Why Grow Your Portfolio?

(and how?)

Community Housing Partners

In 2000, we owned 24 apartment communities (1,431 units)

Our portfolio was made up of HUD and Tax Credit properties

We had properties in Virginia and Florida

We knew every managers name

We knew the maintenance issues

And, we knew if a property was having vacancy or collection issues by the 6th of the month

LIFE WAS GOOD!

So what did we do?????

- We set our new strategic plan to double our portfolio size in 10 years to ……..and,

Serve more people!

We had to prepare for growth!

- What kind of staffing would we need?
- What kind of systems would we need to put in place?
- What types of properties and acquisition vehicles would we grow with?
- How would we attract capital to fuel our growth?
- How could we better focus on growth?

Let's dig into this question ….

- **Did we have business lines with a disparate "detraction" from our strategic plan for growth as compared to our overall mission?**

  We owned a "for profit" HVAC and Home Improvement Company

  While we knew we were providing a superior installation to competitors, their lower pricing and "pick up truck" overhead, caused these to be a financial losers for us. These were easy to discontinue.

  We were a Section 8 Administrator and an IRP Program Administrator

  These activities had some mission value. However, we discontinued these business lines due to the volume of staff time they consumed along with "marginal to negative" financial value.

  We ran a microlending business which had two separate affiliated lines of business

  This operation had mission value from a "community development" standpoint but was being run on a very small scale

In 2010, we were up to 85 apartment communities (4,481 units)

Goal Achieved!! …but more stress

- By 2010, our portfolio consisted of Hud, Tax Credit, Rural Development, SRO and Conventional properties
- We also had combination HUD/Tax Credit and RD/Tax Credit properties
- Our foot print had increased to Virginia, Florida, North Carolina and Kentucky

We were in a significant recession and multi-family real estate was at a premium, so…..what did we do????

- We planned to, again, double in size over the next 10 years…. And

➨Serve more people

More Preparation for Growth!

- Again, staffing? Systems?
- How could we grow with extremely low cap rates causing existing properties to be too expensive to acquire?
- How would we attract more capital?
- How could we better focus on growth?
- We discontinued our Regional Energy Alliance, which was struggling
- We discontinued our outside accounting and compliance services
- We sold our At-Risk Youth Home business

CHP was a general contractor and ran an architectural studio

- Multi-family construction became more competitive and site work costs were skyrocketing
- We were going to bigger cities to chase RAD work, further away from our headquarters
- We were migrating from mostly acquisition / rehab work (our skill set) to new construction
- Our experienced subcontractor base was not willing or able to follow us into bigger cities, higher cost locations or new states
- Design work was becoming more complex and jobs were constantly being delayed
- municipalities were becoming more difficult to satisfy
- We were spending much more time managing our construction and architecture businesses (and losing money) than we were spending in our acquisition and development work.
- So, we transitioned the Design Studio to our long tenured Architect, eliminating it as a line of business for CHP, and
- We drastically downsized our construction operation and migrated to an Owner Representative business model

Today, we own and manage 114 communities (6,949 units)

Goal – Not Yet Achieved

but with enough growth to cause even more strESS

- **Now,** our portfolio consists of Hud, Tax Credit, Rural Development, SRO, Conventional, Commercial, RAD conversions and NOAH properties.
- **Our footprint is now Maryland, Washington DC, Kentucky, Virginia, North Carolina, South Carolina and Florida.**

CHP Growth and Business Restructuring						
	Properties	Units	States	Lines Added	Lines Exited	Total Business Lines
2000	24	1,431	2			22
2010	85	4,481	4	3	7	18
2019	114	6,949	7	1	7	12

Business lines Added and Subtracted over the last 19 years

- **Added**
  - Asset Management
  - NRV Energy Alliance (Solar Program)
  - Utility (Energy) Program
  - Energy Training Center
- **Subtracted**
  - Section 8 Administrator
  - IPR Program Administrator
  - Microlending
  - IDA Program
  - Jobs Program
  - At-Risk Youth Homes
  - At-Risk Youth Schools
  - Architecture
  - Construction
  - HVAC Company
  - Home Improvement Company
  - Americorp Program
  - Vista Program
  - NRV Energy Alliance

Potential Ways to Grow

- RAD Conversions
- Acquisition Rehab
- Land Purchase / New Construction
- For Profit Acquisition
- Non-Profit merger and acquisition
- Year 15 exits
- NOAH Properties
- Others?