for-profit mission-oriented housing developers (the “Sponsor”) with demonstrated track record of successfully owning and operating multifamily properties. Commitment to preserving rent affordability, improving housing quality, and a shared objective of addressing the renter wealth gap. Minimum of \$1M in liquidity, though waivers may be considered for financial capacity. Sponsors led by Black, Indigenous and People of Color or other historically marginalized groups are encouraged.
Social Impact	<ul style="list-style-type: none"> Create pathways for wealth for renters, including cash back and participation in the financial success of their community. Preserve deeper affordability by implementing rent limitations to prevent tenant displacement caused by steep rent increases. Reduce the number of evictions by encouraging eviction prevention strategies. Preserve existing affordable and workforce housing properties through ongoing capital expenditures and thoughtful long-term business plans. Reduce carbon footprint and natural resource consumption by implementing strategies such as “green” retrofits and utility monitoring.
Cash Back	<ul style="list-style-type: none"> Projects will implement a cash back rewards program to benefit residents as a reward for on-time payments. The cash back rewards program will be paid by the Fund via an initial capitalized reserve and project-based operational cashflow, and will be administered by Enterprise’s partner, Stake.
Resident Services	<ul style="list-style-type: none"> The Sponsor will create and implement a tailored resident services plan at the property, arranging social and community services to meet the needs of low-to-moderate income households. The Fund will assist in funding resident services by delivering grants to properties and/or service providers on a case-by-case basis. Sponsors to re-apply for funding annually.

Shared Appreciation	<ul style="list-style-type: none"> • The Fund will prioritize wealth building with residents at refinancing or sale of the project. • The Fund intends to leave some portion of its realized return at the project level to fund the Shared Appreciation program. Sponsor participation is encouraged, but not required.
Eligible Projects	<ul style="list-style-type: none"> • Projects will serve affordable housing needs from low-to moderate-income households up to 120% AMI. The Fund will prioritize investments where at least 75% of the total units are affordable to households earning at or below 80% of the AMI, net of utility allowances. • Properties will generally be “B” and “C” class with potential for improvement. • Properties may be existing restricted affordable housing (LIHTC, Section 8, etc.) or unrestricted existing affordable and/or workforce housing.
Investment Strategy	<ul style="list-style-type: none"> • Minimum target investment of \$3 million and maximum investment of \$20 million per project. Exceptions evaluated on a case-by-case basis. • The Fund intends to invest in an equity position but can consider subordinated debt structures.
Terms of Investment	<ul style="list-style-type: none"> • Maximum investment term of 8-10 years, with shorter business plans considered on a case-by-case basis.
Target Return	<ul style="list-style-type: none"> • Enterprise seeks investments projected to deliver an overall 10% internal rate of return to the Fund, a portion of which will be used to fund resident services and fund the Shared Appreciation program. Projects will be prioritized for investments that can deliver a target 6% cash-on-cash return or include a capitalized reserve to fund the gap until the target return is achieved. Balance of the overall return is expected at sale or refinancing.
Ownership Structure	<ul style="list-style-type: none"> • The Sponsor and the Fund will acquire or recapitalize projects on a joint venture basis. • The joint venture will be subject to an Operating Agreement, which delineates roles and responsibilities of the Administrative Member (affiliate of the Sponsor), the Sponsor’s Capital Member, and Enterprise, the Fund’s Capital Member. • Projects with public-private partnerships and/or third-party capital partners will be considered. • The Sponsor will be responsible for investing a minimum of 10% and maximum of 49% of the total equity. The balance of the equity will be invested by the Fund.
Financial Structure	<ul style="list-style-type: none"> • Total project costs may include the purchase price, closing costs, a sponsor acquisition fee, a capital improvement reserve, a resident services escrow, a cash back rewards escrow, soft costs, financing costs and other cash reserves / working capital. • Total project costs will be financed primarily by 1st mortgage debt provided by banks, CDFIs, Fannie Mae, Freddie Mac, FHA and/or commercial debt funds. • Leverage shall be limited to a maximum of 80% LTV and minimum 1.20 debt service coverage (on amortizing debt service). These loans will be secured by the property and will be on terms acceptable to Enterprise. Enterprise will not guarantee these loans. • Interest only, short term bridge to permanent financing, and variable rate debt products will be considered case by case.

Distributions	<ul style="list-style-type: none"> • Cash flow waterfall provisions will be negotiated based on the risk/return profile of the investment, geographic location, strength of the real estate and submarket. Pari passu and preferred equity waterfall structures will be considered. • Cash distributed during operations will be required on the most frequent basis permitted by the lender, typically quarterly. • Sponsor’s and the Fund’s original capital contribution will be returned upon sale or refinancing, and any surplus will be distributed between the Sponsor and the Fund according to the negotiated waterfall provisions. Enterprise may opt for a portion of the Fund’s share of capital proceeds to be left at the Project level to fund a one-time cash back reward (Shared Appreciation) to current and former long-term residents of the community.
Due Diligence	<p>The following due diligence is required for Enterprise to preliminarily assess an investment in a particular project:</p> <ul style="list-style-type: none"> • Sponsor acquisition & operating budgets • Long-term cash flow projection with residual analysis • Financial statements for three years and trailing 12 months • Current rent roll • Offering memorandum, if available • Summary of investment strategy
Reporting	<ul style="list-style-type: none"> • Enterprise will require monthly occupancy and unaudited financial statements, annual audited financial statements, annual tax returns, and triennial property appraisals. • Sponsor to verify tenant income certifications to comply with eligible project requirements, with exceptions for properties with programmatic affordability restrictions (LIHTC, Section 8, etc.).

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