Successful Partnerships

Presented by:
Florida Housing Coalition

Featured Presenter:
Stephanie Berman-Eisenberg,
President and CEO
Carrfour Supportive Housing

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Sponsored by the Florida Housing Finance Corporation

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AUGUST 27-29, 2018
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www.FLHousingConference.org

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To become a member, contact Johnitta Wells at wella@flhousing.org.

Why Partner?

• Experience
• Capacity
• Funding program requirements
Nonprofit Readiness

- Governance
- Board capacity
- Staff capacity

Selecting a Partner

- Development Goals
- Mission alignment
- Reputation
- Long-term or short-term relationship

The Partnership Structure

- Partnership Structure
- Completing FHFC’s Principals of the Applicant and Developer(s) Disclosure Form
- Development Agreement Provisions

Partnership Structure

Limited Partnership
- Formed under Florida Statutes Chapter 620.
- Certificate of limited partnership filed with Dept. of State.
- Governed by partnership agreement
- Owned by partners, general and limited, defined in partnership agreement

Limited Liability Company
- Formed under Florida Statutes Chapter 605.
- Articles of Organization filed with Dept. of State.
- Governed by Operating Agreement
- Owned by members. Managed by members or by managers.

Partnership Structure

Non-profit entity and For-profit partner, either directly or through wholly-owned subsidiaries, form a separate legal entity to own the affordable housing project and apply for low income housing tax credits. Eventually an investor will be added as a member of the Owner-Applicant entity. The investor provides cash investment in exchange for tax credits and other benefits.

Non-profit entity (or wholly-owned subsidiary): 0.0051% Managing Member
For-profit entity (or wholly-owned subsidiary): 0.0049% Managing Member

Affordable Housing Owner-Applicant LLC

Partnership Structure

Non-profit entity and For-profit partner, as “co-developers” either directly or through wholly-owned subsidiaries, form a separate entity to serve as developer of the affordable housing project. Member interests in the developer entity are based on distribution of the developer’s fee.

Non-profit entity (or wholly-owned subsidiary): 25% Managing Member
For-profit entity (or wholly-owned subsidiary): 75% Managing Member

Affordable Housing Developer LLC
Partnership Structure

• The owner entity and the developer entity execute a development agreement, which contains provisions that control the rights and responsibilities of the parties.

Affordable Housing Owner-Applicant LLC  
Affordable Housing Developer LLC

Development Agreement

Affordable Housing Owner-Applicant LLC
(Members: Non-profit, For-profit partner, and eventually Investor)

Florida Housing Finance Corporation

Affordable Housing Project
Owner: Affordable Housing Owner-Applicant LLC
Developer: Affordable Housing Developer LLC

Apply for LIHTCs

Allocation of LIHTCs

Equity Investment

LIHTCs & other tax benefits

Partnership Structures

• Roles and Responsibilities

  • Engage in upfront negotiations to determine roles and responsibilities, risks and rewards.
  • Be...
    • Realistic
    • Specific
    • Reasonable
    • Consistent with the organization’s strengths
    • Sure that responsibilities are commensurate with compensation
    • Sure that roles and responsibilities are clearly delineated in written agreement
    • Certain to incorporate a conflict and resolution provision in the written agreement

Make sure it is in writing!

Development Agreement Provisions

• What does the nonprofit desire to achieve as a result of the partnership?
  • Ownership of the land and improvements
  • Developer’s fee split
  • Involvement in development process
  • Control of operations

Legal protections for the parties:

• Joint approval of partners required for all major decisions.
• Regularly scheduled partnership meetings.
• Right to examine books and records.
• Receipt of monthly and annual reports.
• Dual signatures on checks and other documents.
• Disclosure requirements.
• Dispute resolution: mediation and arbitration.
About Carrfour Supportive Housing

Who is Carrfour Supportive Housing
- Nonprofit organization established in 1993 by the Homeless Committee of the Greater Miami Chamber of Commerce.
- Develops, operates and manages innovative housing communities for individuals and families in need through a unique approach combining affordable housing with comprehensive, on-site supportive services.
- As the leading not-for-profit provider of supportive housing in Florida, Carrfour has supplied homes for more than 10,000 formerly homeless men, women and children.

Mission and Vision
Carrfour’s mission and vision is to confront homelessness by developing affordable housing and providing supportive services as a pathway to self-sufficiency. We are guided by a vision where everyone has safe and decent housing and is self-reliant.

 Nineteen communities completed and five in development.

More than $200 Million invested and over 10,000 men, women and children served.

94 Percent Success Ending Homelessness
Examples of Successful Joint Ventures and Partnerships

The Development Process
Proceeding as a True Partnership

Karis Village, Miami, Florida

Before

After

Hampton Village

Before

After

Coalition Lift

Initial Conversations and Contract Negotiation Phase

**Developer Partner**

- Searching out nonprofits that meet anticipated funding requirements and also have preferred level of capacity
- Making agreed-upon adjustments to standard MOU and Development Agreement

**Nonprofit**

- Assessing organizational assets and needs
- Learning funding requirements
- Understanding MOU and Development Agreement; negotiating revisions to meet organizational needs
### During Funding Application and Pre-Development Phase

<table>
<thead>
<tr>
<th>Developer Partner</th>
<th>Nonprofit</th>
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<tbody>
<tr>
<td>• Completion and submission of funding applications</td>
<td>• Composing and reviewing application narratives</td>
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<tr>
<td>• Building the development team</td>
<td>• Providing input on team and budgets where requested</td>
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<tr>
<td>• Determining and obtaining required governmental verifications and approvals</td>
<td>• Employing good will with local government and community</td>
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### Credit Underwriting Phase

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<thead>
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<td>• Submitting all items required by credit underwriter, lender(s), and investor(s)</td>
<td>• Providing any required information for the underwriting process</td>
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<tr>
<td>• Contracts, third party reports, insurance, final budgets, etc.</td>
<td>• Timely signing documents as required</td>
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<tr>
<td>• Continue working through permitting process</td>
<td>• Securing any agreements or additional funding for provision of services</td>
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<td>• Continue employing goodwill</td>
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### Initial Closing Phase

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<th>Nonprofit</th>
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<tr>
<td>• Timely review and signature on documents</td>
<td>• Timely review and signature on documents</td>
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<tr>
<td>• Providing any required items for closing</td>
<td>• Provide any required items for closing</td>
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<tr>
<td>• Final Building Permit</td>
<td>• Typically service agreements or MOUs</td>
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<tr>
<td>• Insurance</td>
<td>• Firm commitments for any funding flowing through to the project</td>
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<td>• Responses to reports</td>
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<td>• Ok to close from all funders</td>
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### Construction Phase

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<tr>
<td>• Coordinate all aspects of construction</td>
<td>• Understand draw request requirements; timely review and signature on draw requests as required</td>
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<tr>
<td>• Day-to-day decision making</td>
<td>• Monitor construction process</td>
</tr>
<tr>
<td>• Draw requests – submitting and responding to lender/investor/credit underwriter/inspector questions</td>
<td>• Review construction monitoring reports</td>
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<tr>
<td>• Communicate progress and issues with the nonprofit partner</td>
<td>• Participate in field decisions as requested</td>
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### Construction Completion and Lease-Up Phase

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<td>• Provide all construction completion documents to all parties</td>
<td>• Know the anticipated date if first move-ins</td>
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<tr>
<td>• Ample notification and coordination with property management for lease-up</td>
<td>• Be prepared to begin offering services as required by agreements</td>
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<td>• Assist with lease-up as agreed upon or requested</td>
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### Final Closing Phase

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<tr>
<td>• Ensure property meets all requirements of permanent financing and/or final investment installment</td>
<td>• Fully implement services as required by funding</td>
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<td>• Fully leased</td>
<td>• Timely review and/or signature of documentation as required</td>
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<tr>
<td>• All initial accounting and reporting requirements met</td>
<td>• Assist with other requirements as requested</td>
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<tr>
<td>• Any remaining construction items completed</td>
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**Operational Phase**

**Developer Partner**
- Maintain compliance of property with funding requirements
- Tenant qualifications
- Physical maintenance
- Ensure property operates to meet financial obligations
- Prepare to transfer ownership to nonprofit, if agreed to

**Nonprofit**
- Maintain provision of services
- Maintain positive relationship with property management
- Prepare for full ownership of property, if agreed to

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**The Nonprofit Capacity-Building Team**

**Our Vision:** At least one active, viable community-based organization plays an important role in delivering affordable housing and related services in each community.

**Meet the Team!**

Gladys Cook  
Pamela Jo Hatley  
Ashon Nesbitt  
Jamie Ross

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**FHC Resources**

**COMING SOON:**
Guide to Credit Underwriting for Affordable Housing Projects in Florida