



Preservation Next California Academy

Preservation Development
Models

March 16, 2023

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PRESERVATION NEXT

Preservation Next Overview

Preserving Affordability in Small to Medium Multifamily Properties and Protecting Residents from Displacement

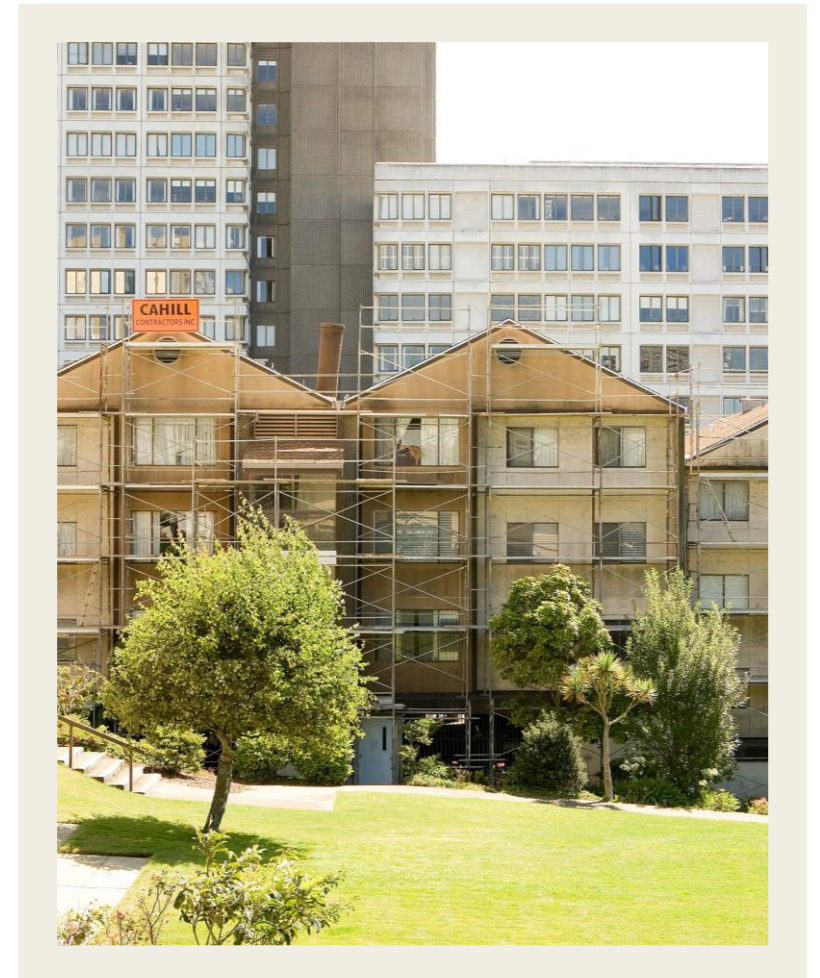
Solutions at the intersection of renter and owner stability to promote an eviction prevention-first approach

Through **Preservation Next**, Enterprise is committed to preserving affordable small to medium multifamily homes and ensuring that residents have access to safe, healthy, and resilient places to live.

To truly preserve these homes and protect affordability for residents now and into the future, we must:

- Protect existing affordability where it currently exists.
- Provide housing stability and prevent displacement of existing residents and families.
- Invest in healthy, sustainable, and resilient homes.
- Foster responsible stewardship by mission-aligned owners.

Small and medium sized properties provide a crucial foundation for affordable housing in this country: 80 percent of homes in these buildings are available to people who earn less than 80 percent of the area median income



A Special Thank You to the Funders of Preservation Next

MacKenzie Scott



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A Division of First Citizens Bank

 **Enterprise®**

Meet Our Preservation Next Team

National Staff



Sara Haas

ENTERPRISE, SENIOR DIRECTOR, SOUTHEAST

At Enterprise, Sara leads affordable housing preservation programming in Miami and Atlanta, the Keep Safe Florida Resilience program, and the National Preservation Next program. Prior to joining Enterprise, Sara developed and managed national AmeriCorps VISTA programs at Habitat for Humanity International and Points of Light. Sara lives in Atlanta with her husband Stew, son Eli and dog Dolly Parton.



Meaghan Vlkovic

ENTERPRISE, VP AND MARKET LEADER, SOUTHEAST

Meaghan leads Enterprise's programmatic work in the Southeast region, focused on providing an array of resources to affordable housing and community development partners. This includes capacity building assistance for proactive preservation and production of housing, and helping communities plan for future development, such as transit-oriented development opportunities.



Jessie Wang

**ENTERPRISE, PRESERVATION FELLOW,
PRESERVATION NEXT**

At Enterprise, Jessie supports program development and delivery for the National Preservation Next program. Prior to joining Enterprise, Jessie conducted applied research and technical assistance to assist a variety of community-based organizations and affordable housing advocates in Chicago, where she resides.

PRESERVATION NEXT

Meet Our Preservation Next Team

Northern and Southern California Market Staff



Ruby Harris

SR DIRECTOR OF CAPITAL SOLUTIONS AND PARTNERSHIPS, SOUTHERN CA

At Enterprise, Ruby is a thought partner with CBOs and tasked with creating new capital pathways to increase affordable housing. Ruby joins Enterprise's Southern CA team with 22 years of experience in community development, from nonprofit management, program design, public policy, and lending to grant-making. Ruby launched San Francisco's Small Sites Program, a \$100M endeavor to preserve NOAH properties.



Caroline McCormack

DIRECTOR OF PRESERVATION, NORTHERN CA

Caroline oversees the Northern CA office's work to advance preservation policies, capital, and tools. Before Enterprise, Caroline was the Program Manager for the San Francisco Mayor's Office of Housing's acquisition and anti-displacement financing programs, including the Small & Big Sites Program and the Preservation and Seismic Safety Program.



Elizabeth Richards

SENIOR PROGRAM DIRECTOR, SOUTHERN CA

Elizabeth Richards is Senior Program Director for Enterprise's in Southern California, managing the Local Rental Owners Collaborative (LROC) initiative in partnership with the Chan Zuckerberg Initiative. Elizabeth's 20 career in affordable housing began in Chicago with a focus on supportive housing, policy, and finance. She's been with Enterprise for ten+ years and has worked nationally across Enterprise markets.



Geeta Rao

SENIOR DIRECTOR, NORTHERN CA

At Enterprise, Geeta oversees the Northern CA office's programmatic work & operations. She brings 20 years of experience in affordable housing and community development: program design, policy development, technical assistance, and legislative advocacy. Geeta serves on the leadership team of Bay Area Housing for All and led Enterprise's co-sponsorship efforts of AB 1487, which created the Bay Area Housing Finance Authority (BAHFA).

Join Us!

California Preservation Academy Sessions

**November 2022 –
June 2023**

Dates	Sessions
November 3, 2022	Preservation Academy Kickoff
November 17, 2022	Preservation Deals: Organizational Sustainability and Business Planning
December 1, 2022	Acquisition, Property Identification, and Evaluation of SMMF Properties
January 12, 2023	Financing SMMF Preservation
February 2, 2023	Sustainability and Health Considerations for SMMF Preservation
February 23, 2023	Navigating Rehabilitation of SMMF Properties
March 16, 2023	Preservation Development Models
April 6, 2023	Community Land Trusts and Preservation: Deep Dive Special Session
April 27, 2023	Policy and Its Impacts on Preservation
May 18, 2023	Property and Asset Management
June 8, 2023	Housing Stability and Eviction Prevention

Today's Session: Preservation Development Models

How can these considerations grow your long-term capacity and fulfill your organization's mission?

How are you approaching small to medium multifamily preservation?

- Is your current preservation model:
 - Accomplishing your organization's goals and service community need,
 - Fully using available resources and applicable programs & policies, and/or
 - Relevant for your target geography's market conditions?
- Implementing a different preservation model could address existing challenges, address inefficiencies, and unlock new resources
- **Today, we'll hear more about a portfolio preservation case study.**

Who are you partnering with in your development approach?

- Partnerships can supplement key capabilities and skills your organization may need
 - What do you hope to accomplish from a potential partnership?
 - How can you start to build relationships and seek out mutually beneficial partnerships?
- **Today, we'll hear more about joint ventures and a private contractor model.**



Preservation Next Toolkit: Case Studies

Joint Venture Partnership

700 Simmons Ave in Los Angeles, CA



PROJECT OVERVIEW
700 Simmons Ave
 📍 LOS ANGELES, CA

- Located in unincorporated East Los Angeles
- Built in 1930
- 11 residential units
- Acquired in 2021

Financing sources:

- LA County CLT-CDC Pilot Program: \$2,790,250 – \$253,659 per unit
- SPARCC and Genesis LA: Predevelopment funds \$75,000

One Stop Shop for Acquisition and Rehabilitation Funding

Assembling multiple sources of funding within a narrow timeframe to competitively bid for properties listed on the market is a key challenge for organizations preserving unsubsidized small-to medium-multifamily properties. Enterprise’s Strong, Prosperous, and Resilient Communities Challenge provided a recoverable grant to the partnership for predevelopment and [due diligence](#) activities. Public funding from LA County’s CLT Pilot Program was key to this project’s success, providing upfront and flexible acquisition and construction funds, a rare occurrence. This public subsidy streamlined the acquisition process, reduced transaction costs, and saved the partnership time, which allowed them to quickly purchase the property amid competition from private market purchasers, start renovations, and keep rents at an average affordability level at 50% AMI until the property transitions to a tenant owned cooperative.

SMMF Portfolio Acquisition

The Washington at Woodlawn in Chicago, IL



PROJECT OVERVIEW
The Washington at Woodlawn Park
 📍 CHICAGO, IL



- Sixteen vintage apartment buildings with 196 units in the Woodlawn and Washington Park neighborhoods of Chicago
- Acquired and renovated 2010-2013

4% LIHTC EQUITY		
Public/Private: City of Chicago Award, Syndicated by NAHT, Investor Goldman Sachs	\$ 5,850,043.00	Tax credit pricing = \$0.95
FIRST MORTGAGE/TAX EXEMPT BONDS		
Public Private: City of Chicago-issued bonds, Citibank construction and permanent debt	\$ 10,900,000.00	35 years, 4.61%
SECONDARY DEBT ¹		
Public: City of Chicago, New NSP Loan	\$ 1,738,877.00	32 years, 4.75%
SELLER EQUITY (Acquisition note ¹ , reserves, cash flow from operations)		
Non-profit: Preservation of Affordable Housing	\$ 5,915,208.00	32 years, 5%

Meet Our Guest Speakers



Elizabeth Zeldin
DIRECTOR, ENTERPRISE

At Enterprise, Elizabeth leads the Neighborhood Impact Program, which strengthens New York's low-income communities by deploying capacity building, green, resilience and health focused solutions to affordable housing preservation. She currently oversees programs that support municipalities and non-profits throughout NY State. She currently oversees approximately \$170 million of programs that boost the capacity of municipalities and non-profits throughout New York State.



Ramon Mendez, Jr.
CHIEF OPERATIONS OFFICER,
CRCD PARTNERS

Ramon joined CRCD Partners in 2021 to lead the implementation of the organization's strategic plan, increase organization efficiency, and increase grants procurement to deliver quality housing connected to services and programs that address the needs of low-income communities in Los Angeles. Prior to CRCD, Ramon was the Director of Solutions & Strategic Priorities at Enterprise, where he led local and national program initiatives.



Bill Eager
VP OF REAL ESTATE
DEVELOPMENT MIDWEST, POAH

Bill oversees all multifamily development for POAH's regional office and leads the company's implementation of a \$30.5M Choice Neighborhoods Initiative in Chicago's Woodlawn Community. He supervises project managers in the development process from acquisition to completion of construction and lease-up. Prior to POAH, he served as Managing Deputy Commissioner for Chicago's Department of Housing & Economic Development's Housing Bureau.



Jay Perlmutter
MANAGING DIRECTOR OF
SINGLE-FAMILY DEVELOPMENT,
ATLANTA NEIGHBORHOOD
DEVELOPMENT PARTNERSHIP

At ANDP, Jay manages and ANDP's single-family development efforts, several developer partnerships and government contracts to assist ANDP in achieving its mission of promoting and creating mixed income communities. Since joining ANDP in 2016, Jay has helped double annual production to over 100 single-family homes and grow the single-family rental portfolio to more than 185 houses.



Cecilia Leal
DIRECTOR OF MULTIFAMILY
DEVELOPMENT, ATLANTA
NEIGHBORHOOD DEVELOPMENT
PARTNERSHIP

Cecilia manages ANDP's multifamily development, including site acquisition, financing, and construction of LIHTC and other subsidized multifamily projects. Prior to joining ANDP, Cecilia worked as the Housing Policy & Development Manager for Atlanta BeltLine and as an Urban Planner with the City of Sandy Springs.

Why Joint Ventures?

Rare for one person or entity to be able to bring everything to the table. For example, one may have:

- Good community relationships but not enough of a balance sheet to provide guarantees for financial institutions
- A strong balance sheet but not enough a track record to assure a financial institution that you can undertake a project on time and on budget?
- A fantastic track record of developing new construction but not preservation
- Experience rehabbing existing properties but not have the in-house capacity to provide services that the existing population needs
- Interest in acquiring a property in a geographic you don't have the relationships and nuanced understanding of the landscape

There is no one size fits all to how to structure a joint venture. Two key considerations to keep in mind:

- How to get the deal done successfully, and
- How to ensure that this project meets your organizational goals – strengthening your financial picture, adding to your experience or qualifications, or whatever else you are aiming to do.

Before entering a joint venture partnership, you should have your goals clearly in mind, and approach the partnership to ensure you are furthering them.

Learn more at Enterprise's [Joint Venture Guidebook](#)



Joint Ventures: Our Journey

Presentation

Enterprise Community Partners: Preservation Next Academy

Thursday, March 16, 2023

“Changing Lives and Building Neighborhoods Responsibly” - www.coalitionrcd.org



Agenda

- CRCD Introduction
- The 5 Ws of our JVs
- Lessons Learned
- Tools

A horizontal bar with a rainbow gradient, transitioning from red on the left to blue on the right, with yellow, green, and cyan in between.

Mission

CRCDD's mission is to better sustain, coordinate and improve local planning, development and community services that address the needs of low-income and working-class residents and small businesses in South Los Angeles

Background

- The 501(c)(3) non-profit organization was founded 18 years ago by a group of Black and Latino community leaders with the purpose of "Changing Lives, Building Neighborhoods Responsibly" in South Los Angeles.
- In the heart of CRCDC's service area (zip code 90011), 99% of residents identify as Black or Latino, 27.5% of residents have an income below poverty, and 63.8% of renters pay more than 30% of their income toward housing. The median income of households was \$47,126. An estimated 6.8 percent of households had income below \$10,000 a year (US Census 2022 ACS 5-Year Estimates).

Programs

- 1) Workforce Development
- 2) Housing and Support Services
- 3) Business Services
- 4) Social Enterprise (CRCD Enterprises)
- 5) Real Estate Development (CRCD Partners, LLC)
 - a. In Development - 1,200 units, \$850M value
 - b. In Operation – 464 units, \$160M value

Who We Serve (2021)

- 2,268 people across all programs
- 44% identified as Latino
- 44% identified as Black or African American
- 52% were ages 18-24
- 29% had a history of homelessness
- 22% had a history of justice system involvement
- 18% had a history of child welfare system involvement

The Ws

- Why
 - Create units for TAY clients
 - Provide on-site services
 - Build organizational experience
- Where
 - South Los Angeles
- Who
 - Community-based nonprofit developers
 - For-Profit developers

Early Lessons Learned

- Pushback from local developers
 - New competition
- Earned minimal developer fee
 - We did not understand the value we offered
- Lack of dedicated real estate staff hindered building capacity
- Not every partner had best intentions

Actions Taken

- Board adopted strategic plan formalizing housing
 - Dedicated staffing and funding
 - Secure foundation support to build capacity
- Assessed our value-add
 - Community and political value
- Sought less complicated affordable housing strategies to build experience, i.e. SMMF

Lead Developer Role – Status Achieved 2018!

- Partnerships are still necessary for opportunities and gaps
 - Property
 - Funding allocation
 - Financial capacity –
 - Early money
 - Recourse & Guaranties
 - Development capacity
 - Service provision/Service Facilities
 - Design/Architectural
 - Community relations
 - Political relations

Roles and Responsibility Matrix*

*Yes, this will be shared

- Includes major development activities
 - Add/Delete/Modify the form
- Determine what you bring vs. want
- Assign a value of “What is it worth”
 - Nothing is free!
- Negotiate

Relationship Goals

- Do the missions, values align?
- Is the value of each party appropriate?
- Is the relationship respectful?
- Does the communication meet your needs?
- How long do you each want/need to be in the partnership?
- Who pays for what? Who pays for what when things go wrong? What is the cap for each?
- What are your “boundaries” to not enter the partnership? To exit the partnership?
- What are your exit strategies when things go wrong?
- Check references on reputation.



Thank You

Additional JV Options and Considerations

1. **Decision-making.** To what extent do you want control over design, construction, and financing considerations? Do you want to be part of every part of the work or do you want veto power?
2. **Funding**
 - Can you bring in low-cost funding to the table due to non-profit status?
 - What portion of the financial guarantees can you bring to the table?
 - If there is a developer fee, how will you structure the split and timing? Are you willing to take more over time, taking on risks that it might not ultimately be paid out as projected, or is it more important to you to focus on earlier, more predictable tranches of funding, even if it might end up being a lesser amount?
3. **Long term ownership and cash flow.** What is the value of ongoing ownership to you?
4. **Operations.** Do you want to be the property manager, do you want oversight of the property manager, or do you want a say in the decision on property management selection?
5. **Do you bring site control to the table?** What is that worth to a potential partner and how can that be monetized?



PRESERVATION NEXT

Presented by
Jay Perlmutter, Managing Director of Single-Family Development
Cecilia Leal, Director of Multifamily Development
Thursday, March 16, 2023

ANDP is a Proud Member of the NeighborWorks Network



ANDP MISSION

ANDP develops, finances and advocates for affordable housing at scale that promotes racial equity and healthy communities where families thrive.



Veteran Homebuyer
Kat Aristyl

Advocacy/Community Engagement

- 500+ Neighborhood Leaders Trained
- Participants: Nationally recognized, engaged in policy and community transformation

Lending

- Capital for development of affordable housing and other community development facilities

Down Payment Assistance

- Providing critical resources for low- and moderate-income families to achieve homeownership

Development of Affordable Housing

- Single-Family
- Multifamily

WHO WE SERVE

Low- and Moderate-Income Families

- 99** Percent of renters are BIPOC < 60% AMI
- 90** Percent first-time homebuyers
- 78** Percent homebuyers are BIPOC
- 47** Percent homebuyers Black Women
- 70** Percent renters are Black Women
- 81** Percent homebuyers in high poverty tracts
- 72** Percent children receive free/reduced lunch

At the lowest income category, 92% of total homeowner wealth is tied to the value of residential property.

-2019 Survey of Consumer Finances

BUILDING WEALTH

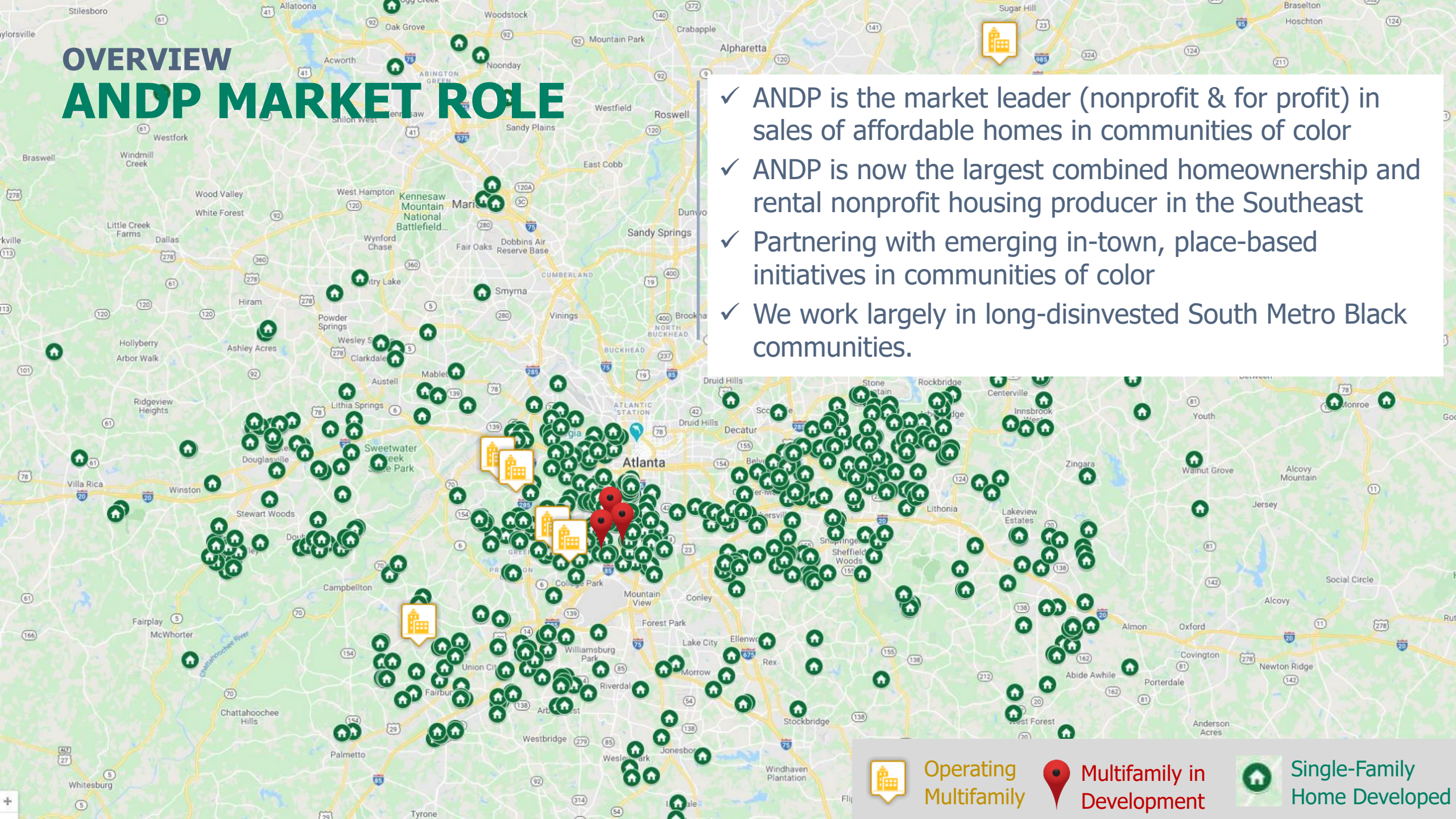
Study of ANDP Homeowners: 5+ Years

\$42,838	Avg household income
\$717	Avg mortgage payment
652	Homebuyers Served
1,335	Homeowners + Children
71	Percent Black Homeowners
98	Veteran + Active Duty
79	Percent Received DPA
93	Percent Remained 5+ Years
\$135,421	Avg Wealth Created From Home Value Appreciation

OVERVIEW

ANDP MARKET ROLE

- ✓ ANDP is the market leader (nonprofit & for profit) in sales of affordable homes in communities of color
- ✓ ANDP is now the largest combined homeownership and rental nonprofit housing producer in the Southeast
- ✓ Partnering with emerging in-town, place-based initiatives in communities of color
- ✓ We work largely in long-disinvested South Metro Black communities.



Operating
Multifamily



Multifamily in
Development



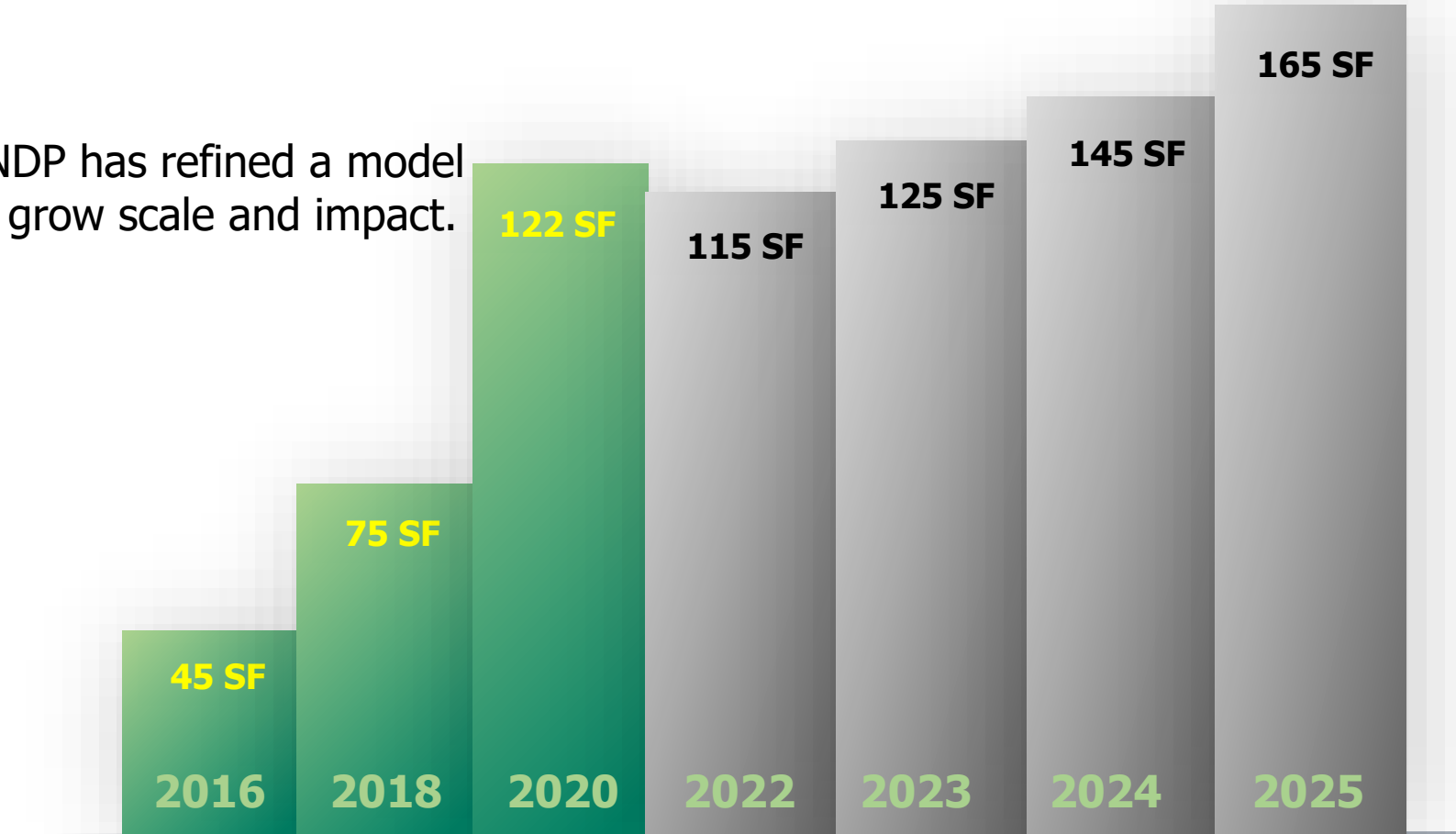
Single-Family
Home Developed

OVERVIEW

SCALING UP

-Projected Single-Family Development-

ANDP has refined a model to grow scale and impact.



Single-Family

- 700+ developed since Foreclosure crisis
- More than doubled production in less than 5 years
- Growth of SF Rental Portfolio – 199 units

Multifamily

- Operating: 7 Properties, 873 units
- Under Development: 3 Projects, 345 units
- TOTAL: 1,218 by 2024

Lending

- Doubled Loan Fund in less than 5 years

OUR PLAN

Risk Based Partnerships & Growing Scale

Single-Family Model

- Utilizing Impact & Enterprise capital to fund scale and reduce construction financing costs.
- Ability to leverage complex Federal grants
- Addressing market need for Single-Family Rental
- Private-Sector Shared-Risk Model Nearly Tripled Production from 50-125+ Homes in 5 Years
- Housing support to place-based partners
- Housing scale in areas not served by others

Multifamily Model

- Land Acquisition Strategy
- Land Lease: 65-year to permanent, long-term affordability
- Execution through established partnerships
- Ability to recover and rotate investment capital

ANDP Loan Fund

- Underwriting and servicing by Reinvestment Fund
- Co-investing with Reinvestment Fund



Creekside at Adamsville Place
ANDP Co-Developer:

Laurel Street Residential
Dionne Nelson, President & CEO



Building and growing the private-sector partnership model.

- Intense vetting of partners
- Intentional focus on Black-owned businesses
- Risk-Sharing MOU: 50/50 split on gain, partner shares 25% of any loss
- Construction management fee provided + other fees to offset overhead
- Testing capacity, slowly growing capacity, incremental scaling
- Our approach results in incentives for high mission

Key Program Attributes

- ANDP owns property and provides capital
- ANDP sets mission, “buy box” for rehab, new construction
- Partner brings projects for ANDP sign-off
- Partner executes construction through disposition
- Expanding from acquisition/rehab to new construction
- Fluid capital enables expedited action



ANDP's Transition to Enterprise Capital

- Beta: 6 homes, philanthropic support
- Federal recovery programs (NSP, HOME)
- CDFI capital PRIs direct to SF model (Banks, NW Capital – Strategic Growth Fund)
- All leading to increased scale and additional enterprise capital
- Today: Internal fund of \$20M

ANDP use of New Market Tax Credit for Single-Family Development

NMTC established in 2000
to incentivize low-income
communities



14 Rounds of allocations
to CDEs



Funds from sale of credits
to an investor are invested
in a project – like ANDP’s
SF Model



Tax credit
investment – fees =
net benefit.



Developers use “net
benefit” to increase
capacity, lower home sales
prices to fund market gap,
provide DPA, cover
development subsidy



ANDP Example 1:
ANDP realized a net
benefit in **2017** of \$2.2M
(\$33k per home) for a
\$10M NMTC sub-allocation
from HPN to produce 60+



ANDP Example 2:
ANDP realized a net
benefit in **2018** of \$2.2M
(\$37k per home) for a
\$10M NMTC sub-allocation
from HPN to produce 60+



As of 2022
ANDP has secured four
\$10M NMTC sub-
allocations and have
developed 220 homes
with this source.

RACIAL EQUITY IN THE MARKETPLACE

In addition, to closing the homeownership gap, ANDP is intentional in its efforts to create economic opportunity and build capacity of locally-based, Black-owned businesses.



"Working with ANDP we know one thing for sure - get the project right and we will be taken care of. This trust is crucial in the residential construction business. The more trust we have in a relationship, the more efficient we work."

- Van Hardimon, Partner



Karen Hatcher President of Sovereign Property Management, partners with ANDP on its single-family rental portfolio.

Creating Economic Opportunity

- ✓ Below-market loans to Black-owned developers of affordable housing
- ✓ 50%+ of ANDP development partners are Black-owned businesses
- ✓ Partnership w/ANDP is growing their business income
- ✓ Partnership w/ANDP has increased their hiring
- ✓ Partnership w/ANDP has resulted in employee homeownership

\$50M in 5 Years to Black-owned Businesses

- ✓ In the next five years, ANDP's plan will result in \$50 million in direct contracts and below-market loans to build the capacity of our locally-based, Black-owned residential contractors, sub-contractors, vendors, and property managers working to develop affordable housing in underserved, minority neighborhoods.

OUR PLAN: Closing the Gap: 2000 by 2025

Single-Family
Rental

250

Single-Family
Homeownership

500

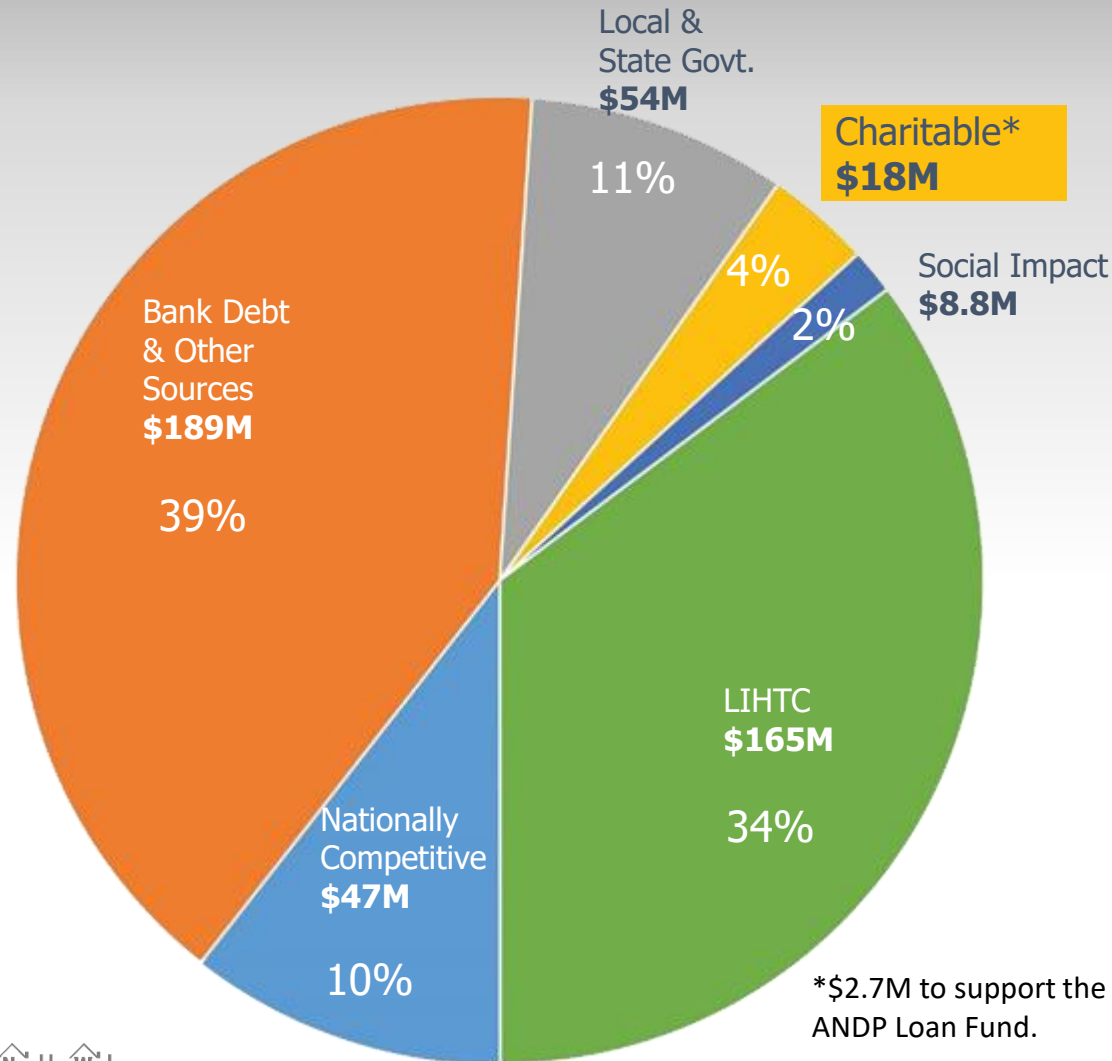
Multifamily
Rental

1,250

\$440M Investment in Equitable Housing
\$18M in one-time charitable grants

2K^{BY}2025

Our **Closing the Gap** plan to build and preserve 2,000 units by 2025 was recently recognized by the Atlanta Business Chronicle's Best in Real Estate as its **2021 Residential Deal of the Year**.



PROJECT USES

250 SF Rental

\$199,239 TDC x 250 SF Homes = \$49,809,659

500 SF Homeownership

\$232,150 TDC x 500 SF Homes = \$116,075,241

1,250 MF Rental

\$250,484 TDC x 1,250 Apartments = \$313,105,161

TDC = \$478,990,061

PROJECT TOTAL

\$479,090,061

PROJECT SOURCES

55% Public, 41% Private
4% Charitable



**Charitable Giving
Leveraged 25:1**

— Q —

QUESTIONS?

— A —



ATLANTA
NEIGHBORHOOD
DEVELOPMENT
PARTNERSHIP, INC.

Building the region's future,
neighborhood by neighborhood

www.andpi.org
www.andphomes.org


NeighborWorks®
CHARTERED MEMBER

Who We Are

POAH is a nonprofit housing developer whose mission is to preserve, create, and sustain affordable, healthy homes that support economic security and access to opportunity for all.

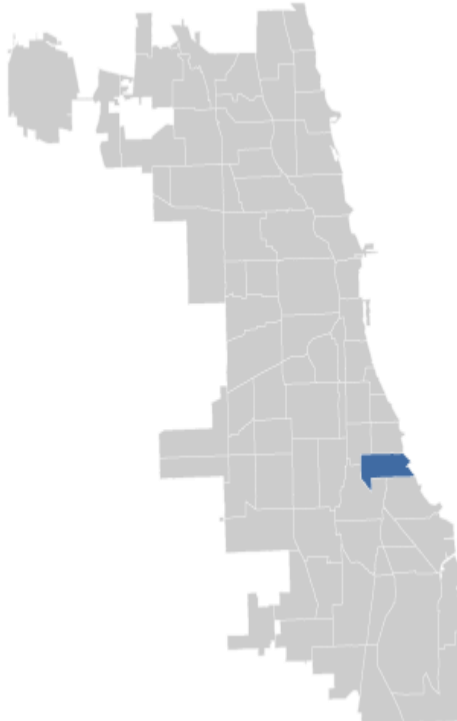
Own and manage 13,000 units in 11 States, plus D.C.

Work in Chicago's Woodlawn community began in 2008

Bill Eager, SVP, Midwest



Woodlawn, a Choice neighborhood

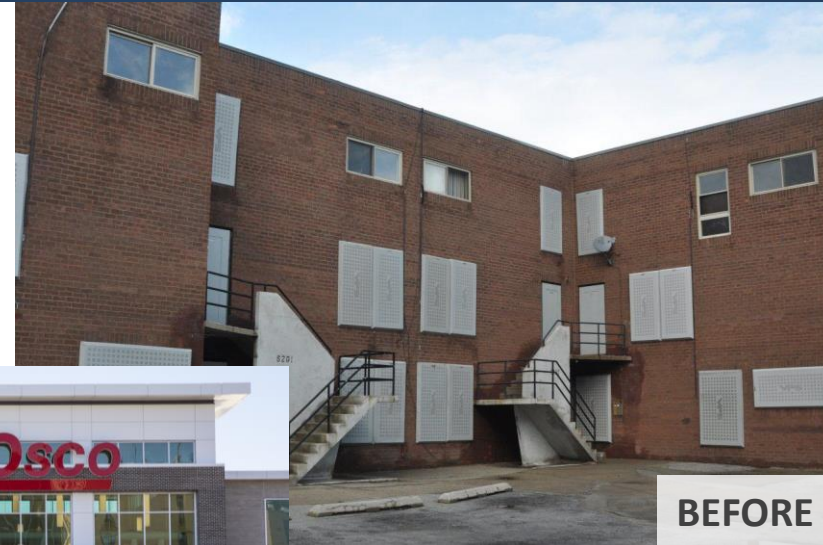


Where we started

Woodlawn Park: In 2008, POAH acquired for redevelopment Grove Parc Plaza Apartments in Woodlawn. 504 units spread over 3 blocks.

POAH built in its place “Woodlawn Park,” a **healthy mixed-use, mixed-income community** of residential, commercial, and recreational buildings, built to sustainability standards, and programs that support resident success.

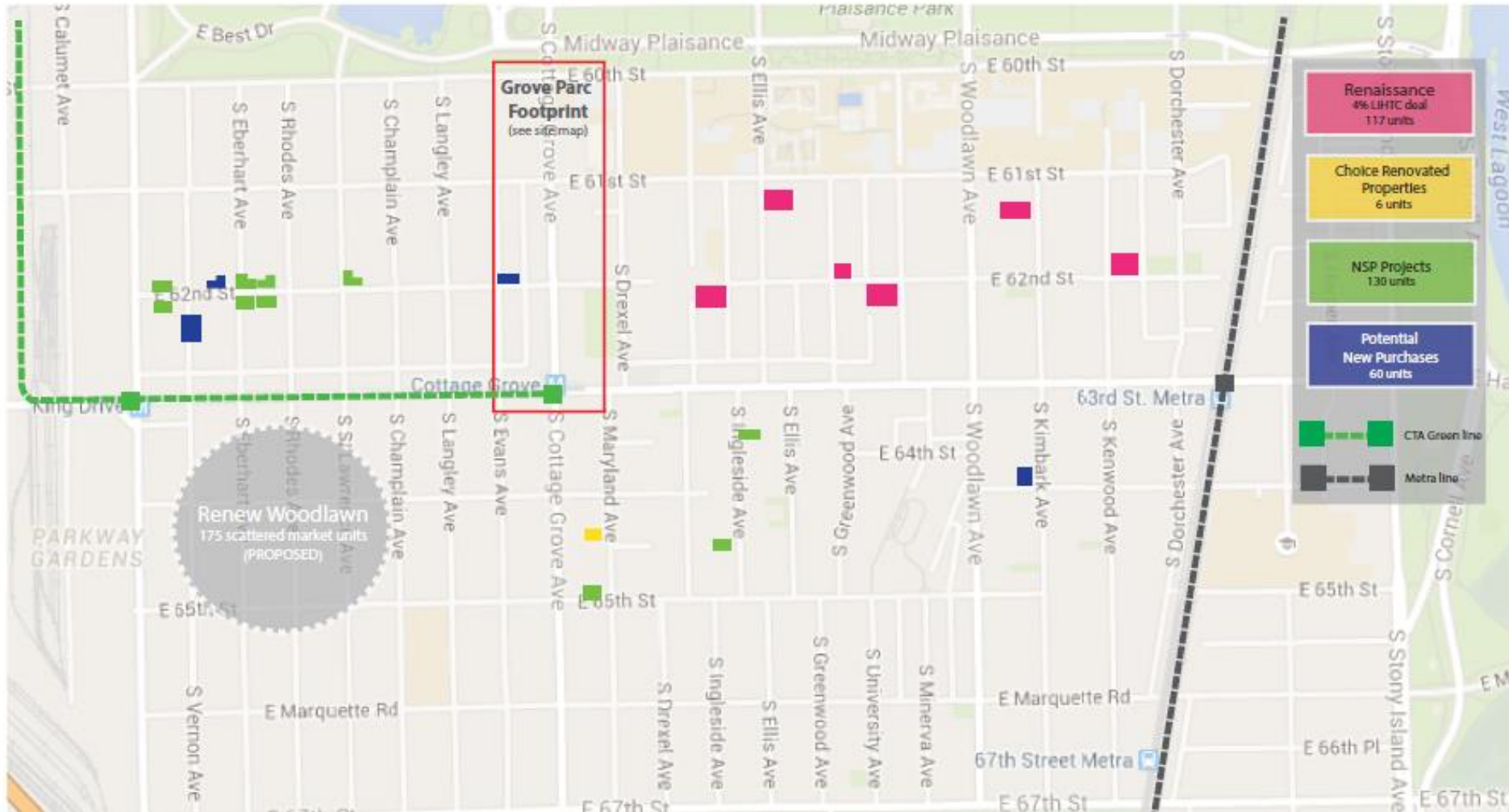
Today, includes new grocery store and 100,000 SF of commercial/community spaces



Our work across Woodlawn



Washington Location in Neighborhood Context



Washington Location in Neighborhood Context



Allocation 1

6200-04 S Vernon Ave
6156-58 S Vernon Ave

Allocation 2

6201-03 S Eberhart
6153-59 S Eberhart
6200-06 S Rhodes
6154-56 S Rhodes Ave

Allocation 3

6153-59 S St Lawrence Ave

Allocation 4

6157 S Evans Ave
6456 S Maryland Ave
6418 S Maryland Ave
6428 S Ingleside Ave
6323 S Ingleside Ave
5615 S Prairie Ave
6158 S Eberhart Ave
6211 S Vernon Ave
6350-8 S Kimbark Ave



The Washington – Buildings and Units



- 196 units – 21 1BR, 85 2BR, 77 3BR, 13 4BR
- 16 buildings
 - 11 NSP rehabs in 2010-2012– including 2 three-flats!
 - 2 failed ownership projects, one a moderate rehab, the other a gut rehab
 - 1 a vacant building purchased and renovated with Choice financing
 - 2 purchased from a neighborhood investor but still required significant rehab
- 121 units of project-based rental assistance, which had been allocated to the NSP projects but needed to be established as its own contract via Section 8(bb)
- 145 LIHTC units – HUD required 51 unrestricted “market units” to preserve neighborhood housing choices, despite low-income renters and rents at or below 50% AMI.

Washington – Sources of Financing

Source	Public/Private/Nonprofit	Amount	Terms
4% LIHTC Equity	Public/Private: City of Chicago Award, Syndicated by NAHT, Investor Goldman Sachs	5,850,043.00	Tax credit pricing = \$0.95
First Mortgage/Tax Exempt Bonds	Public Private: City of Chicago-issued bonds, Citibank construction and permanent debt	10,900,000.00	35 years, 4.61%
Secondary Debt*	Public: City of Chicago, New NSP Loan	1,738,877.00	32 years 4.75%
Seller Equity (Acquisition note**, reserves, cash flow from operations)	Non-profit: Preservation of Affordable Housing	5,915,208.00	32 years, 5%
		\$24,404,128	

NOTE: stack does not include \$13.3M in NSP and \$1.2 in Choice funds previously expended. Those are held by POAH ownership entity.



Deal strengths



- Replaced 121 affordable units from Grove Parc, allowing residents to return to a renovated building and remain in a neighborhood seeing new investment
- Renovated 16 distressed buildings and created value on blocks damaged by speculation, condo fraud and foreclosures
- Complemented nearby homeownership work by stabilizing multi-family investments on the same block; built
- Established trust and credibility with neighborhood stakeholders
- Provided long-term resident services through innovative financing structure – established dedicated funding source through investor



Strong Families Fund



- One of 6 pilot sites offered by National Affordable Housing Trust and Goldman Sachs as the investor, with contributions from Kresge Foundation and the Corporation for Supportive Housing
- Reinvested half of operating reserve (3 months opex and debt service = \$600k) into resident services programming. Operating reserve guaranteed by the Kresge Foundation with additional payments.
- Paired with POAH's platform for the HUD Family Self Sufficiency program
- In Year 5 of 10 – with focus on youth, wellness and income and assets. Has underwritten dedicate service coordinator and programming.

Lessons learned

- Never enough money - can't underestimate physical needs of smaller vintage masonry buildings– the “light” NSP rehabs from several years before needed further investment. And still wasn't enough.
- Historic tax credits, not pursued, may have helped renovation scope and budgets
- Challenges with LIHTC for a scattered-site project that was 100% LIHTC – needed to use 4 separate allocations and meet 50% test by allocation
- Ongoing struggle with neighborhood violence – varies by block, importance of investment in secure buildings, curb appeal and defensible space; issue is bigger than POAH
- Scattered properties remain an ongoing management challenge































PRESERVATION OF AFFORDABLE HOUSING CHICAGO

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**Join us for our next
session on April 6th!**

**Small to Medium
Multifamily Preservation
and Community Land
Trusts**

[Register here](#)

What to Expect This Session

- Participants will gain an understanding of the various **community land trust (CLT) models** within small to medium multifamily preservation
- Participants will learn about the **challenges, opportunities, and solutions specific to CLT preservation**
- Participants will hear about **case studies and guidance from CLT practitioners**

Thank you

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Resources:

[Preservation Next California Academy Sessions](#): Registrations, recordings, and materials

[Preservation Next Small to Medium Multifamily Toolkit](#)

[Enterprise Preservation Resources](#)