

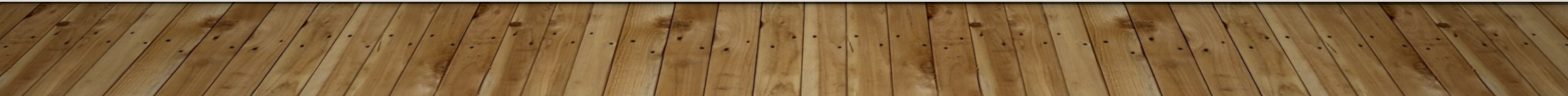


# RENTAL DEVELOPMENT CASH AND CAPITAL

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A LOOK AHEAD TO 2021 AND 2022

(THANK GOODNESS 2020 IS ALMOST OVER)



2

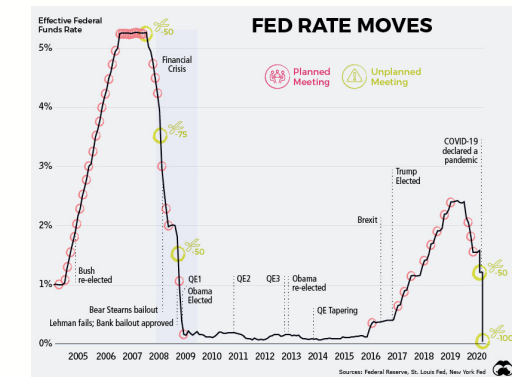
## 2020 RETROSPECTIVE

- Anticipated volatility in the markets due to COVID
- Interest rate environment was favorable
- Opportunity for unexpected liquidity (PPP)
- Attended a lot of webinars and zooms on PPP, Asset Management, Sensitivity Analysis, Stress Testing and Scenario Planning
- Anticipating continued volatility in 4<sup>th</sup> quarter
- Working remotely

### CARES Act SBA Loans for Small Businesses

	Paycheck Protection Program, or "PPP" (new)	Economic Stimulus Payments, or "ESP" (new)
Eligibility	Small businesses with less than 500 employees that have been impacted by COVID-19	Similar to PPP through 12/31/2020
Loan Amount	Based on quarterly 2019 EIDL revenue 2.5x per year average (not over \$2M) payment caps for the first 12 months	Based on pandemic-related economic damages. Up to \$2 million
Loan Term	Payable over 1 year (24 months)	Payable over 1 year (24 months)
Interest Rate	Fixed rate (1.75% for companies)	Fixed rate (1.75% for companies)
Guarantee	No personal guarantee required	Personal guarantee required for loans over \$100,000 and collateral required for loans over \$25,000. You must be able to prove that you can repay the loan.
Forgiveness	Up to 100% of the loan amount	No forgiveness
How to apply	Through an SBA-approved lender	Through the SBA's online portal

WordStream



### 3

- Portfolio Stress Testing
  - Evaluated and tracked collections
  - Evaluated cash position of each property (operating cash, operating reserves, restricted reserves)
- Scenario planning – looked corporately at impact on other areas of the business
  - Development – construction delays, impact on subsidy, change in pricing of tax credits, slower processing times for approvals and permits,
  - Resource and Development – looked at impact on grants – more money available but in different areas (food insecurity, housing displacement, ICMS, and resident services)
- Shared the analysis with our Finance Committees and Boards

ANALYZED  
AND  
PLANNED

## 2020 ACTIONS

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Elected deferral plans for mortgage loans  
(Agency debt, and other bank debt)

Gathered resources for tenants (grantors,  
and other resources)

Made distributions (mostly as planned)

Refinanced properties where possible

Capital relationships – expanded,  
deepened, communicated

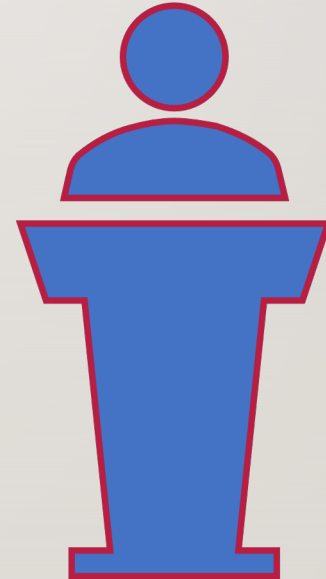


# 5

## CASH AND LIQUIDITY

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- What posture are you assuming? Where is the CEO/ED relative to your posture? Is the Board on the same page?
  - **Defensive** – hoarding cash/watching spending
  - **Status Quo** – not changing anything/watchful and ready to react
  - **Offensive** – ready to take advantage of opportunities as they arise/will pounce if opportunities present themselves



# 6

## 2021 BUDGET AND CASH FLOW FORECASTS

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- Preparing budget per usual – continuing stress testing for portfolio collections
- Creating scenarios – best, likely, worst cases
- Setting boundaries/triggers to identify and chart course to respond to changes in the uncertain environment
  - Firmly establishing minimum days cash and reserves
  - Disciplined spending and investment strategies
- Staying open to opportunities



7

## 2021- 2022 FACTORS FOR SCENARIOS

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- Availability of capital (e.g. lines, pre-development)
- Collections deteriorating at properties
- Subsidy deteriorating
- Grant opportunities



## Financial Planning Process

Step 1: Establish your goals and objectives

Step 2: Develop a strategy to meet your goals

Step 3: Gather and Analysis Information

Step 4: Draft and Implement your plan

Step 5: Review your goals and Market Situation

## MAKE A PLAN

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- Make a plan for 2021-2022 and understand the variables that drive the plan
- Create measurable check points to evaluate
- Be flexible, nimble and adaptable





## HEARING FROM CFO PRACTITIONERS

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VALORIE SCHWARZMANN, J.D., CPA

**Chief Financial Officer & Senior Vice President, Program Operations**

Ms. Schwarzmann, J.D., CPA, joined Homeport in 2010 as its Chief Financial Officer after serving on its Board of Directors for three years, as its Treasurer. Her responsibilities include overseeing the financial systems, processes, planning, and reporting for all lines of business. Ms. Schwarzmann worked in public accounting for almost twenty years prior to joining Homeport. She received a B.A. from Ohio Wesleyan University, received a Juris Doctorate from New England School of Law, and is a Certified Public Accountant



### **Griffin Moore, Chief Financial Officer**

Hired in 2013 as the Assistant Controller, Griffin Moore quickly established himself as a leader, earning his promotion two years later to Controller and subsequently to CFO. His work ethic and commitment to the mission of PSHH led him to be named Employee of the Year in 2017. He continues to provide financial oversight, ensuring long-term financial stability and sustainability of its resources and programs.

Griffin, originally hailing from San Francisco, served as the Financial Analyst and Assistant Controller in the hospitality industry before joining PSHH. While obtaining a bachelor's degree in Finance from the University of Missouri, Griffin played professional baseball for the Kansas City Royals. Now living on the Central Coast, he spends leisure time surfing, hiking and biking, and spending time with his family, dog and leopard geckos.





## **Julie Hovermale Chief Financial Officer**

Directs the organization's financial activities, planning and accounting practices as well as its relationships with lending institutions, stakeholders, and the financial community. Overseeing an array of financing including bank loans, Federal Low Income Housing Tax Credits, HUD 202 grants, and publicly traded bonds, she ensures that all entities are in compliance with GAAP and current tax codes. Julie previously served as the Director of Finance for Virginia Supportive Housing (VSH), a non-profit organization which provides permanent supportive housing to homeless single adults. Earlier in her career Julie worked for several years at Keiter, an accounting firm based in central Virginia. Her specialty was in the real estate and construction industries. She also is past board member for Big Brothers Big Sisters.

Julie earned her Bachelor's degree in accounting from Virginia Commonwealth University and is a Certified Public Accountant.

12



Better Housing  
COALITION

Better Housing Coalition changes lives and transforms communities through high-quality, affordable housing.

### *Our Mission:*



**BHC is RVA's largest nonprofit  
community development  
corporation**

### **Community Impacts**

- **19** rental communities, **11** for seniors
- **1,501** quality apartments
- **225** single-family homes built/sold
- **50,000** sq. ft. of commercial properties
- **\$1 million of resident services** supported/year

### **Development Pipeline**

- **439** units in development, **227** with tax credits and **212** slated for 2021 tax credit pool, **\$88,623,000** in development cost and **\$4,088,000** in developer fee
- **550** units in feasibility phase
- **167** single family homes, **122** homes we are the master developer, **\$57,720,000** in development cost and **\$2,085,000** in developer fee