STRENGTH MATTERS® Financial Management Conference

CFO, Real Estate, and Asset Management Golden Triangle: Building a Better Partnership for Optimal Rental Development and Ownership

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September 9, 2022

Continuing Professional Education (CPEs) Requirements for CPAs

- Please be sure you **SIGN IN at the beginning and SIGN OUT at the end of every session.** We use the sign-in sheets to verify your participation for CPE credits.

- Please **submit all conference evaluations.** Evaluation links are emailed to registrants daily. Please see the session host (the person monitoring the sign-in sheets) if you prefer a paper evaluation.

- For more information on CPE credits, contact Lindsay Wells at consult.lwells@gmail.com.

Questions

- We will pause during the presentation and again at the end for Q&A.

2022

14 Active Projects

1,163 units

203
Apartments Under Construction or Renovation
1. Quaker Arts
2. Flats Phase IV
3. Chester County Preservation Initiative
4. DE Bond Deal: East Lake and Smyrna

221
Apartments in Acquisition
1. Diocese of Scranton Portfolio
2. Glenwood Apartments
3. Claymont Street Apartments

118
Apartments in LIHTC Closing
1. 1528 West
2. College Avenue Phase 1

273
Apartments – LIHTC Applications
1. PA Bond 5: Norriswood Apartments, Exeter Apartments and Henner Street Apartments – 4% LIHTC (PA)
2. Manor View Apartments – 9% LIHTC (PA)
3. Flats Phase V – 9% LITHC (DE)

348
3rd Party Property Management Apartments in process
1. Homes for America, Eastern Shore MD Properties
2. Chester County Housing Authority, Oxford Terrace

HDC MidAtlantic

Our Growth

Pre 2013

- ~1200 units in Northern Virginia (22 properties)

- Maybe 1 rehab project every other year (i.e. a relatively static CDC)

2013 – 2015

- Beginnings of focus on development pipeline of opportunities

2016 – 2019

- Rapid acceleration of pipeline opportunities

- Multiple tax credit awards/year, including 3 in 2019

2020 – 2022

- 2020 – AHF Top 50 Developers (Project Starts), of which only 9 were non-profit organizations (Wesley - #49 of 50 and #8 of 9)

- 2022 – 8 projects currently under development/rehab, expecting to deliver in late 2022/2023

- ~400+ new units & ~275 units rehabbed/preserved between 2021-2023 (10 projects)

- Another 4-5 projects "waiting in the wings" (i.e. pre-development)

Post 2022

- ~2800-3000 units (~35-37 properties)

- Expansion of ~150% from 2013 – 2023+

ABOUT EDEN – Who we are

- California-based non-profit established 54-years ago

- 150+ properties in 17 counties & 50+ cities

- 10,000+ homes

- 22,000+ residents

Eden Housing creates and sustains high-quality affordable housing communities that advance equity and opportunity for all.

ABOUT EDEN – Where we work

Counties Served by Eden

Alameda

Contra Costa

Los Angeles

Marin

Monterey

Orange

San Benito

San Diego

San Joaquin

San Mateo

Santa Clara

Santa Cruz

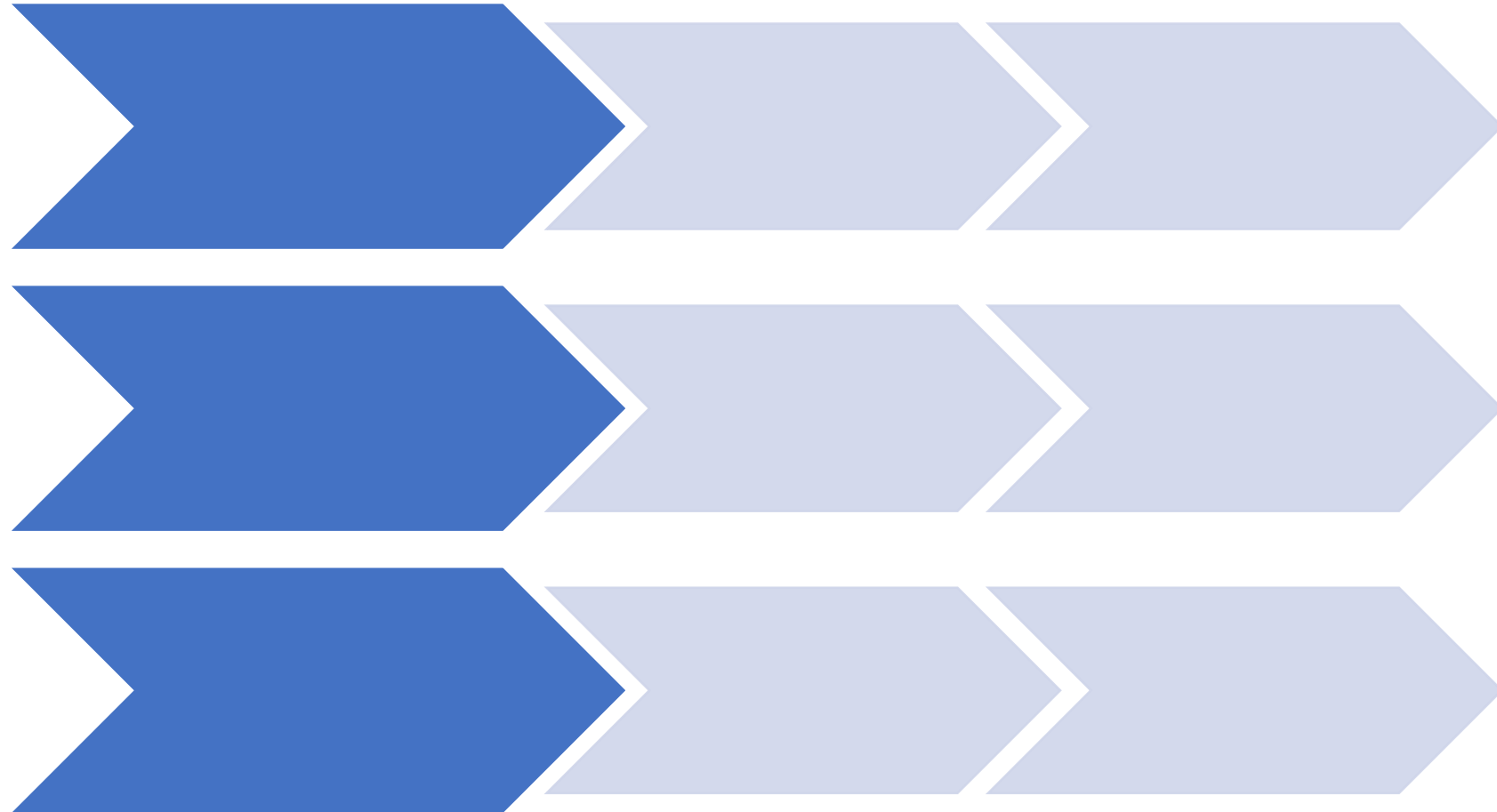Solano

Sonoma

Yolo

Developments in Progress
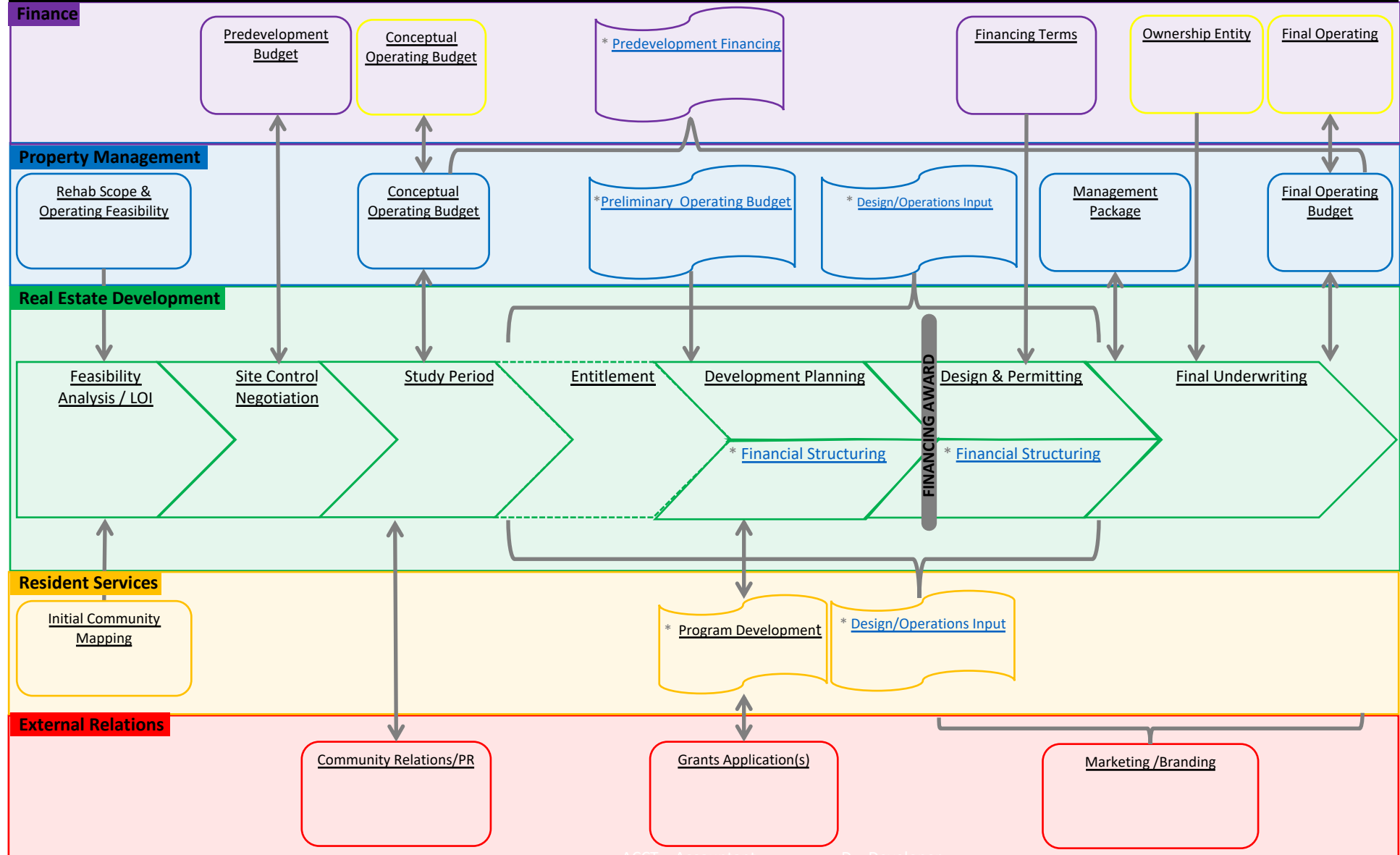
Riverside

Sacramento

Counties Served by Eden

■ Completed Developments

▨ Developments in Progress

Real Estate Development Workflow

Real Estate Development Process

Finance

- Predevelopment Budget
- Conceptual Operating Budget
- * Predevelopment Financing
- Financing Terms
- Ownership Entity
- Final Operating

Property Management

- Rehab Scope & Operating Feasibility
- Conceptual Operating Budget
- *Preliminary Operating Budget
- * Design/Operations Input
- Management Package
- Final Operating Budget

Real Estate Development

| Feasibility Analysis / LOI | Site Control Negotiation | Study Period | Entitlement | Development Planning | Design & Permitting | Final Underwriting |

* Financial Structuring

* Financial Structuring

FINANCING AWARD

Resident Services

- Initial Community Mapping
- * Program Development
- * Design/Operations Input

External Relations

- Community Relations/PR
- Grants Application(s)
- Marketing /Branding

1

Real Estate Development Process

Finance

- Loan Doc / Investment Doc Negotiation
- Owner Representation
- Monthly Loan Requisitions
- Owner Representation
- * Financing Compliance

Property Management

- * Compliance and Relocation
- * Marketing and Lease-up

Real Estate Development

CLOSING / CONSTRUCTION START — CONVERSION

- Pre-Closing
- Construction Administration
- Construction Completion Closeout
- * Lease-up / Stabilization
- Operations

Resident Services

- Community Mapping and Outreach
- Resident Needs Assessment
- Design/Operations Confirmation

External Relations

- Marketing / PR Implementation
- Grand Opening Event

②

Real Estate Development Workflow

- Eden Housing:

    – Developed 5 years ago; needs to be updated

    – Challenge was getting an opportunity to provide/get feedback at decision points

    – Formalized a previously informal process but can use additional details around roles and responsibilities

    – Created a discipline of regular check-ins

    – Focus is on project milestones

Interdepartmental Project Communication Framework

A. Meeting Types

The chart below identifies the meetings we use to communication information on projects, and more clearly defines when they happen, for what purpose, who is involved, etc.
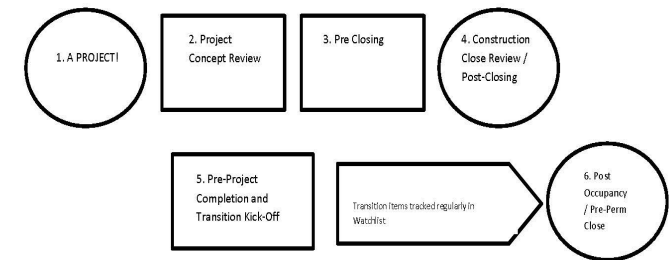
	Watchlist	Quarterly Fee Update Meeting	Project Deep Dives (Milestone)
Frequency	Weekly	Quarterly	As needed, but one slot a month is available (Set aside one watchlist meeting slot a month) See attached Milestone moments
Content	Any project requiring interdepartmental communication, coordination and input	Updating timing and developer fee projections	More detailed information about an individual project.
Participants	Project Developers Property Supervisors Property Managers Accounting Staff VP of Prop Operations ADPO's Asset Management Compliance VP, Systems and Infrastructure Others as required	Development >SVP >Director >Associate Directors >CFO >VP of Asset Management >VP of Systems	Development >SVP >Director >Associate Directors >CFO >Controller and/or Asst. Controller >VP of Asset Management >VP of Prop OPS >ADPO's >Property Supervisors >Property Managers >VP of Systems >Director of Services
Deliverables	Agenda and notes	Updated fee projections	Summary and notes; codified and stored in perm docs (or similar). Examples attached as Exhibits.

B. Milestones: Check-In Points

The below timeline identifies points in the life of a development or rehabilitation project when key staff from each department will meet to discuss components of the project that impact the team.

A memo or similar will be codified (with attachments) at each of these milestones, starting with the "Project Concept Review". This will in effect become the "hand-off memo" and location of notes around decisions made between the various departments. To be stored in perm docs (or similar).

Deep dive meetings may not be needed at each point below, but should be discussed at regular watchlist meetings at a minimum. Suggested deep dives are [□] and watchlist meetings are [o].

1. A PROJECT!
2. Project Concept Review
3. Pre Closing
4. Construction Close Review / Post-Closing
5. Pre-Project Completion and Transition Kick-Off
Transition items tracked regularly in Watchlist
6. Post Occupancy / Pre-Perm Close

Real Estate Development Workflow

Example: Project Concept Review

## 2. Project Concept Review

When (New): 2-3 months prior to the first major funding application submittal (could be simultaneous with #1), or whenever a major change from previous plan happens.

When (Portfolio): No later than 6 months after it's a project.

What happens? Review of the following:
- Project concept -- program, funding and design
- Project schedule
- Project budget and proforma
  - Operating Budget created/approved
- Funding and layering review
  - What strings are attached?
  - Services requirements
  - Review drafts of key agreements proposed, if available
- For portfolio:
  - Phasing plan
  - Relocation plan
  - Income Certification 3rd party; income matrix by Eden
  - Current funding review, repayment etc.

Who's responsible? Development to schedule meeting and assemble information. (Exhibit A shows a sample Milestone meeting agenda/packet.) Further review and approval tasks for other departments to flow from the meeting with approval of the operating budget being the primary need along with general approval of program and financing plan.
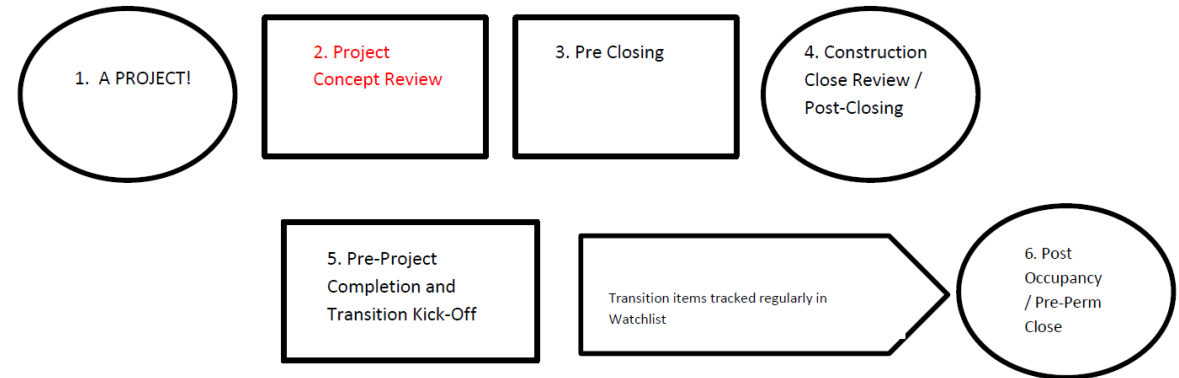
Processes and Tools that Facilitate the Workflows

- Regular Meetings

- Interdepartmental Communication Tools

Interdepartmental Meetings

-
- Monthly Meetings with RED, Finance and Asset Mgmt mid-level mgmt staff to discuss pipeline and current project status

- Monthly RED Board committee meeting and staff to get board level engagement

- Monthly internal development meeting

- Bi-weekly Project teams meetings with RED, Finance and PM staff

- Quarterly Asset Mgmt Board Committee meeting and monthly internal asset mgmt meeting

RED Interdepartmental Meeting (June 7 2022) – Arlington Projects
Under rehab/dev/closeout - Cadence, Whitefield, Knightsbridge,
Pipeline projects - Journey UMC, Crystal House

Cadence Closed September 2020; Est Completion Sept 2022

Whitefield - Closed November 2021; Est completion Nov 2022

Knightsbridge – Closed Oct 2020; close out items only

A. Construction
- **ACTION:....**

B. Property Management/Resident Services
- **ACTION: ....**

C. Financial/Pre-Marketing/Other
- **ACTION: ...**

Eden Housing:

Interdepartmental Workflow Team
- Leveraging technology adopted by the organization
- Focusing on document drafting and sharing; documenting quick decisions

Written guidance/instructions for Project Developers:
- Who to ask to request each document, information that needs to be provided, lead time needed for each document

Documentation in Teams:
- Final interdepartmental documents saved in the files
- Discussion saved in the posts

Work in progress: improve integration with and differentiation from other interdepartmental communication (e.g. email, watchlist meetings, milestone meetings) and document storage
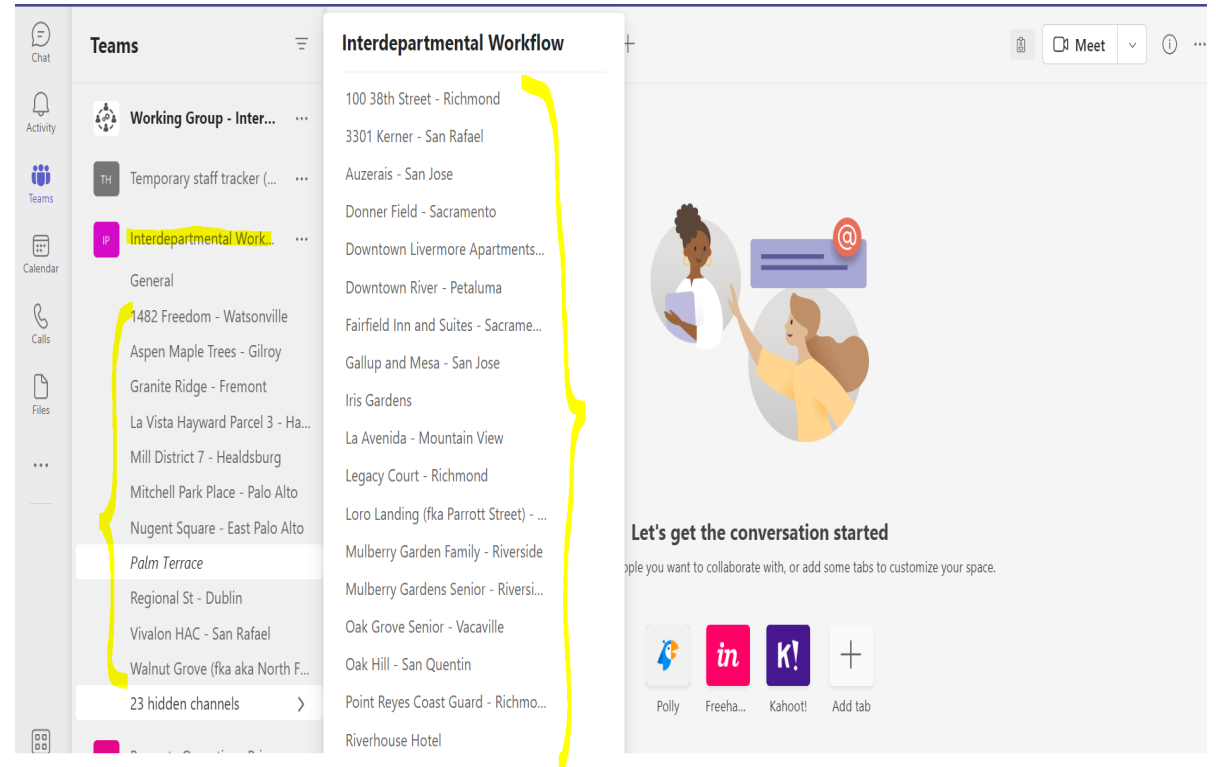
Evaluation Reminder

- Please submit all conference evaluations. Use the electronic evaluation link in your email.

- Contact consult.lwells@gmail.com if you do not receive the link.

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