

Strong Roots

The Value of an Enterprise Capital Strategy



Presenters

Agnes Casimir, Chief Financial Officer
Atlanta Neighborhood Development Partnership



Brian Kay, Chief Financial Officer
Community HousingWorks (San Diego, CA)



Steve Peelor, Chief Lending Officer
NeighborWorks Capital



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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.

Questions?

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

Goals for today



Define “enterprise capital”

Emphasize that an enterprise capital strategy is for

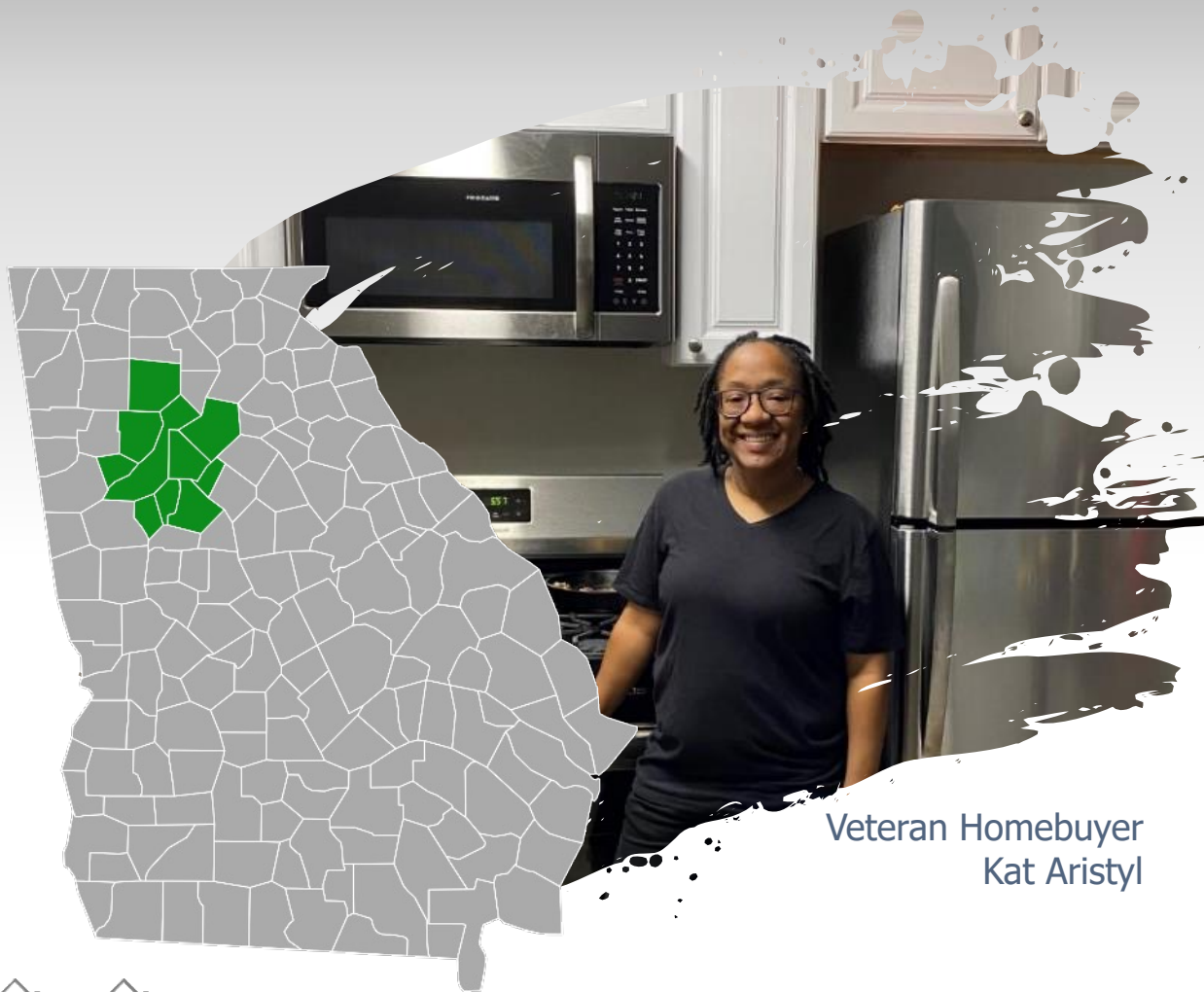
- Raising capital
- Using capital
- Evaluating the results

Convince you that debt is an important tool for enterprise capital

A clear strategy is key to be ready to borrow (or borrow more!)

ANDP MISSION

ANDP develops, finances and advocates for affordable housing at scale that promotes racial equity and healthy communities where families thrive.



Veteran Homebuyer
Kat Aristyl

Advocacy/Community Engagement

- 500+ Neighborhood Leaders Trained
- Participants: Nationally recognized, engaged in policy and community transformation

Lending

- Capital for development of affordable housing and other community development facilities

Down Payment Assistance

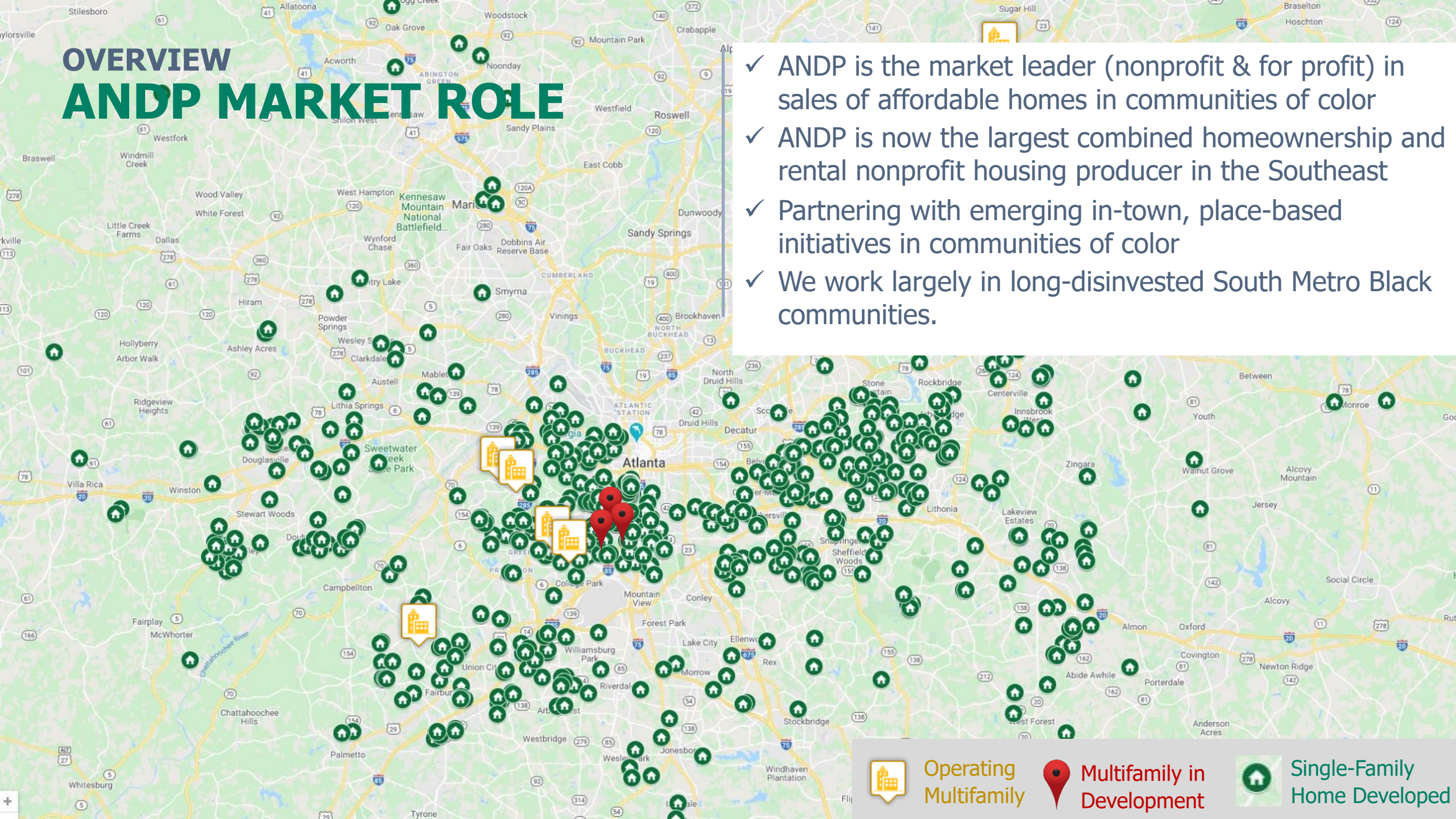
- Providing critical resources for low- and moderate-income families to achieve homeownership

Development of Affordable Housing

- Single-Family
- Multifamily

OVERVIEW ANDP MARKET ROLE

- ✓ ANDP is the market leader (nonprofit & for profit) in sales of affordable homes in communities of color
- ✓ ANDP is now the largest combined homeownership and rental nonprofit housing producer in the Southeast
- ✓ Partnering with emerging in-town, place-based initiatives in communities of color
- ✓ We work largely in long-disinvested South Metro Black communities.



Operating
Multifamily



Multifamily in
Development



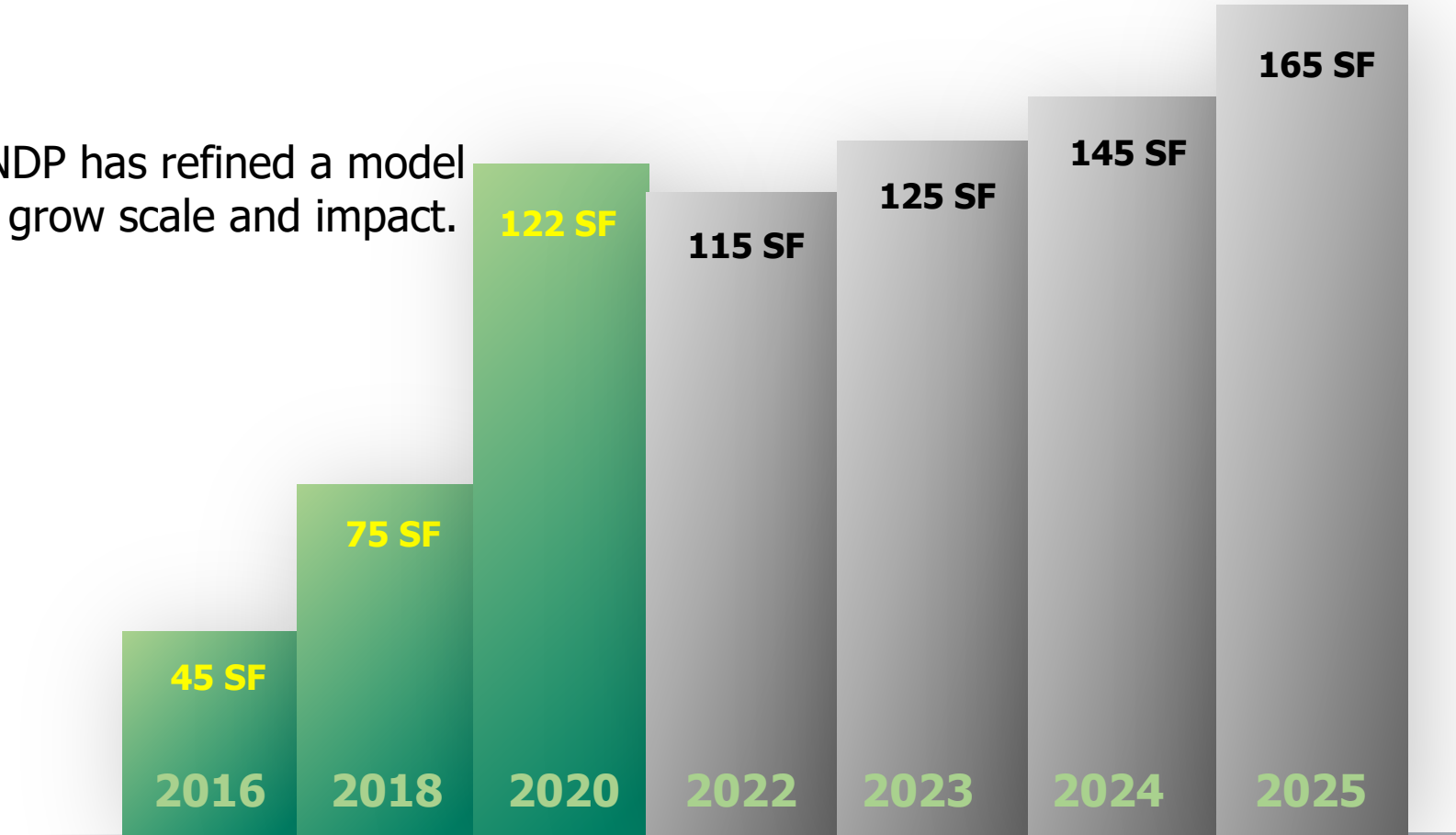
Single-Family
Home Developed

OVERVIEW

SCALING UP

-Projected Single-Family Development-

ANDP has refined a model to grow scale and impact.



Single-Family

- 700+ developed since Foreclosure crisis
- More than doubled production in less than 5 years
- Growth of SF Rental Portfolio

Multifamily

- Currently Operating: 6 Properties, 690 units
- In-Development: 3 Projects, 301 units
- TOTAL: 991 by 2022

Lending

- Doubled Loan Fund in less than 5 years

OUR PLAN: Closing the Gap: 2000 by 2025

Single-Family
Rental

250

Single-Family
Homeownership

500

Multifamily
Rental

1,250

\$440M Investment in Equitable Housing
\$18M in one-time charitable grants

CHW Housing Futures Fund



Defining our terms

2 b: a systematic purposeful activity *agriculture is the main economic enterprise among these people*

3: readiness to engage in daring or difficult action : *INITIATIVE showed great enterprise in dealing with the crisis*

En·ter·prise | \ 'en-tər-,prīz , 'en-tə-,prīz \

: a starship flying about the galaxy in the 22nd, 23rd, or 24th century CE

en·ter·prise cap·i·tal | \ 'en-tər-,prīz 'ka-pə-təl \

1: funds that are available to an organization to invest in mission-supporting activities that are not tightly tied to a specific development, program, facility, or project

2: money that can be used the way that YOU want, not just in the narrow limits that a funding source traditionally dictates

en·ter·prise zone | \ 'en-tər-,prīz 'zōn \

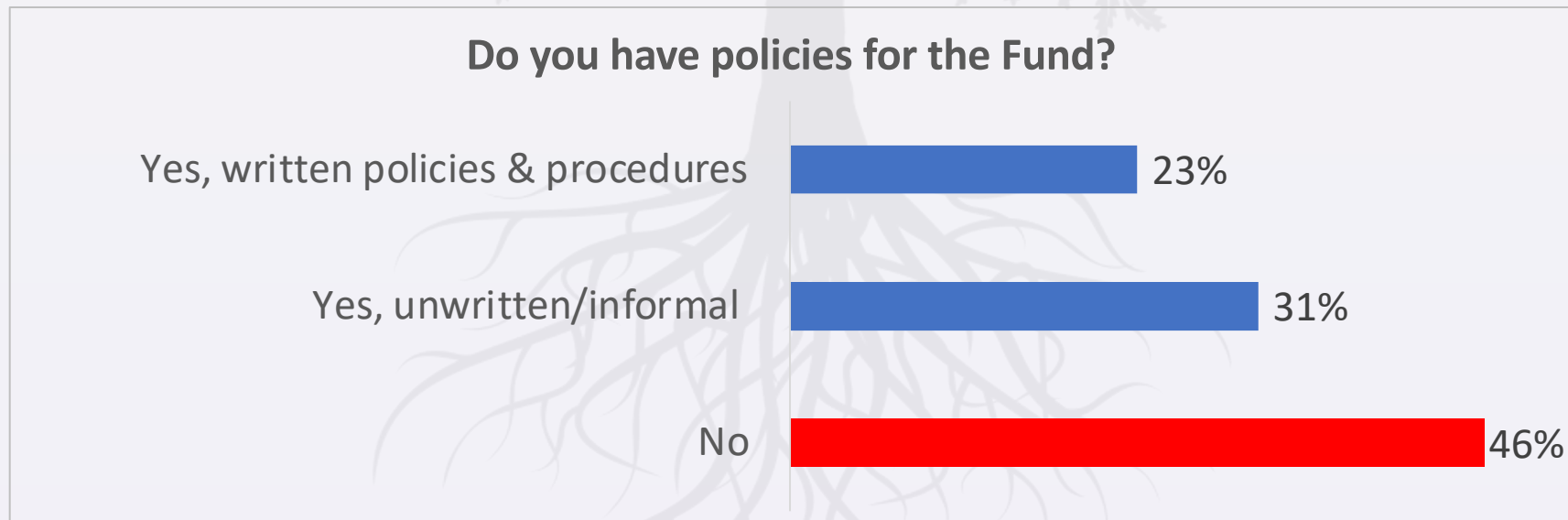
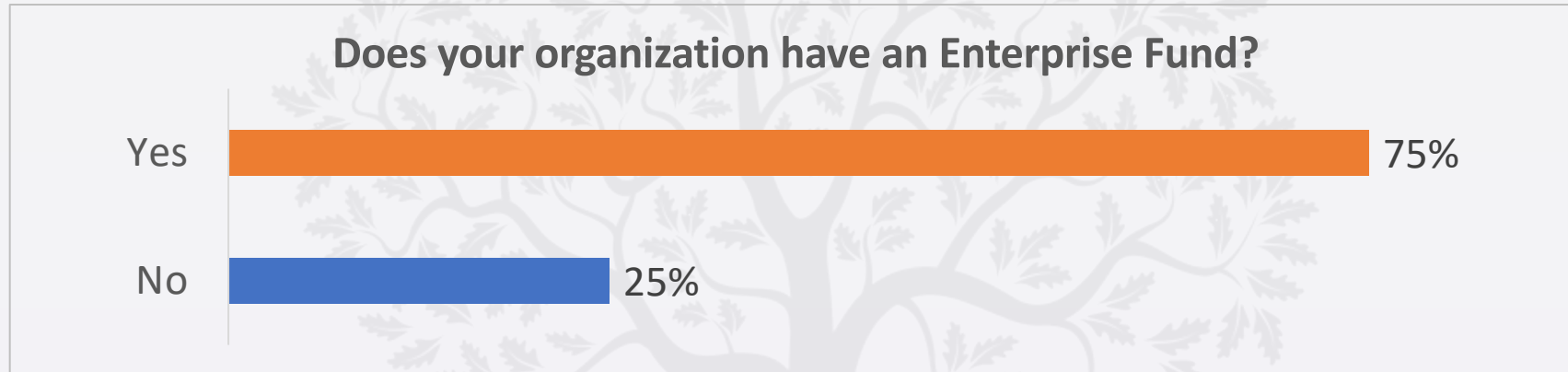
: an economically depressed area in which business growth is encouraged by the government through tax relief and financial concessions

en·ter·tain | \ ,en-tər-'tān \

1: to show hospitality to entertain guests

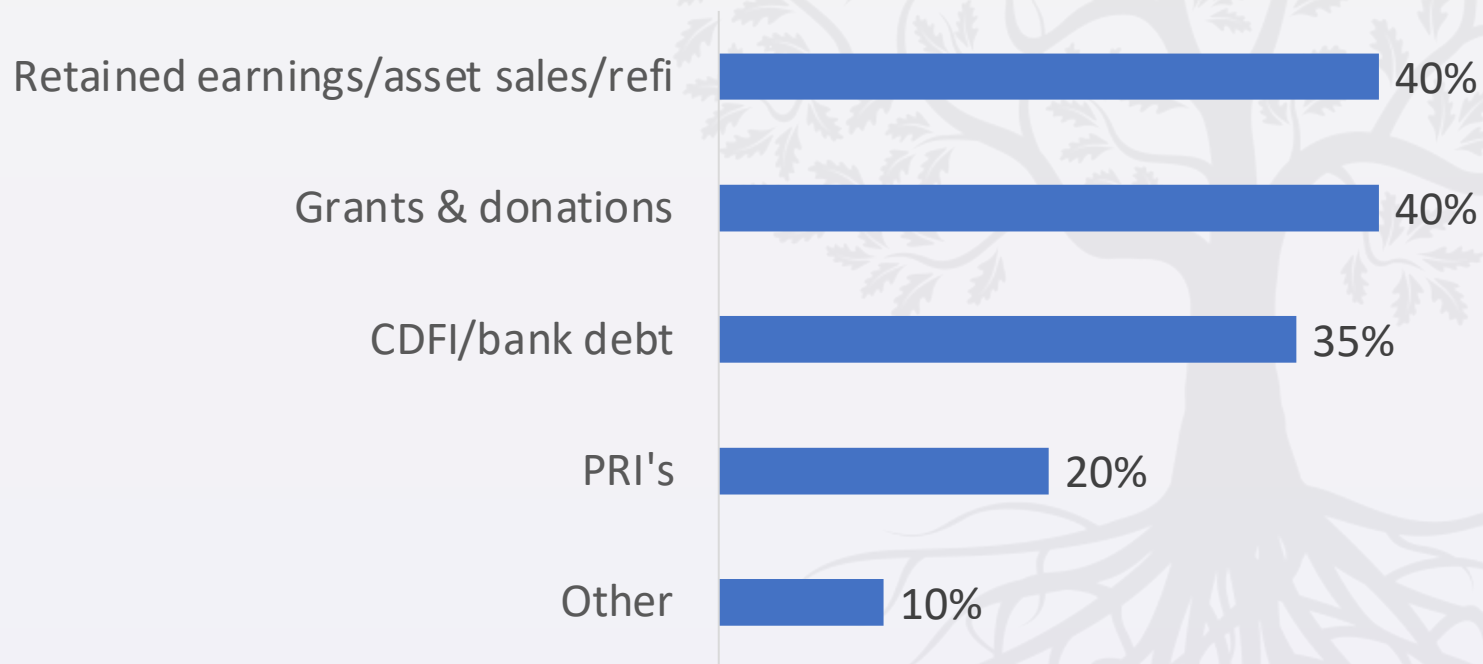
2: to provide entertainment for

Poll results

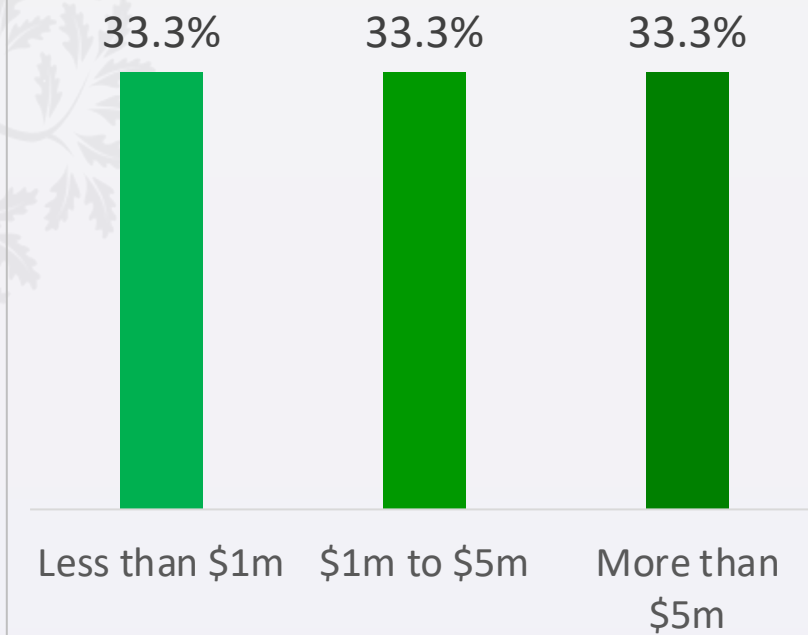


Poll results

How is your Fund capitalized?



How large is your Fund?



In-room Poll



Is your organization current seeking to add to its Enterprise Capital?

How many of you are considering debt for that increase?

What is an Enterprise Capital Strategy?

Defines your goals/outcomes/results

Names milestones/measures to reach along the path

How are you going to use the money?

How will you measure success?

How much money can you use v. how much you want?

Establishes a “range of success” because success may not totally clear (fuzzy destination)

A good strategy brings your destination into focus



How did your Enterprise Capital efforts go from the start?



ATLANTA
NEIGHBORHOOD
DEVELOPMENT
PARTNERSHIP, INC.

Building the region's future,
neighborhood by neighborhood



Community
HousingWorks

What FUNDERS want



A credible strategy indicates thoughtful assessment of potential outcomes, not just a single path to success

Clarity of purpose

Consistent decision process

Recognition of successes and failures (to avoid good money after bad)

Exit plan that keeps the Fund sustainable

Questions Funders (especially Lenders) should ask



How are you going to use the funding you have? How will you raise more? How will you know you have enough?

What is the process for an investment decision? Do you follow this process all (most of) the time?

How do you evaluate success? Who do you communicate that to?

Grantors/Donors



Often favor new/innovative activities

Focus on tight alignment with their mission

Invest in places they are interested in (location matters – just like real estate)

Why Lenders are awesome?

Lenders are more responsive than grantors/donors or PRI source or public agency

Debt can be scaled to need (up or down)

Lenders **LOVE** to do the same thing over and over and over again

Donors tend to favor innovation over proven success



Deploying the funds



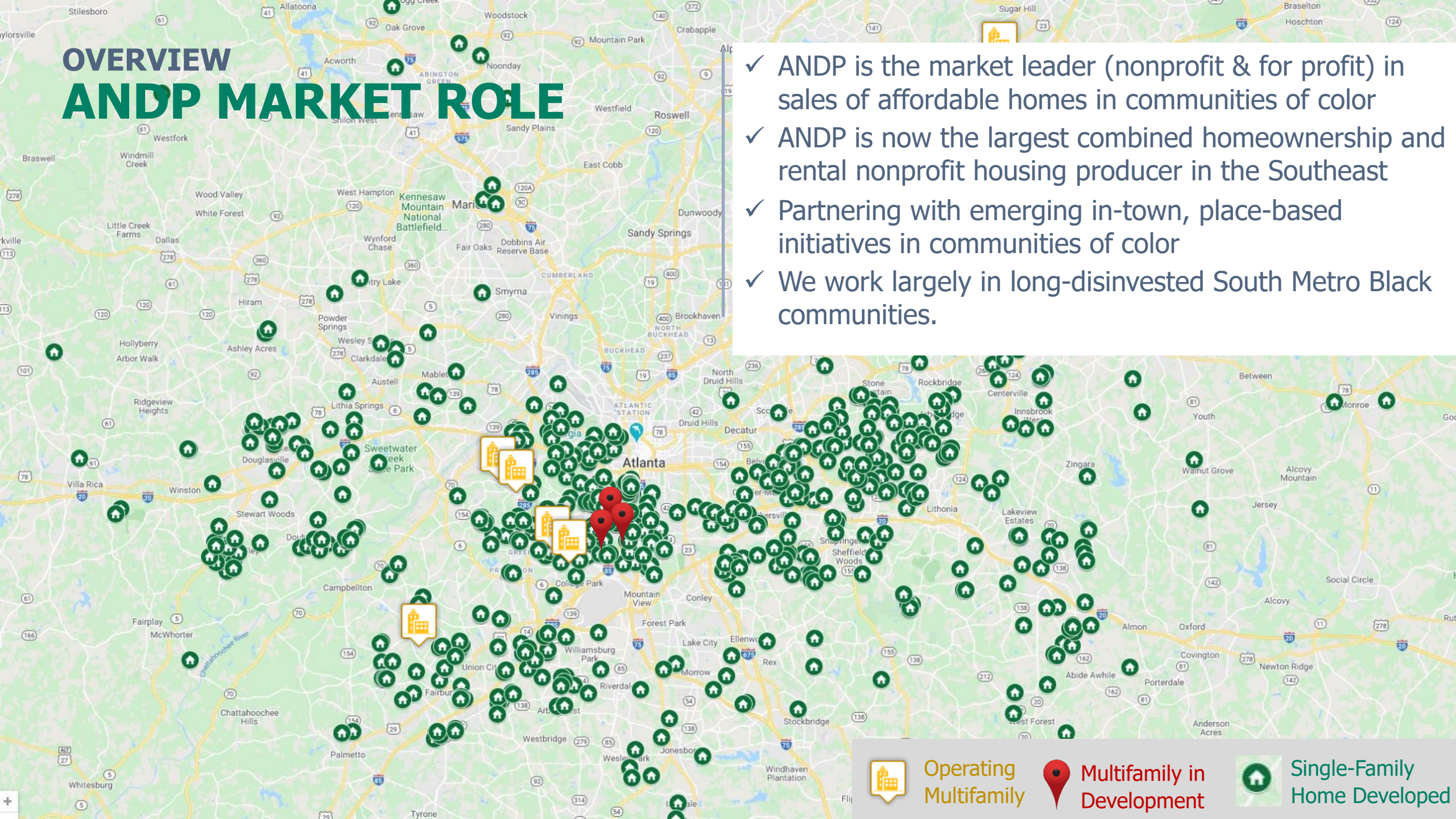
Getting money out can be as difficult as getting the money in

Finding the balance point between “proscribed” and “no rules” for how funds are used

Monitoring how performance vs. expectations, especially for duration of investment

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Operating
Multifamily



Multifamily in
Development



Single-Family
Home Developed

WHO WE SERVE

Low- and Moderate-Income Families

- 99** Percent of renters are BIPOC < 60% AMI
- 90** Percent first-time homebuyers
- 78** Percent homebuyers are BIPOC
- 47** Percent homebuyers Black Women
- 70** Percent renters are Black Women
- 81** Percent homebuyers in high poverty tracts
- 72** Percent children receive free/reduced lunch

At the lowest income category, 92% of total homeowner wealth is tied to the value of residential property.

-2019 Survey of Consumer Finances

BUILDING WEALTH

Study of ANDP Homeowners: 5+ Years

\$42,838	Avg household income
\$717	Avg mortgage payment
652	Homebuyers Served
1,335	Homeowners + Children
71	Percent Black Homeowners
98	Veteran + Active Duty
79	Percent Received DPA
93	Percent Remained 5+ Years
\$135,421	Avg Wealth Created From Home Value Appreciation

RACIAL EQUITY IN THE MARKETPLACE

In addition, to closing the homeownership gap, ANDP is intentional in its efforts to create economic opportunity and build capacity of locally-based, Black-owned businesses.



"Working with ANDP we know one thing for sure - get the project right and we will be taken care of. This trust is crucial in the residential construction business. The more trust we have in a relationship, the more efficient we work."

- Van Hardimon, Partner



Karen Hatcher President of Sovereign Property Management, partners with ANDP on its single-family rental portfolio.

Creating Economic Opportunity

- ✓ Below-market loans to Black-owned developers of affordable housing
- ✓ 50%+ of ANDP development partners are Black-owned businesses
- ✓ Partnership w/ANDP is growing their business income
- ✓ Partnership w/ANDP has increased their hiring
- ✓ Partnership w/ANDP has resulted in employee homeownership

\$50M in 5 Years to Black-owned Businesses

- ✓ In the next five years, ANDP's plan will result in \$50 million in direct contracts and below-market loans to build the capacity of our locally-based, Black-owned residential contractors, sub-contractors, vendors, and property managers working to develop affordable housing in underserved, minority neighborhoods.

CHW - Housing Futures Fund

Capital Stack	Capacity	Invested	Available Cash	Utilization	Maturity
Chase Bank LOC – SOFR Rate + 3.0% per annum	1,500,000		1,500,000	0%	4/12/2023
Torrey Pines Bank LOC - Prime + .75%, min 4%-Curr Int 6.25%	2,000,000		2,000,000	0%	9/1/2023
Pacific Premier Bank LOC - Prime Rate (Currently 3.25%)	2,000,000		2,000,000	0%	4/1/2023
Union Bank - EQ2 Loan #2 - 2.0%	650,000	650,000	-	100%	4/1/2023
Union Bank - EQ2 Loan #3 - 0.8%	3,000,000	3,000,000	-	100%	3/1/2025
Union Bank - EQ2 Loan #4 - 2.25%	750,000	750,000	-	100%	2/21/2027
Northern Trust Loan - 2.0%	1,000,000	1,000,000	-	100%	7/30/2023
PVCHA Loan - 3.0%	2,500,000	2,500,000	-	100%	4/1/2026
Wells Fargo Loan-2.0%	1,000,000	1,000,000	-	100%	2/15/2028
US Bank - 3.0%	2,000,000	2,000,000	-	100%	7/12/2024
Total Debt Facilities	16,400,000	10,900,000	5,500,000	66%	
CHW Equity	19,065,999	3,313,726	15,752,274	17%	
TOTAL HFF	35,465,999	14,213,726	21,252,274	40%	

CUMULATIVE DETAIL				
PREDEVELOPMENT	Board Authorized	Advances from Debt	Advances from Equity	Total Advances
Las Serenas Rehab (San Diego)	662,000	538,288	-	538,288
Navajo Rd (San Carlos)	2,383,000	2,056,850	-	2,056,850
Navajo Rd (San Carlos)	1,298,199	1,270,728	-	1,270,728
Serra Mesa (San Diego)	-	5,020	-	5,020
Bandar Salaam (San Diego)	279,039	140,369	-	140,369
Cortez Hill (San Diego)	1,850,000	1,300,239	-	1,300,239
Lake Elsinore (Lake Elsinore)	589,000	222,025	-	222,025
Lake Elsinore (Lake Elsinore)	51,500	63,201	-	63,201
Sports Arena (San Diego)	-	80,375	-	80,375
Q Street (Sacramento)	3,792,000	3,663,094	-	3,663,094
Q Street (Sacramento)	58,000	33,195	-	33,195
SUBTOTAL-PREDEVELOPMENT	10,301,038	9,433,382	-	9,433,382
SUBTOTAL CONSTRUCTION/STABILIZATION	-	1,466,618	690,139	2,156,757
TOTAL ADVANCES	10,301,038	10,900,000	690,139	11,590,139
CHW GP CONTRIBUTIONS- REPLENISHED WITH DEVELOPER FEE				
Kimball-Highland	2,000,000	-	2,000,000	2,000,000
Total GP Contributions to Projects	2,000,000	-	2,000,000	2,000,000
CHW LOANS TO PROJECTS - PAID DOWN RESIDUAL RECEIPTS/SURPLUS CASH				
Azusa (Azusa)	-	-	-	-
Cedar Nettleton (Vista)	623,587	-	623,587	623,587
Total Loans to Projects	623,587	-	623,587	623,587
GRAND TOTAL	1,294,625	10,900,000	3,313,726	14,213,726

CHW – HFF Projected Use

