

Building Capacity to Build

**Presented by:
Florida Housing Coalition
January 9, 2019**

Rendering by Stephen Bender, AIA, Bndr LLC

THE FLORIDA HOUSING COALITION



Our Thanks to the Florida Housing Catalyst Program



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Sponsored by the Florida Housing
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Catalyst Training Schedule



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www.flhousing.org

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Poll #1: Who Are You?

- Nonprofit developer
- For profit developer
- Local Government
- Lender/Private-Sector Funder
- Other



Poll #2:

What is your experience with affordable housing development?

- Actively developing
- Direct experience from the past
- Indirect experience as a partner (funder, service provider)
- No experience, direct or indirect



Poll #3:

Why are you attending today?

- Evaluate the capacity of my own organization
- Evaluate the capacity of a partner
- General knowledge



Agenda

Why nonprofit capacity-
building is important

Pre-development and
development process

How developments are
underwritten

Evaluating the capacity of
your organization

How to be a good partner



Our Vision:

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

Purposes of Our Work

- Significant need for the development and preservation of affordable rental housing
- Low Income Housing Tax Credits is the largest source of financing for rental development
- Other large sources of financing at the state level; some specifically for nonprofits
- Desire to build capacity of nonprofits to successfully participate in FHFC's RFA process and become LIHTC developers

The Nonprofit Set-aside

- IRC Section 42(h)(5)
- At least 10% of a state's allocation must be set aside for nonprofits (qualified low income projects)
- The state cannot override this requirement!
- A **qualified nonprofit organization** must own an interest and materially participate in the development and operation throughout the compliance period

The Nonprofit Set-aside

- Definition of a qualified nonprofit organization (3 requirements):
 - Must be an organization as described in Section 501c3 or 501c4 and tax exempt under Section 501a, AND
 - Must not be affiliated with or controlled by a for-profit company, AND
 - One of the exempt purposes of the organization includes fostering low-income housing

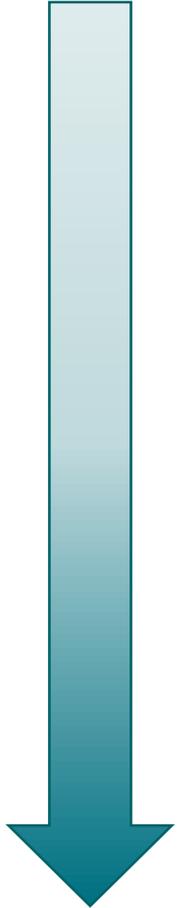
Nonprofits to serve as
LEADERS
in affordable housing
development

The Predevelopment and Development Process



The Development Process

- Conceptual vision
- Site Selection
- Programming/Preliminary Design
- Funding Application
- **Credit Underwriting**
- Funding Award and Initial Closing
- Construction and Lease-Up
- Project Stabilization and Final Closing
- Project Operation and Program Compliance



Predevelopment: Four Meetings

Board of
Directors

City and
County
Housing Staff

Interview Team
Members

Your Technical
Advisor

How Deals are Underwritten



How Deals are Underwritten



Evaluating the Applicant

- Staff Capacity
 - Key staff has qualifications needed to carry out the project
 - Organizational chart indicates additional staff and report chain for key contacts
- Board Capacity
 - Expertise of Board fills or augments knowledge and skills of staff
- If partnership or joint venture
 - Split in ownership and/or division of responsibilities will facilitate effective execution of project

Evaluating the Applicant

- Financial Capacity
 - Audited Financial Statements indicate stable finances with strong internal controls
 - Current finances and balance sheet in good shape
 - Ability to guarantee financing
- Track Record
 - Has applicant completed a similar project before
 - Status of previously funded projects



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Poll #4:

What are some elements of a funder's evaluation of an applicant?

- Financial capacity
- Track record
- Board capacity
- Staff capacity
- All of the above



Evaluating the Capacity of Your Organization

General Nonprofit
Capacity



Evaluating Capacity: Mission

- **Mission Statement** – Is it clear, strong, relevant, frequently referenced?
- **Vision Statement** – Is it clear, bold? Does it inform policy and priorities?
- **Goals and Strategic Planning** – Are they clear, coherent? Is there a process for review and adoption? Are outcomes measured?
- **Culture and Values** – Are they the same for the board, management, staff and stakeholders?

Evaluating Capacity: Board

- **Commitment** – Do members provide strong and meaningful support? How is attendance at meetings?
- **Composition** – Are they experts in their fields? Are their fields relevant to your mission? Do they serve as resources to the Executive Director and staff?
- **Committees** – Are there any? Are they active, relevant? Do they have staff support?

Evaluating Capacity: Board

- **Relationship with Executive Director and staff** – Are all working towards common goal? Does the Board evaluate performance of Executive Director?
- **Orientation** – Is there one? Who provides it? How comprehensive is it?
- **Governance** – Are positions and committees clearly defined? Are meetings regularly scheduled, well-run, effective?

Evaluating Capacity: Senior Management

- **Experience** – Are members qualified with expertise?
- **Internal Leadership** – Are they positive and likable? Do they frequently evaluate organization for improvement? Do they actively seek to recognize and reward staff?
- **External (Community) Leadership** – Are they visible, recognized? Are they effective partners?
- **Staff Dependence** – Would organization experience difficulty without daily presence of Executive Director? Can management team assume other duties?

Evaluating Capacity: Staff

- **Roles and Responsibilities** – Are they clearly defined? Are they well-executed? Can staff assume other roles as needed?
- **Experience** – Does staff have experience and education relevant to role? Are they able to perform all tasks associated with position
- **Motivation** – Is staff committed to mission and strategy? Does staff actively seek additional responsibility and training?
- **Volunteers** – Is there a dedicated base?

Evaluating Capacity: Program Management

- **Policies and procedures** – Are they written down? How well-written are they? Are they regularly reviewed?
- **Job design** – Do staff roles correspond well with programs? Are staff encouraged to modify and improve programs they are accountable for?
- **Program design** – Do programs match the mission? Are they innovative and effective at meeting community and organization needs?
- **Program reporting** – Are controls in place to ensure goals and objectives are met?

Evaluating Capacity: Financial Management

- **Policies and Procedures** – Is there low potential for mismanagement?
- **Funding Sources** – What is the source(s) of funding? Do programs and assets provide reliable sources of income?
- **Budgeting** – Does the process involve the entire organization? How involved is the Board? Are variances routinely examined?
- **Reporting** – Is fiscal information regularly scrutinized? Is it used as tool to evaluate strength and make improvements?

Evaluating Capacity: Legal

- **Organizational documents** – Has organization obtained proper IRS status? Are corporate filings in place? Are by-laws valid?
- **Risk Management** – Is there sufficient insurance? Are all policies current?
- **Legal Counsel** – Is counsel available? Is it pro bono or reasonably price? How is counsel utilized?

Evaluating Capacity: Marketing

- **Recognition and reputation** – How well-known is the organization in the community? Famous or infamous?
- **Marketing materials** – Are they professionally designed? Is there a functioning website (up to date)? Is an annual report published?
- **Publicity** – What efforts made by management, Board and staff to promote the organization and its mission? Is there a dedicated staff person or contracted firm for this purpose?

Evaluating Capacity: Systems and Infrastructure

- **Technology infrastructure** – Is equipment up to date and operational?
- **Technology expertise** – Is there IT expertise on staff or contracted? How comfortable is staff with equipment?
- **Database management** – Is there organization-wide reporting and tracking? Is data analyzed and used to inform policy?
- **Records and filing** – Are they organized and easily accessible? How often are they reviewed?
- **Physical infrastructure** – How well does the physical office work for operations?

Evaluating Capacity: Human Resources

- **HR Staff** – Who handles this responsibility? Are there written policies and procedures?
- **Staff training and development** – How is the onboarding process for new hires? Is there ongoing training to ensure job expertise? Are there growth opportunities within the organization?
- **Compensation and benefits** – Is staff paid? Is compensation in line with industry standards?

Evaluating Capacity: Community

- **Relationship with funders** – Does organization meet or exceed expectations? Are funders eager to continue funding organization?
- **Partnerships** – How well does the organization collaborate with others? Do partnerships further the mission? Are they mutually beneficial?
- **Needs Assessment** – How well does the organization understand its community/clients?
- **Accessibility** – Are programs easy to access and understand?
- **Policy** – Does the organization have the ability to influence policy decisions that advance mission



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Poll #5:

What are some elements of good program management?

- Written policies and procedures
- Programs advance mission of organization
- Staff roles correspond with programs
- All of the above



Evaluating Capacity for Real Estate Development and Management

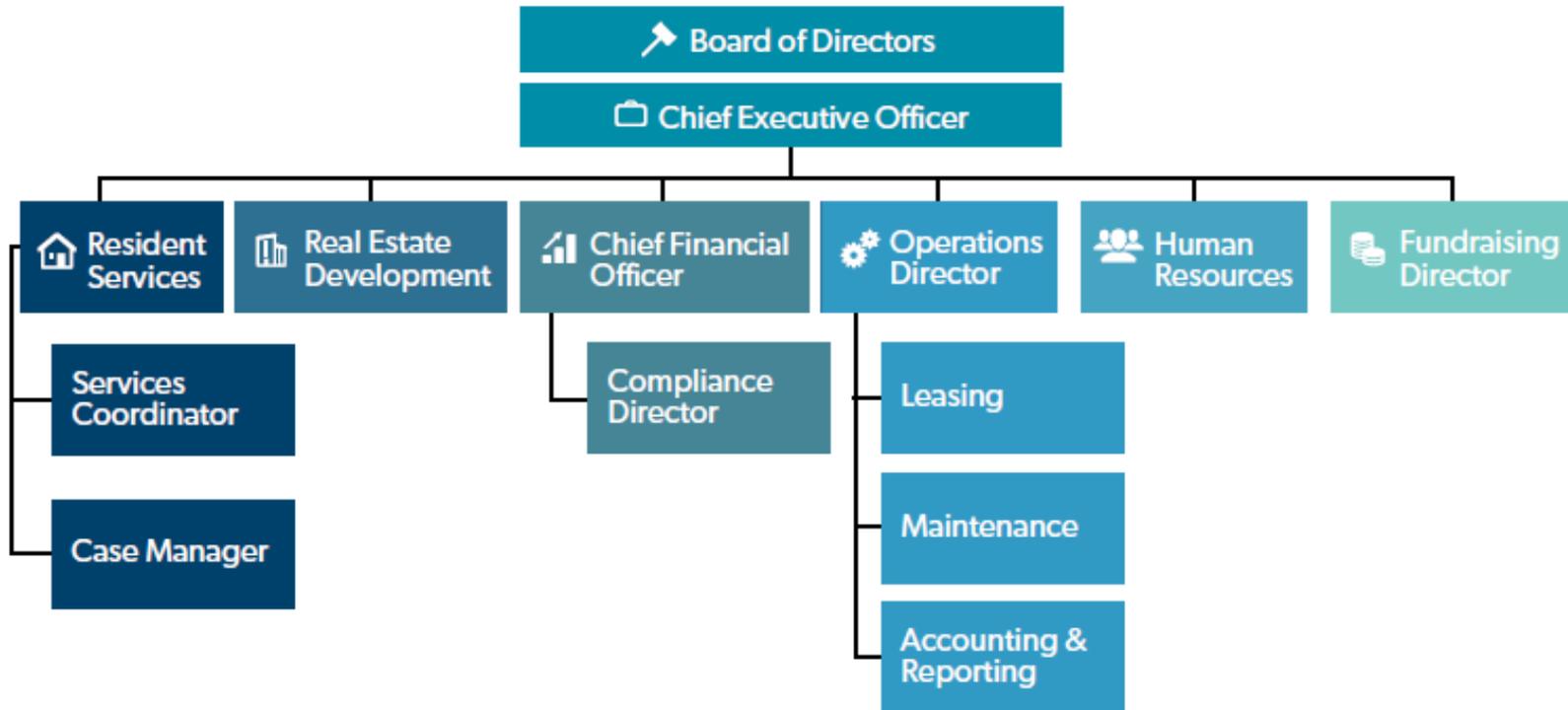


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SAMPLE ORGANIZATION CHART

Permanent Supportive Housing with internal property management and resident services



Real Estate Development

- Describe the strategy:
 - Does it advance the organization's mission and vision?
 - Is it based on current or projected housing needs?
 - Are there adequate financial resources to cover development expenses?
- How is the relationship with local government?
- Does staff have the ability to negotiate with community and overcome NIMBYs?

Asset Management

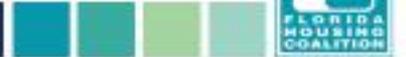
- Are properties fully leased?
- Does income cover all expenses?
- Are properties in good physical condition?
- Are capital needs regularly evaluated?
- Are there adequate reserves?
- Is there adequate insurance coverage?

Resident Services

- Do programs and services meet the needs of residents?
- Are programs and services easily accessible?
- Do programs and services support the mission?
- Are there written guidelines, policies and procedures?
- Are residents active participants in their own success?



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How To Be a Good Partner



Nonprofit Governance

How are decisions made at your organization?



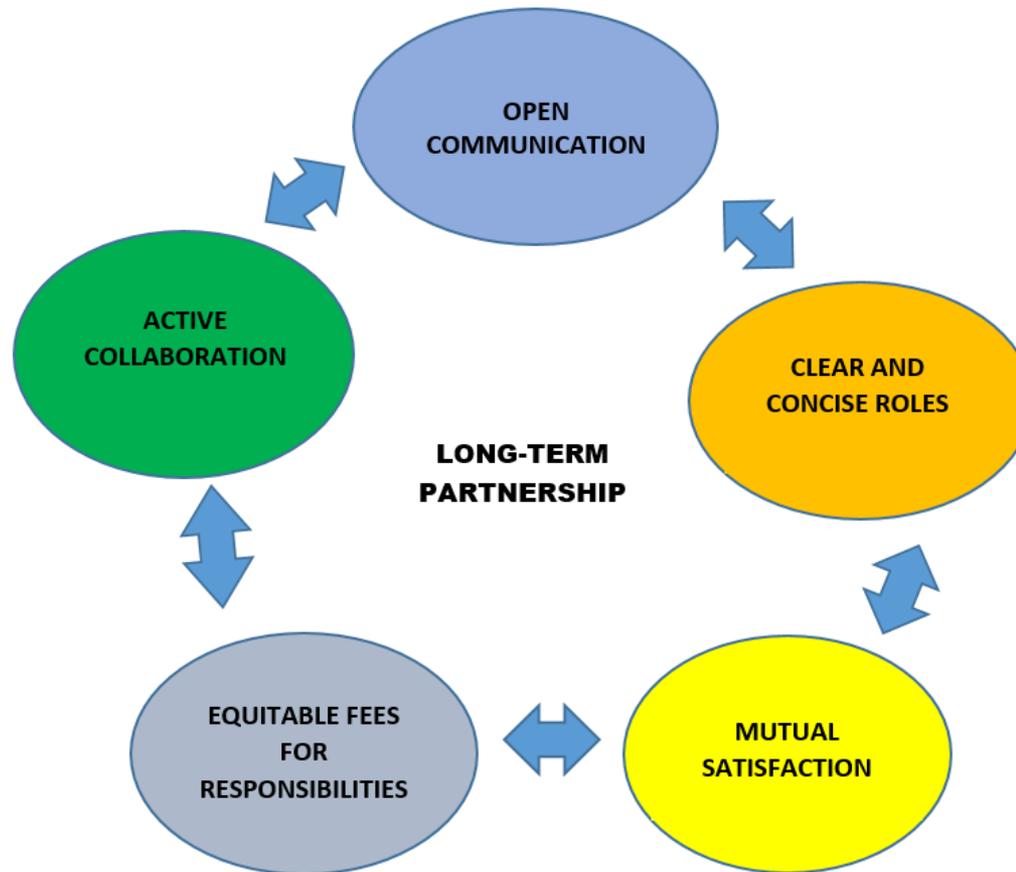


Partnership: Long-term or Short-term?



All partnership negotiations should be approached with a strategic mind-set.

Elements of a Good Long-Term Partnership



Understanding Your Role in the Development Process

Guidance 21 Housing Coordination

Contract Reference: Sections C-1.3.9.5, C-2.1.4.6

Frequency: Ongoing

Due Date: Ongoing

Description:

This document provides guidance on implementation of the Managing Entity's Housing Coordination function.

Purpose

The purpose of this function is to:

1. Increase and improve collaboration and coordination between Managing Entities, Local Homeless Coalitions, Designated Lead Agencies of Continuum of Care Plans, Florida Housing Finance Corporation (FHFC), and other key state and local agencies as they relate to housing-related services;
2. Find safe, affordable, stable housing for individuals with mental health and/or co-occurring diagnoses; Ensure that these individuals receive the necessary support services to be successful in the community; and
3. Increase the number of discharges from state mental health treatment facilities to stable community housing in lieu of discharges to community crisis stabilization units, to addiction receiving facilities, or to placements increasing the risk of subsequent homelessness.

Managing Entity Responsibilities

1. The Managing Entity shall designate a full-time staff member to serve as the Managing Entity's Lead

**What Is the Mission of
Your Organization?**





How to Partner When You're Not A Developer



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Identifying Established & Credible Developers

Florida Housing Finance Corporation (FHFC) solicits proposals from developers and awards funding for affordable housing development

RFA 2016-114 Recommendations

Total HC Available for RFA	5,682,725.00
Total HC Allocated	7,011,000.00
Total HC Remaining	(1,328,275.00)

Application Number	Name of Development	Name of Contact Person	Name of Developers	HC Funding Amount	Eligible For Funding?	Qualifies for the Geographic Area of Opportunity goal?	Qualifies for the North Miami-Dade Area of Opportunity goal?	Total Points	Development Category Funding Preference	Per Unit Construction Funding Preference	Leveraging Classification	Florida Job Creation Preference	Lottery Number
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Goals

2017-147C	Ambar Key	Elizabeth M. Adams	Ambar3, LLC	2,150,000.00	Y	Y	N	28	Y	Y	A	Y	13
2017-161C	Verbena	David D. Deutch	Pinnacle Housing Group, LLC	2,300,000.00	Y	Y	N	28	Y	Y	A	Y	23

Additional Application(s) Selected for Funding

2017-162C*	Northside Transit Village IV	Elizabeth Adams	APC Northside Property IV Development, LLC	2,561,000.00	Y	N	N	28	Y	Y	A	Y	2
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*Application 2017-162C will receive a Binding Commitment in the amount of \$1,328,275.

On February 3, 2017, the Board of Directors of Florida Housing Finance Corporation approved the New Committee's motion and staff recommendation to select the above Applications for funding and invite the Applicant to enter credit underwriting.

Any unsuccessful Applicant may file a notice of protest and a formal written protest in accordance with Section 120.57(3), Fla. Stat., Rule Chapter 28-110, F.A.C., and Rule 67-60.009, F.A.C. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., shall constitute a waiver of proceedings under Chapter 120, Fla. Stat.



Resources on the FHFC Website

<https://www.floridahousing.org/programs/developers-multifamily-programs/competitive>

- Anticipated Funding Amounts and Timeline
- RFAs Issued (categorized by year)
 - Submitted Applications
 - Workshop Information
 - Q & A/FAQs/Public Comments
 - Applications Selected for Funding
- Data and Research
- Program Rules



How to Use FHFC Resources

Review

Review the anticipated funding schedule to determine if your agency can partner with a developer to submit an application.

Identify

Identify established developers who have been selected for funding in previous cycles. Build relationships with these developers for future funding applications and development opportunities.

Participate

Participate in workshops. Call-in, ask questions, introduce yourself, advocate for your community and population(s) you serve.

Notify

Notify other community organizations of funding opportunities.



Poll #6:

What are some elements of a good long-term partnership?

- Open communication
- Active collaboration
- Mutual satisfaction
- All of the above
- None of the above



ANY
QUESTIONS
?

Sign Up For the Workshop!

Building Capacity: The Nonprofit as Affordable Housing Developer

January 30th, 2019

9 AM – 5 PM

Hillsborough County – Frederick B. Karl Building

601 E. Kennedy Blvd, 26th Floor, Rooms A& B

Tampa, FL 33602

[http://www.flhousing.org/event/workshop -building-capacity-the-nonprofit-as-affordable-housing-developer/](http://www.flhousing.org/event/workshop-building-capacity-the-nonprofit-as-affordable-housing-developer/)



Follow Up with Your Presenters

- **Priscilla Howard**

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- **Ashon Nesbitt**

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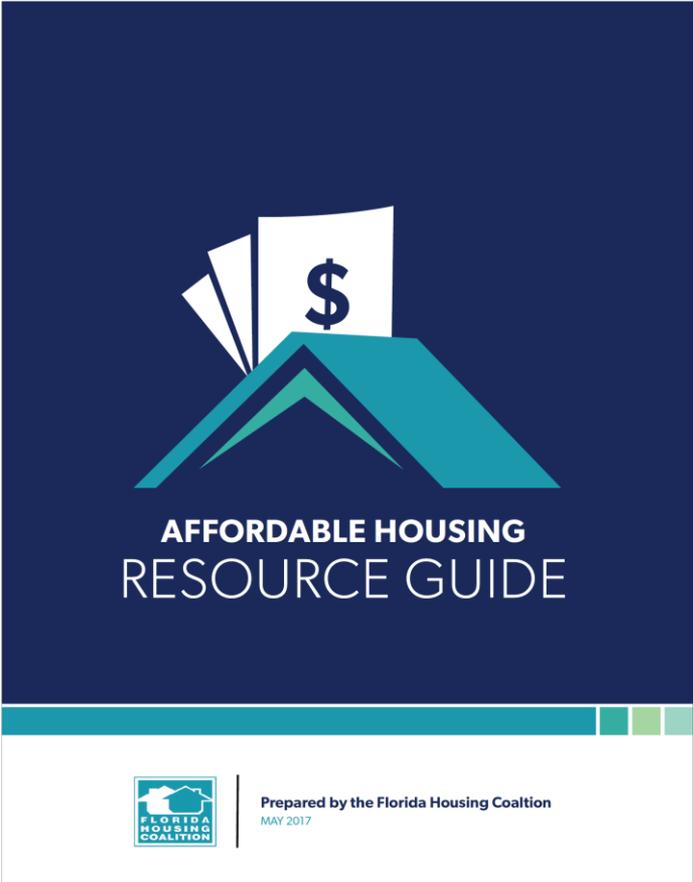
- **Elissa Plancher**

850-274-9764

Plancher@flhousing.org



FHC Resources



Thank you
for
attending!

