



# Preservation Next Colorado Academy

Welcome to the second  
session: Organizational  
Sustainability and  
Business Planning

April 11, 2023



# Today's Agenda

## 3 OVERVIEW OF PRESERVATION NEXT AND SESSION TOPIC INTRODUCTION

- Sara Haas, Enterprise, Preservation Next
- Jennie Rodgers, Enterprise, Rocky Mountain

## 10 ALIGNED RESOURCES: PRESERVATION NEXT TOOLKIT AND CHFA DEVELOPER'S GUIDE

- Jessie Wang, Enterprise, Preservation Next
- Brandyn Walker, Enterprise, Rocky Mountain

## 14 ORGANIZATIONAL CAPACITY BUILDING FOR SMMF PRESERVATION

- Karoleen Feng, Mission Economic Development Agency (MEDA), Director of Community Real Estate

## AUDIENCE Q&A WITH MEDA

## 46 PREVIEWING THE NEXT SESSION

# A Thank You to Our Funders

**MacKenzie Scott**



**KAISER  
PERMANENTE®**



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The Colorado  
Health Foundation™

**JPMORGAN CHASE & CO.**



# PRESERVATION NEXT: INTRODUCTION & OVERVIEW

## PRESERVATION NEXT

# Preservation Next Overview

Preserving Affordability in Small to Medium Multifamily Properties and Protecting Residents from Displacement

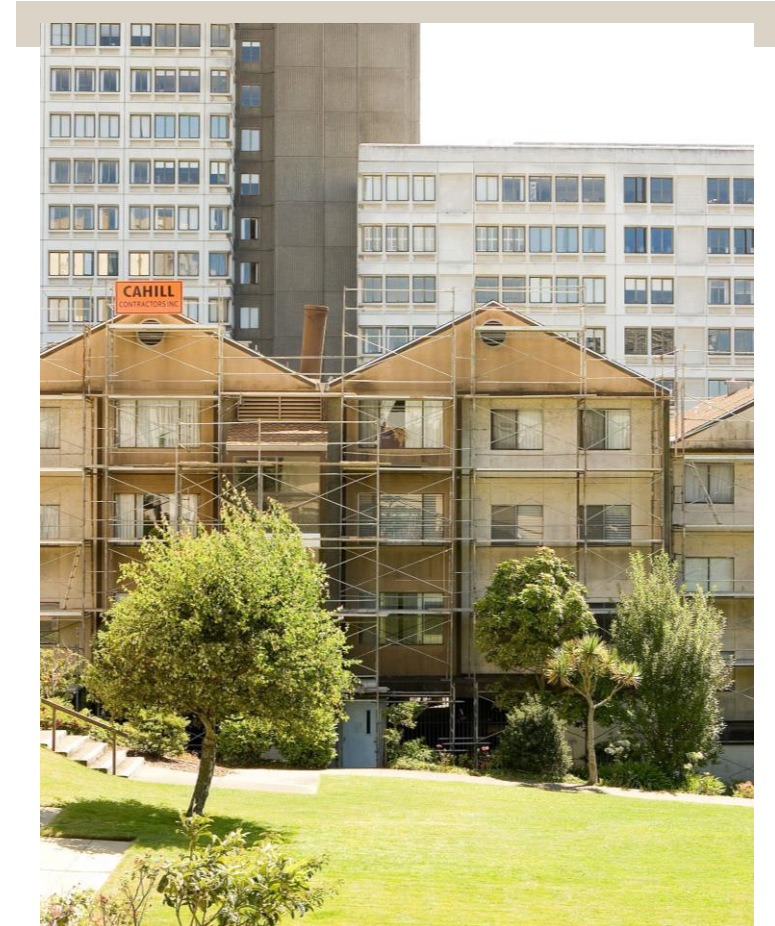
**Solutions at the intersection of renter and owner stability to promote an eviction prevention-first approach**

Through **Preservation Next**, Enterprise is committed to preserving affordable small to medium multifamily homes and ensuring that residents have access to safe, healthy, and resilient places to live.

To truly preserve these homes and protect affordability for residents now and into the future, we must:

- Protect existing affordability where it currently exists.
- Provide housing stability and prevent displacement of existing residents and families.
- Invest in healthy, sustainable, and resilient homes.
- Foster responsible stewardship by mission-aligned owners.

Small and medium sized properties provide a crucial foundation for affordable housing in this country: 80 percent of homes in these buildings are available to people who earn less than 80 percent of the area median income



# Meet the Preservation Next Team

Preserving Affordability in Small to Medium Multifamily Properties and Protecting Residents from Displacement



## Sara Haas

**SENIOR DIRECTOR, SOUTHEAST AND PRESERVATION NEXT**

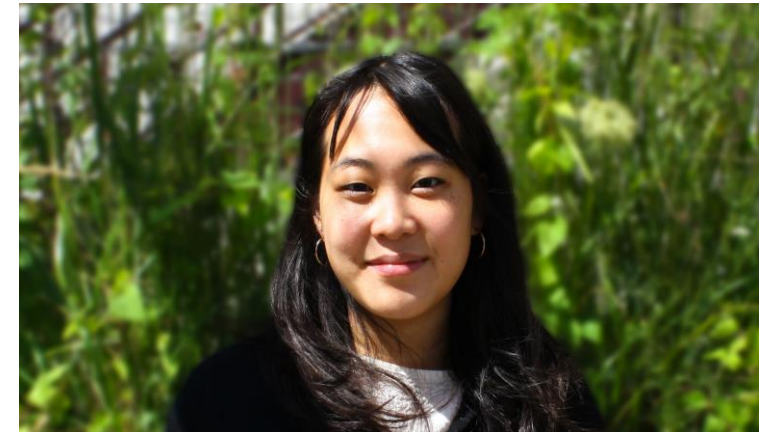
At Enterprise, Sara leads affordable housing preservation programming in Miami and Atlanta, the Keep Safe Florida Resilience program, and the National Preservation Next program. Prior to joining Enterprise, Sara developed and managed national AmeriCorps VISTA programs at Habitat for Humanity International and Points of Light. Sara lives in Atlanta with her husband Stew, son Eli and dog Dolly Parton.



## Meaghan Vlkovic

**VP AND MARKET LEADER, SOUTHEAST**

Meaghan leads Enterprise's programmatic work in the Southeast region, focused on providing an array of resources to affordable housing and community development partners. This includes capacity building assistance for proactive preservation and production of housing, and helping communities plan for future development, such as transit-oriented development opportunities.



## Jessie Wang

**PRESERVATION FELLOW, PRESERVATION NEXT**

At Enterprise, Jessie supports program development and implementation for the national Preservation Next program. Prior to joining Enterprise, Jessie worked in applied research, where she provided technical assistance to community-based organizations and analyzed housing and community development challenges in Chicago, where she resides.

# Preservation Next's Colorado Team

Preserving Affordability in Small to Medium Multifamily Properties and Protecting Residents from Displacement



## Jennie Rodgers

**VP, ROCKY MOUNTAIN, TRIBAL NATIONS, AND RURAL MARKET**

Jennie leads Enterprise's work with local partners in Denver to increase and deploy resources for affordable housing, advocate for local and state affordable housing policy, and provide technical assistance and training. She has 30 years of experience in the arenas of affordable housing policy, finance and development, and has worked in the nonprofit, private and government sectors on urban and rural housing initiatives.



## Brandyn Walker

**PRESERVATION AND PRODUCTION FELLOW, ROCKY MOUNTAIN, TRIBAL NATIONS, AND RURAL MARKET**

Brandyn is Enterprise's Production and Preservation Fellow in the Denver office. Before joining Enterprise, Brandyn worked as a real estate project analyst for Avalon Housing, an affordable housing provider in Ann Arbor, Michigan. Brandyn's background also includes experience at The City of Ferndale and the Michigan Department of Transportation.



## Christi Smith

**DIRECTOR, PROGRAMS**

Christi is Director of programs at Enterprise, where she leads Enterprise's work in Colorado and oversees the Wells Fargo Housing Affordability Breakthrough Challenge, a \$20 million initiative that supports the development and scalability of new ideas and approaches to address the nation's affordable housing crisis. Prior to joining Enterprise, Christi was VP of strategy and communications for Urban Land Conservancy (ULC).

**Join Us!**

# Colorado Preservation Academy Sessions

**March - October  
2023**

| <b>Dates</b>          | <b>Sessions</b>   |
|-----------------------|---|
| March 28, 2023        | Preservation Academy Kickoff  |
| <b>April 11, 2023</b> | <b>Preservation Deals: Organizational Sustainability and Business Planning</b>                  |
| May 2, 2023           | Acquisition, Property Identification, and Evaluation of SMMF Properties                         |
| May 23, 2023          | Financing SMMF Preservation   |
| June 13, 2023         | Navigating Rehabilitation of SMMF Properties  |
| July 11 & 12, 2023    | In-Person Convening: Sustainability, Resilience and Health Considerations for SMMF Preservation |
| August 8, 2023        | Preservation Development Models   |
| August 22, 2023       | Community Land Trusts and Preservation: Deep Dive Special Session                               |
| September 12, 2023    | Policy and Its Impacts on Preservation  |
| October 3, 2023       | Property and Asset Management   |
| October 24, 2023      | Housing Stability and Eviction Prevention   |





# Organizational Sustainability and Business Planning

## CHALLENGES OF SMALL TO MEDIUM MULTIFAMILY PRESERVATION

The nature of SMMF preservation is **difficult**. Smaller acquisition-rehab properties often do not generate enough developer fees or cash flow.

**Operating challenges:** SMMF properties are often scattered-site and lack economies of scale yet cost just as much as larger building to operate.

**Gap in financing tools:** SMMF properties are not well served by existing financing products.

**Property conditions:** SMMF properties are typically older and may have expensive rehabilitation costs

## ORGANIZATIONS NEED A UNIQUE SET OF SKILLS

These may include:

- Market analysis to identify and evaluate properties for acquisition
- Adequate balance sheet and ability to secure financing and compete with buyers
- Capacity to manage the rehab process, including tenant relocation, and address deferred maintenance
- Property management of scattered site properties
- Asset management and planning for future rehab

## BUSINESS PLANNING IS IMPORTANT FOR SUSTAINABILITY

It can be difficult for organizations to **sustain this work**. Without a significant upfront balance sheet, subsidy, or grant funding, it can take years before preservation becomes a self-sustaining business line on its own.

**Business planning can help:**

- Ensure preservation priorities are aligned with organizational mission
- Identify a path to sustainably grow this work and an adequate staffing model
- Identify the minimum number of projects and funding for this work to be sustainable

# ALIGNED RESOURCES

# Preservation Next Toolkit: Resources for Developers

## Aligned Resources

- 1. Developer Capacity:** Learn about assessing organizational readiness and key capabilities required for SMMF preservation
- 2. Enabling Environment:** Read about core components and policies that contribute to a strong preservation enabling environment
- 3. Funding Sources Inventory:** available financing, subsidy, grant resources for
- 4. Financial Modeling Tool:** A project-level tool to help you understand the financial viability of your development.



PROJECT OVERVIEW

## 700 Simmons Ave

📍 LOS ANGELES, CA

- Located in unincorporated East Los Angeles
- Built in 1930
- 11 residential units
- Acquired in 2021

Financing sources:

- LA County CLT-CDC Pilot Program: \$2,790,250 – \$253,659 per unit
- SPARCC and Genesis LA: Predevelopment funds \$75,000

TOOLS

## Financing Modeling Tools

Keep Reading

### Download the Tool:

↓ DOWNLOAD  
**Preservation Next Financial Model**  
100kb Microsoft Excel File

# Preservation Next Toolkit: Case Studies

## Joint Venture Partnership

700 Simmons Ave in Los Angeles, CA



PROJECT OVERVIEW

### 700 Simmons Ave

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### One Stop Shop for Acquisition and Rehabilitation Funding

Assembling multiple sources of funding within a narrow timeframe to competitively bid for properties listed on the market is a key challenge for organizations preserving unsubsidized small- to medium-multifamily properties. Enterprise’s Strong, Prosperous, and Resilient Communities Challenge provided a recoverable grant to the partnership for predevelopment and [due diligence](#) activities. Public funding from LA County’s CLT Pilot Program was key to this project’s success, providing upfront and flexible acquisition and construction funds, a rare occurrence. This public subsidy streamlined the acquisition process, reduced transaction costs, and saved the partnership time, which allowed them to quickly purchase the property amid competition from private market purchasers, start renovations, and keep rents at an average affordability level at 50% AMI until the property transitions to a tenant owned cooperative.

## SMMF Portfolio Acquisition

The Washington at Woodlawn in Chicago, IL



PROJECT OVERVIEW

### The Washington at Woodlawn Park

📍 CHICAGO, IL

- Sixteen vintage apartment buildings with 196 units in the Woodlawn and Washington Park neighborhoods of Chicago
- Acquired and renovated 2010-2013



| 4% LIHTC EQUITY  |                  |                             |
|--|------------------|-----------------------------|
| Public/Private: City of Chicago Award, Syndicated by NAHT, Investor Goldman Sachs      | \$ 5,850,043.00  | Tax credit pricing = \$0.95 |
| FIRST MORTGAGE/TAX EXEMPT BONDS  |                  |                             |
| Public Private: City of Chicago-issued bonds, Citibank construction and permanent debt | \$ 10,900,000.00 | 35 years, 4.61%             |
| SECONDARY DEBT <sup>1</sup>  |                  |                             |
| Public: City of Chicago, New NSP Loan  | \$ 1,738,877.00  | 32 years, 4.75%             |
| SELLER EQUITY (Acquisition note <sup>1</sup> , reserves, cash flow from operations)    |                  |                             |
| Non-profit: Preservation of Affordable Housing   | \$ 5,915,208.00  | 32 years, 5%                |

# Colorado Affordable Housing Developer's Guide

A Colorado Housing Finance Authority (CHFA) Resource

- This guide provides a comprehensive overview of affordable housing development in Colorado.
- CHFA's learning objective with their Developer's Guide is for users to gain familiarity with the affordable housing development process.
- This guide complements CHFA's other resources, technical assistance, and capacity building efforts intended to support affordable housing development in the state.

# Introducing our Guest Speaker

Mission Economic Development Agency in San Francisco, CA



## Karoleen Feng

**DIRECTOR OF COMMUNITY REAL ESTATE, MISSION ECONOMIC DEVELOPMENT AGENCY**

Karoleen established MEDA's Community Real Estate program to reverse cultural displacement and gentrification in the highest-cost neighborhood in the nation. She has changed the narrative of the future of the Mission District and achieved the rebuilding of community assets in the area after a decade-long absence of affordable-housing production. She has been instrumental in jumpstarting MEDA being joint-venture partners for the Mission-Castro cluster of the San Francisco Housing Authority Rental Assistance Demonstration program, new construction of almost 500 apartments and preservation of dozens of small apartments off the private market.

# MEDA Capacity Building Training

*Organizational Capacity Building -Fundraising,  
Governance + Strategic Planning*



Mission Economic Development Agency (MEDA)  
San Francisco, CA



# Agenda Overview

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- Introductions
- Fundraising
  - MEDA's Journey
  - Collaborative Opportunities

## Governance + Strategic Planning

- MEDA's Journey
- Collaborative Opportunities
- Debrief + Check-out





# Training Goals

**1. Understanding how MEDA leveraged services + collective impact for housing dev**

**2. Ideas on seed funding for Housing Development**

**3. Understanding how MEDA set up governance structures to shift to housing dev**

**4. Clarity on what's required for various models of Housing Development**

**5. Clarity on next steps for capacity building**



# Introductions + Check In

**1**

**Name, Role, Organization**

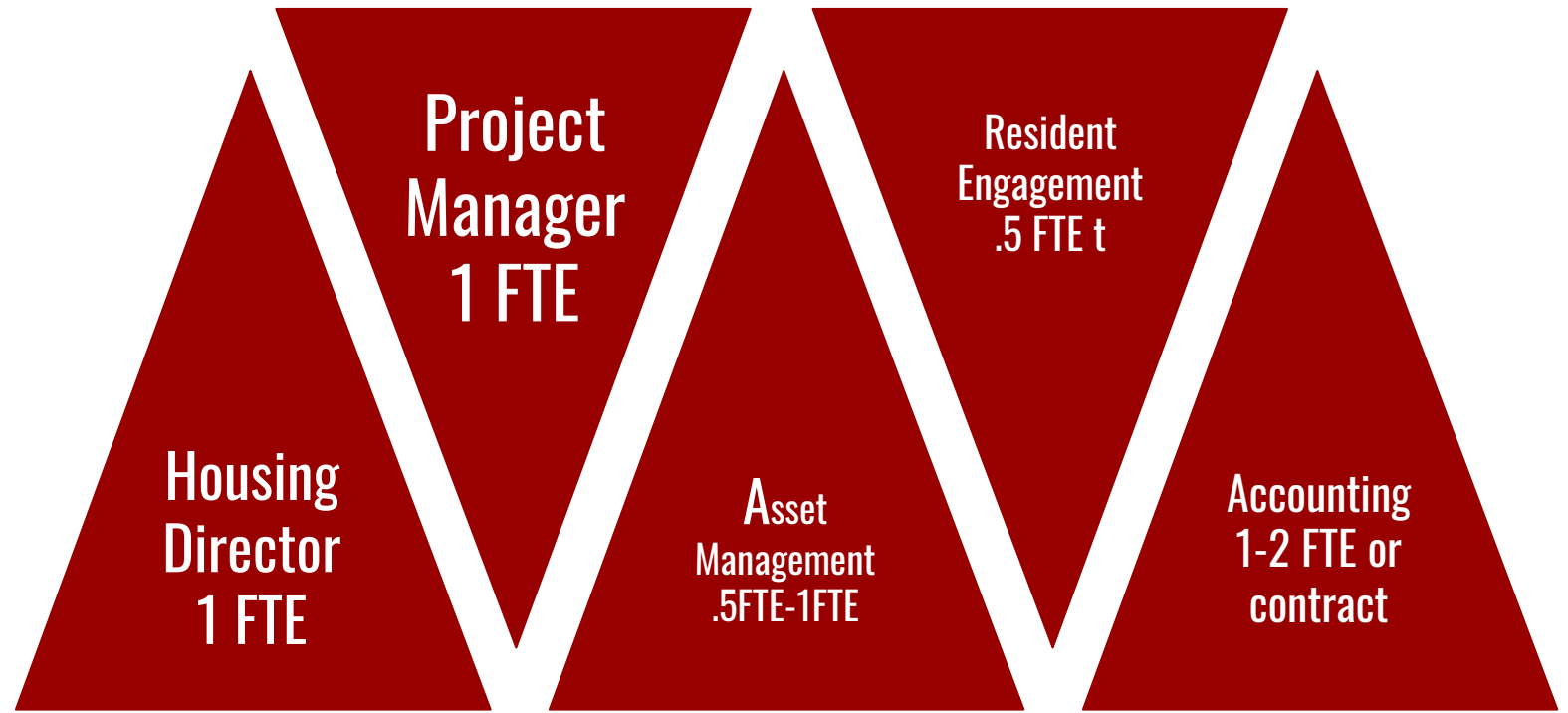
**2**

**How are you?**

**3**

**One thing you hope to take away from today?**

**Startup Cost  
Considerations for  
Housing  
Development-  
Personnel**

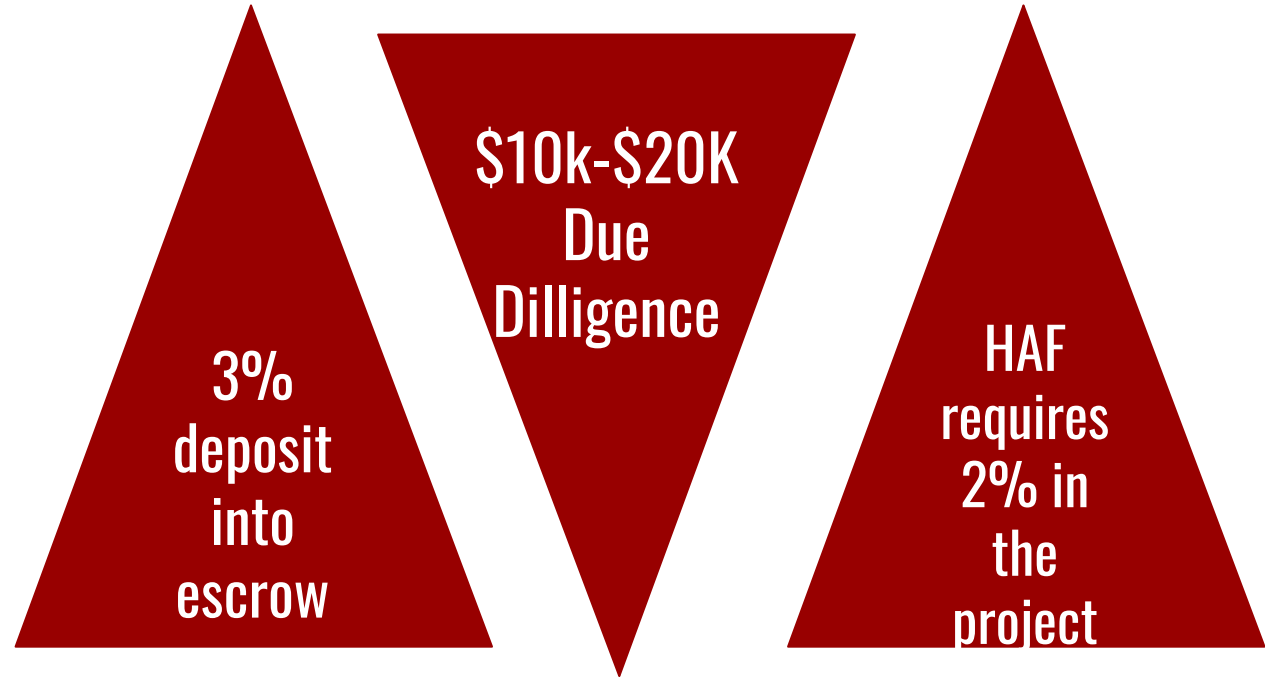


**Assume \$100K-\$120K per FTE avg w benefits**

**Consider contractual/outourcing**

**Consider internal capacity/leverage or shift**

**Startup Cost  
Considerations for  
Small Sites Housing  
Development-  
Additional Hard Costs**



**Assume \$150K-\$200K for first 2 projects**

**Include in startup asks to funders**

# Fundraising to become a housing developer- MEDA's Journey

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- Making the case - why MEDA, why now?
- Establishing the urgency
- Tied to Mission, Vision, other programmatic goals
- Leveraging Funding
- Investors
- Establishing experience with first projects
- Building capacity to apply for/manage projects



## Displacement Crisis- Why MEDA, why now?

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San Francisco's Mission District has always been a supportive place for low-income and immigrant Latinos. But it's now one of the most unaffordable neighborhoods in the country. In fact, 8,000 Latinos have been forced from their homes in the last decade- that's over 25% of this community.

**25% Loss**

**-8,000 Latinos**



# Types of investments raised

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## Capital

Treated as debt

Required to pay back over long period

Generally secured against an asset

Interest terms vary

Can be interest only or interest + principal

## Program Related Investment (PRI)

Treated as debt

Required to pay back, sometimes forgivable

Very low interest

Usually lent by a foundation

Tied to specific outcomes and purpose

## Grants

Treated as revenue

No requirement to pay back

Based on achieving certain outcomes

Can be program specific or general support



# Investments to MEDA's housing work

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## Capital

Mayor's Office of  
Housing & Community  
Development \*

SF Housing Accelerator  
Fund (SFHAF)

Variety of capital  
investors for new large  
sites- bank, CDFI

## Program Related Investment (PRI)

San Francisco  
Foundation

## Grants

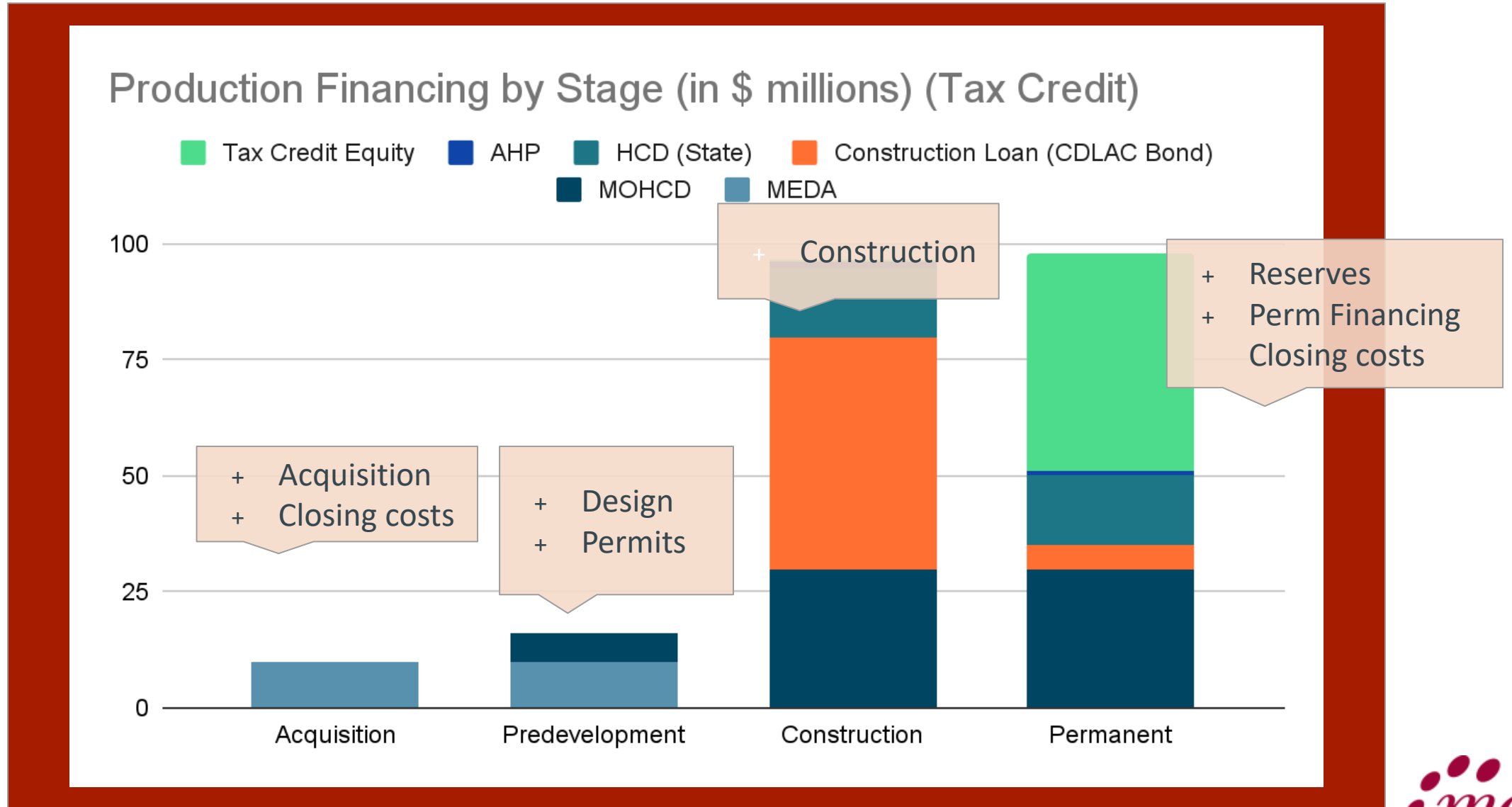
JP Morgan Chase  
Citi  
Kresge Foundation  
Crankstart  
Promise Neighborhoods  
LISC  
Enterprise  
US Bank (GS)  
Union Bank (GS)  
Kresge Foundation (GS)





# Financing by Stage

With each development stage, we add layers of financing



# Fundraising Ideas for Seed Funding- Westside Housing Development

1

**Government**

2

**Foundations**

3

**Corporations**

# Questions to ask

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- Who cares about the issue?
- Similar investments, other neighborhoods or communities?
- Case for ROI/earned income
- Value add to direct services and family/community housing stability
- Expand existing funding
- Funder introductions
- Local individual philanthropists



# Governance - MEDA's journey

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- Buy in- why MEDA, why now?
- Composition & expertise of board members, board member training
- Community Real Estate Committee - board and non-board
- Risk assessment for organization, financial impact + risk management
- Risk matrix for board decision making [example](#)



# Challenges and Roadblocks

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- Establishing risk management systems- aligning impact of purchasing properties with impact on MEDA finances
- Board capacity + knowledge to engage in real estate efforts
- Shift in focus, added time to engage in CRE work at board level

Example: how MEDA helped SFHDC establish credit committee



# Tools

## Organizational Assessment

### Organizational Readiness Stages



# What is RBA?

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Results-Based Accountability™ is a disciplined way of thinking and acting to improve entrenched and complex social problems. RBA uses a data-driven, decision-making process to help communities and organizations get beyond talking about problems to taking action to solve problems. RBA starts with ends and works backward, towards means. The “end” or difference you are trying to make looks slightly different if you are working on a broad community level or are focusing on your specific program or organization.

<https://clearimpact.com/results-based-accountability/>

# Results Based Accountability



# THEORY OF CHANGE



MEDA OFFERS THESE PROGRAMS,  
SUPPORTED BY OPERATIONS

TO ACHIEVE THESE SIX RESULTS

AND CREATE THE CHANGE WE WANT  
TO SEE, LOCALLY AND NATIONALLY.



## MISSION

Rooted in San Francisco's Mission District, MEDA is advancing a national equity movement by building Latino prosperity, community ownership and civic power.

## VISION

We envision generations of Latino families choosing where to call home, thriving economically, succeeding in learning opportunities, and leading policy and social change toward a more equitable society.



# Spurred by community advocacy, the Small Sites Program (SSP) launched as a \$3M preservation pilot program in 2014.

Today, SSP:

- Protects San Francisco residents with the widest range of incomes of any City housing program: extremely low-income tenants live side-by-side with middle-income tenants whose higher rents stabilize building operations and make possible very low rents for more vulnerable households
- Offers a national model for anti-displacement in high-cost and rapidly gentrifying areas
- Engages a collaborative ecosystem of practitioners
- Provides critical investments in community organizations at various stages of growth, but all of which provide vital community advocacy and assistance



369 3rd Ave / MEDA



568 - 570 Natoma / SFCLT

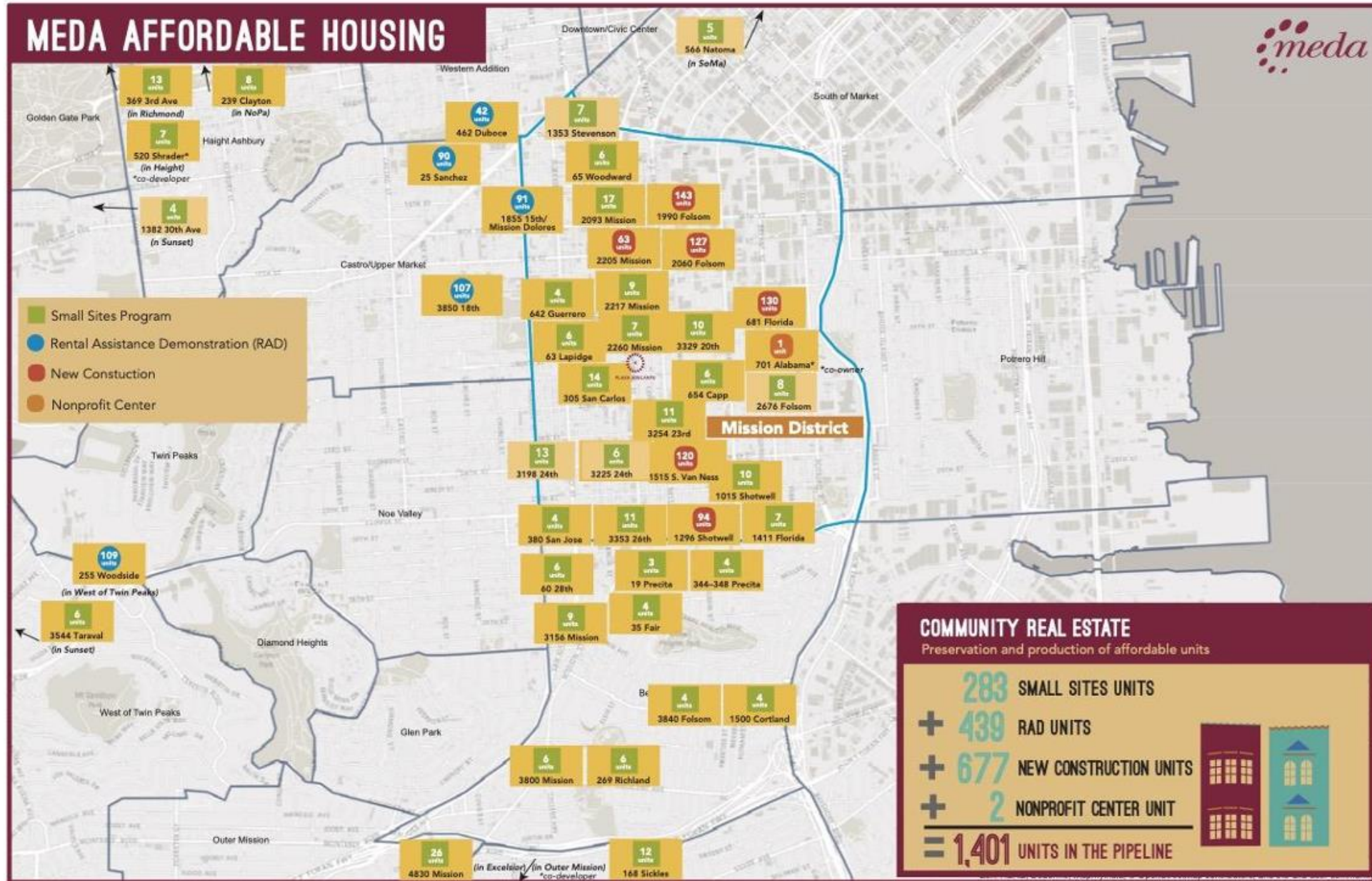


54  
Projects (All SSP)



660  
Units (All SSP)

# MEDA AFFORDABLE HOUSING



# Impact Since 2014

34 Small Sites Buildings

271 Small Sites Units

5 *New* affordable developments

557 New Units

439 RAD Units



# Considerations - Lead agency that leads work

---

- Who would need to be on the Advisory board? (represented orgs)
- What would be an effective decision making structure?
- What type of staffing would be needed?
- What other infrastructure or capacity would be needed?
- Would the coalition engage in development projects as a partner?

# Considerations - Build Capacity of Existing Organization

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- What kind of startup funding would be needed?
- What would be the biggest risk to the organization?
- How would it be managed?
- How would buy in from governance, leadership and community be obtained?
- What resources could be leveraged?
- What additional infrastructure would be needed?

# Considerations - New Housing Developer

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- Who would lead on forming the new organization, legal requirements, etc?
- How would a new board be established?
- What would be built into the structure to retain community accountability/connection?
- Where would financing/seed funding be sought?
- What type of staffing and infrastructure would be needed?

# Preservation Ecosystem

## Legend

Launch

Year 2-5

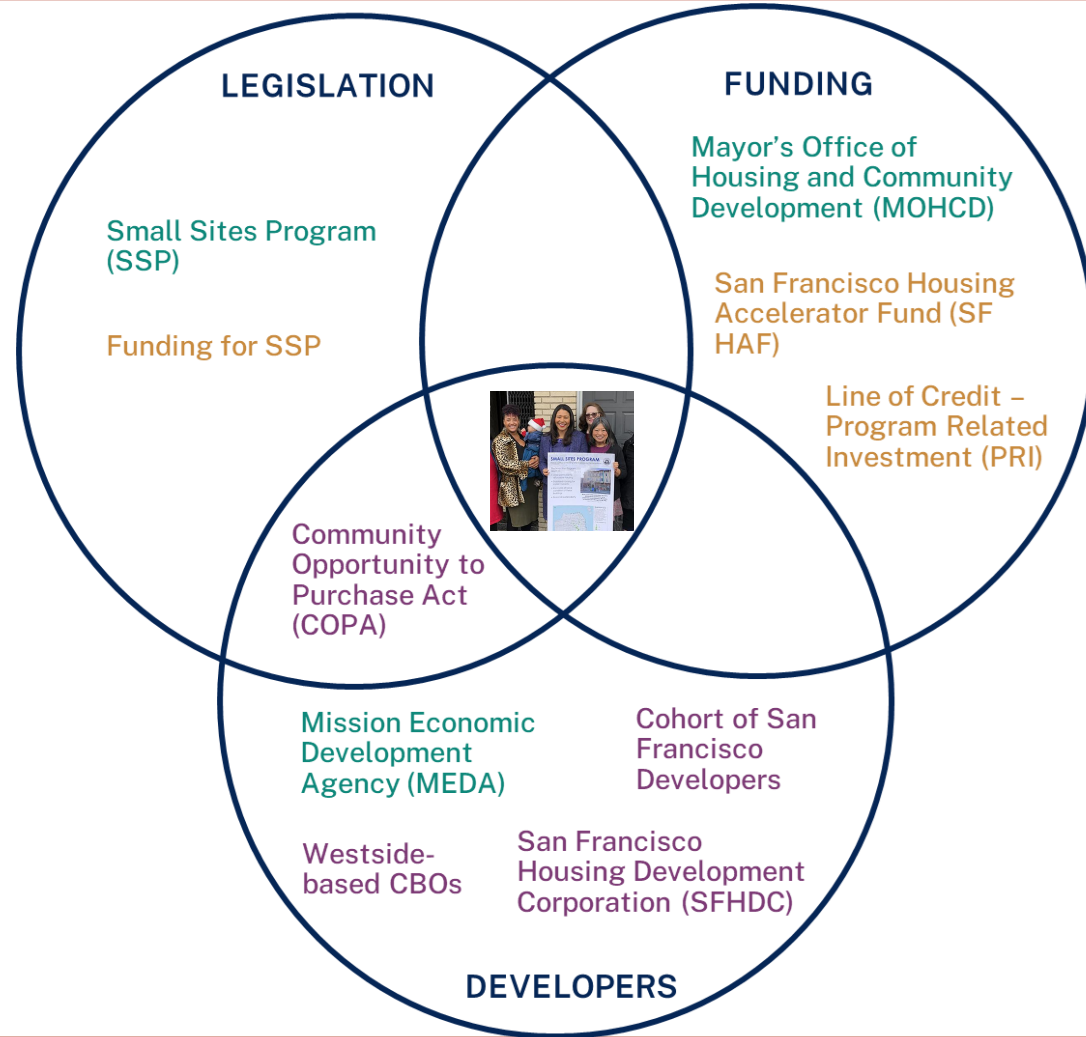
Year 5-8

## Legend

Launch (2013)

Year 2-5 (2014-2017)

Year 5-8 (2018-2021)



# Brainstorm for the future

---

- Where are you at in the ecosystem - both your role and what stage?
- How could you ignite pieces of the ecosystem?



# Organizational Readiness

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|                                  |  |  |   |  |  |
|----------------------------------|--|--|---|--|--|
| <b>Organizational Readiness:</b> | Stage 1: Early organizational development<br><br>Cohort and/or peer learning | Stage 2: Early formation of real estate program<br><br>Minimum for joint venture with MEDA | Stage 3: Established real estate program with pending 1-2 properties under Small Sites program<br><br>Minimum for ownership share of property | Stage 4: Portfolio of 1-2 properties under Small Sites Program and regular pipeline of projects<br><br>Goal to move to by end of Joint venture | Stage 5: Regular pipeline of projects and portfolio of >10 buildings under Small Sites Program<br><br>Goal is sole ownership |
|----------------------------------|--|--|---|--|--|

# Organizational Assessment

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## Text of Survey for Organizational Assessment

Organization:

Name of Respondent:

Title of Respondent:

**(the survey responses help to identify if the organization what Readiness stage the organization is in)**

### Section 1: Board

| Question & Answer Choices  |  |
|--|--|
| 1) Do you have a board whose mission includes nonprofit real estate development? <b>(Y/N)</b>  |  |
| 2) How many board members have real estate experience? (e.g., broker, real estate banker, developer, architect, contractor) <b>(0, 1, 2 or more)</b> |  |
| 3) Do you have any board members who are active nonprofit real estate developers? <b>(Y/N)</b>   |  |
| 4) Does the board have a formal relationship with legal counsel? <b>(Y, one or more board members is an attorney/Yes, the board has access to</b>    |  |

# Brainstorm for the future

---

- Where are you at in the ecosystem - both your role and what stage?
- How could you ignite pieces of the ecosystem?

## Debrief + Check Out

**1**

**One takeaway from today?**

**2**

**Biggest priority you identified to move the work forward?**

**3**

**What additional capacity building is needed?**

# Thank you!

**Karoleen Feng**

Director of Community Real Estate

[kfeng@medasf.org](mailto:kfeng@medasf.org)



**Join us for our next session on May 2!**

## **Acquisition, Identification, and Evaluation of SMMF Properties**

### **Our Speakers**

**Jennifer Newcomer**, Research Director – Colorado Futures Center

**Andrew Jakabovics**, Vice President, Policy Development – Enterprise Community Partners

[Register here](#)

### **What to Expect This Session**

- Participants will understand **criteria for evaluating potential acquisition opportunities**, as well as implications for various factors.
- Participants will understand how to make go/no-go decisions on specific opportunities in terms of **priority and capacity alignment**
- Participants will also learn how to **use data and information** to inform acquisition decisions



# Thank you

## Contact Us:

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## Resources:

[Preservation Next Colorado Academy Sessions: Registrations, recordings, and materials](#)

[Preservation Next Small to Medium Multifamily Toolkit](#)

[Enterprise Preservation Resources](#)