



# Preservation Next Colorado Academy

Property Identification,  
Evaluation, and  
Acquisition

May 2, 2023



# Today's Agenda

## 3 PRESERVATION NEXT OVERVIEW

- Sara Haas, Enterprise, Preservation Next

## 10 DATA AND TOOLS TO IDENTIFY SMMF PROPERTIES FOR PRESERVATION

- ***Characteristics of the SMMF Inventory.*** Andrew Jakabovics, VP of Policy Development, Enterprise
- ***Local Tools to Identify SMMF Acquisition Opportunities.*** Jennifer Newcomer, Research Director, Colorado Futures Center

## AUDIENCE Q&A

- Brandyn Walker, Enterprise, Rocky Mountain

## 39 PRESERVATION NEXT RESOURCES FOR PROPERTY IDENTIFICATION AND EVALUATION

## 47 PREVIEWING THE NEXT SESSION

# A Thank You to Our Funders

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Health Foundation™

**JPMORGAN CHASE & CO.**



# PRESERVATION NEXT: INTRODUCTION & OVERVIEW

# Preservation Next Overview

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

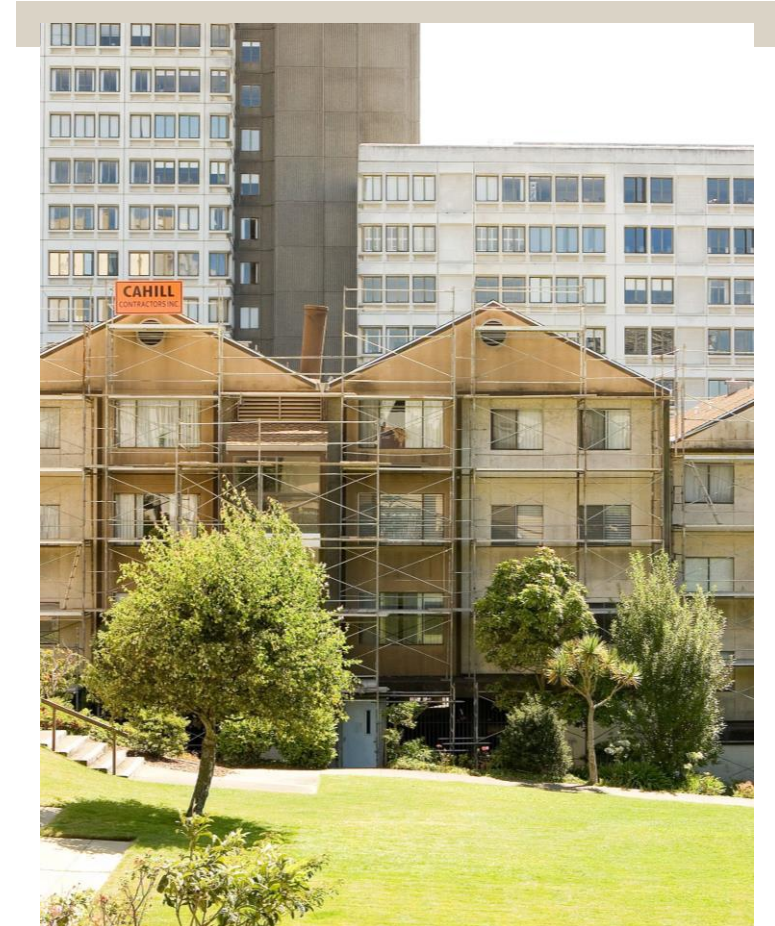
Solutions at the intersection of renter and owner stability to promote an eviction prevention-first approach

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**

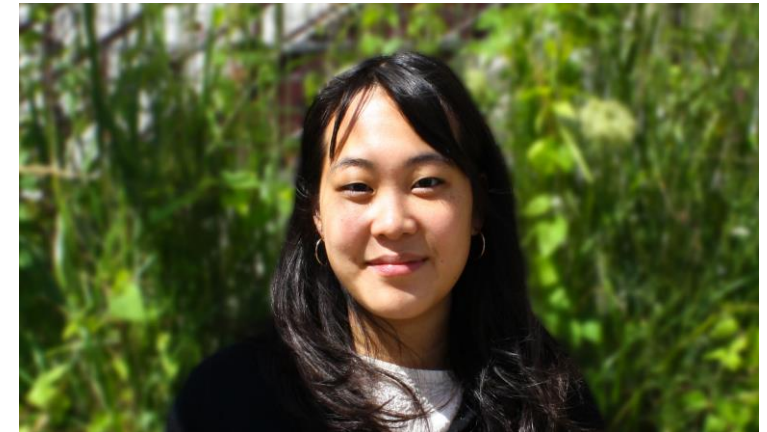
At Enterprise, Sara leads affordable housing preservation programming in Miami and Atlanta, the Keep Safe Florida Resilience program, and the National Preservation Next program. Prior to joining Enterprise, Sara developed and managed national AmeriCorps VISTA programs at Habitat for Humanity International 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
April 11, 2023	Preservation Deals: Organizational Sustainability and Business Planning
<b>May 2, 2023</b>	<b>Acquisition, Property Identification, and Evaluation of SMMF Properties</b>
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





# HOW ARE YOU FINDING SMMF ACQUISITION OPPORTUNITIES?



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

At Enterprise, Andrew oversees the Policy Development & Research team, researching issues related to affordable housing, equitable housing and community development, housing finance, foreclosures and neighborhood stabilization, and broader housing supply and demand concerns. He has most recently been analyzing small multifamily properties' ownership patterns, preservation strategies for unsubsidized and subsidized affordable housing, LIHTC development and neighborhood dynamics, and the relationship between disasters and affordability. Prior to joining Enterprise, Andrew served as senior policy advisor to the assistant secretary for policy development and research at the U.S. Department of Housing and Urban Development. His primary focus was on housing finance reform, with a particular eye toward issues of access and affordability.

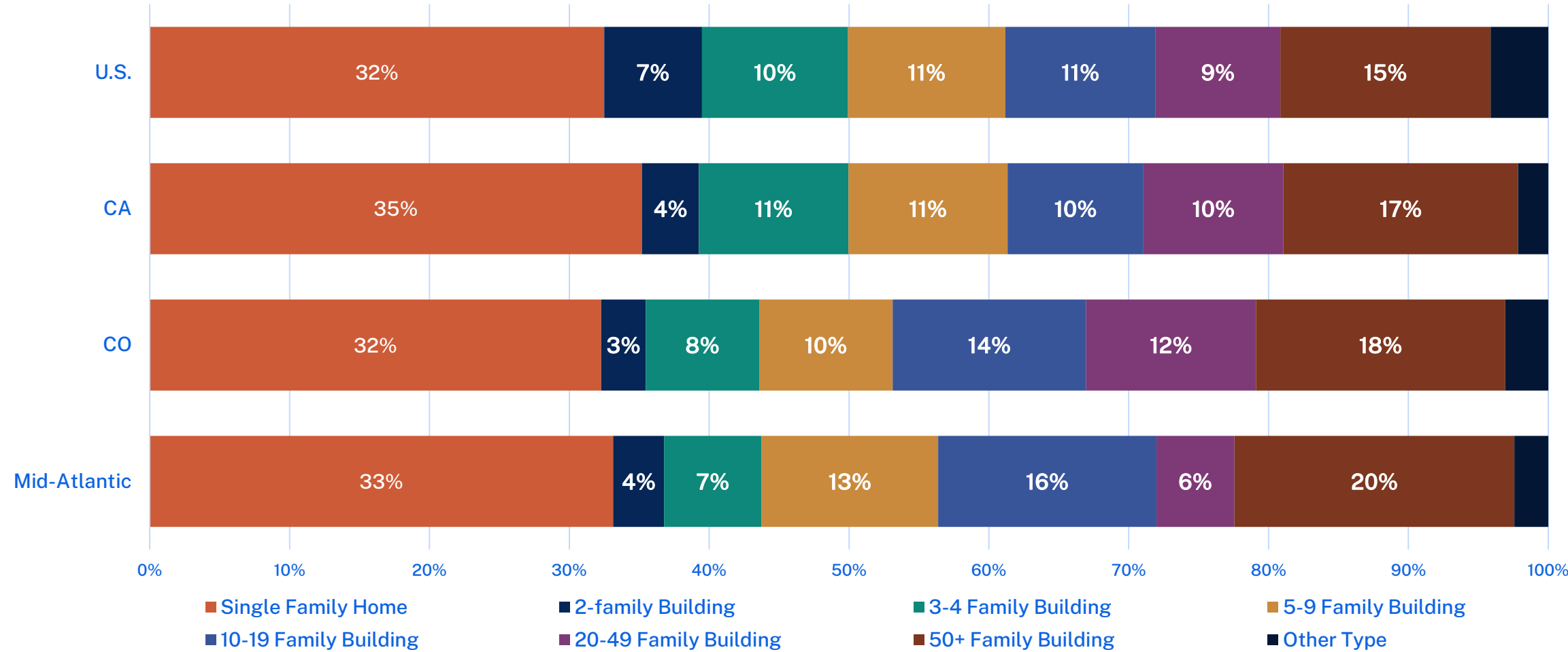


### **Jennifer Newcomer – Research Director, Colorado Futures Center**

Jennifer Newcomer is the Research Director of the Colorado Futures Center. Her research focuses on social and built environment issues, particularly household and neighborhood lifecycles, housing affordability, and the forces impacting family economic wellbeing. Prior to working at CFC, she worked at the Piton Foundation directing the program Shift Research Lab. At Shift, Jennifer amassed a research portfolio, including noteworthy work in partnership with CFC that has garnered both local and national media attention, as well as informed local policy. Jennifer also worked at the Denver Regional Council of Governments conducting land use forecasting and regional economic analysis, and her experience also includes real estate and construction project management, from planning and design to build out.

# UNDERSTANDING THE SMALL TO MEDIUM MULTIFAMILY HOUSING STOCK

# SMMF: A Critical Source of Rental Homes

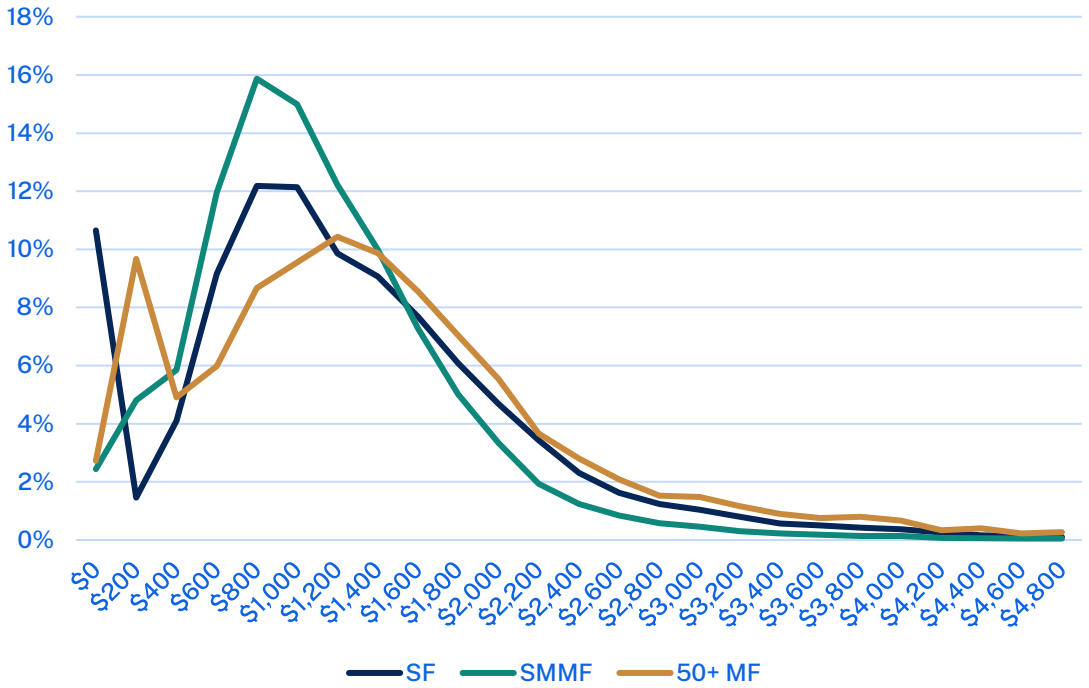


Source: 2021 American Communities Survey

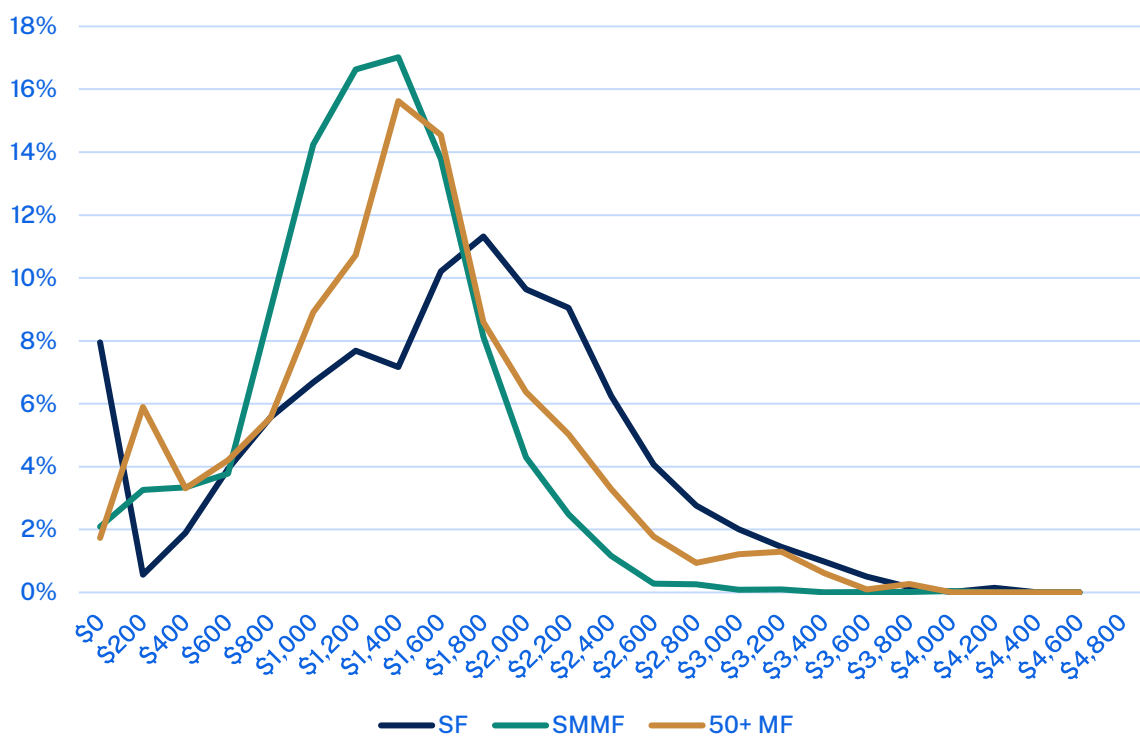
# SMMF Rents Tend Towards Greater Affordability

Rent Distributions

## United States

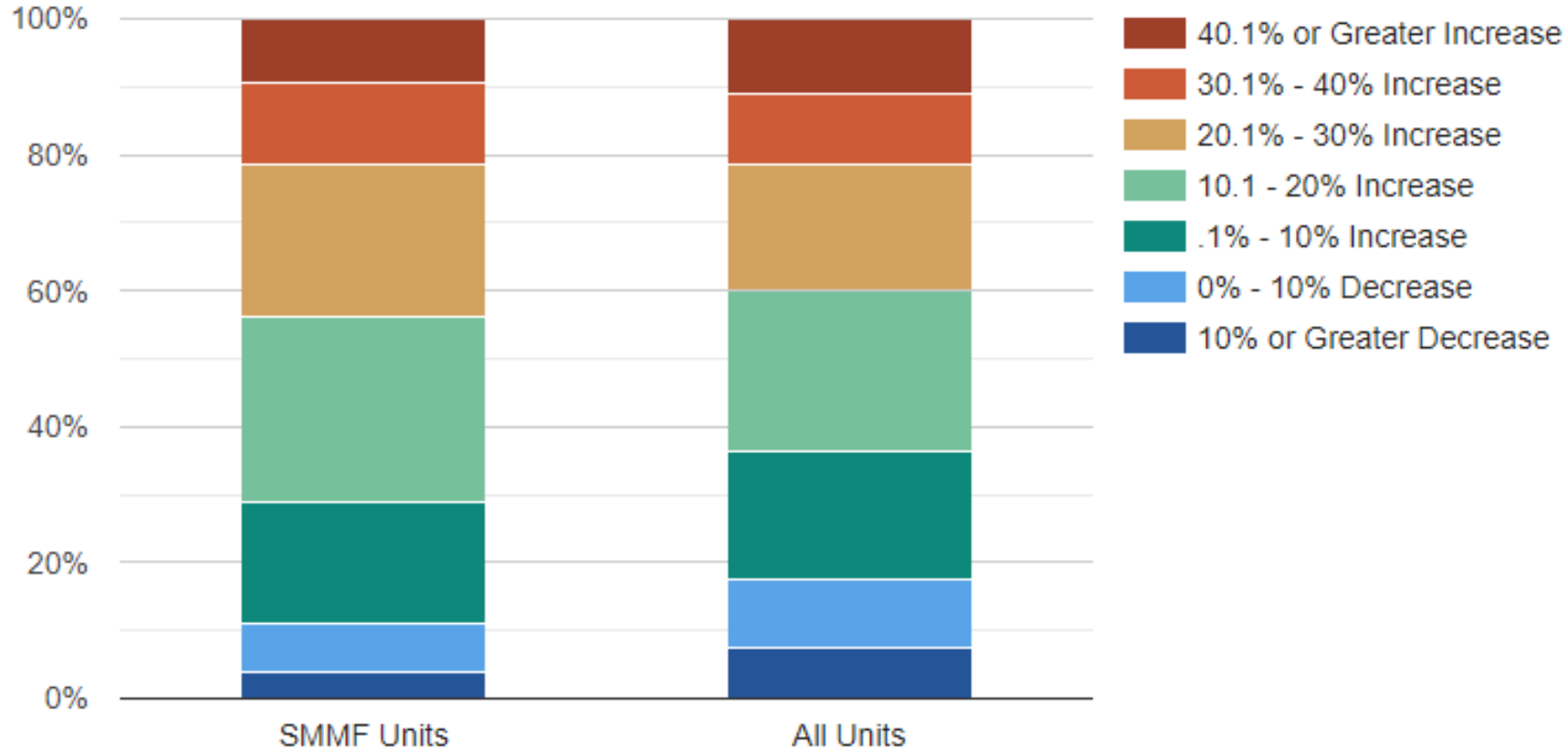


## Colorado



# SMMF Units are Disproportionately Located in Areas with Growing Affordability Pressures

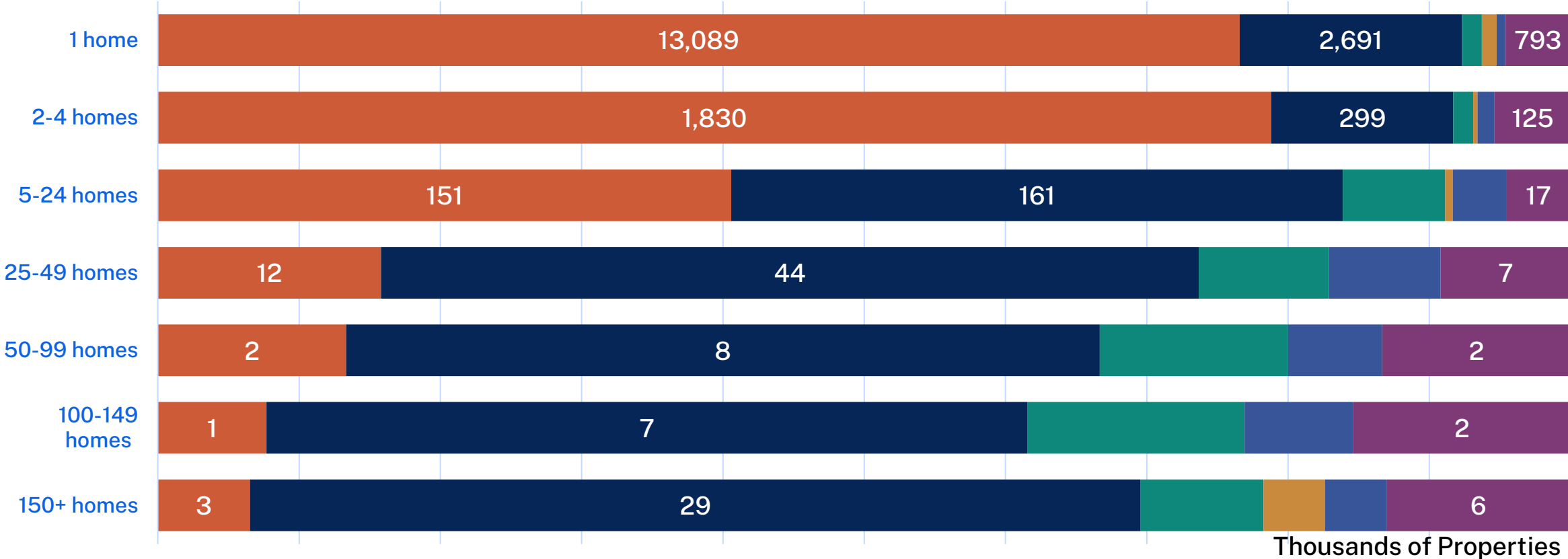
Units by Change in Census Tract Median Gross Rent in the United States, 2015 - 2020



Source: American Community Survey 5-Year Estimates, 2020



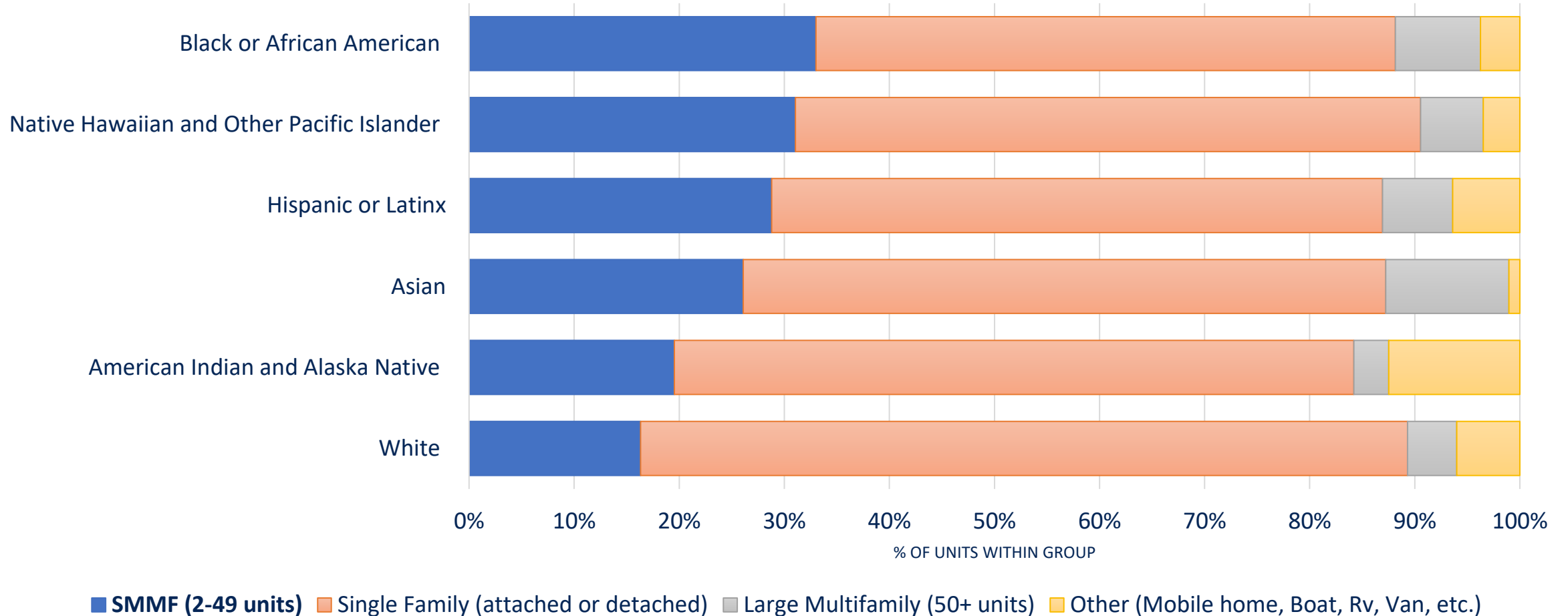
# Ownership Patterns Vary by Building Size



■ Individual investor, trustee, or tenant in common 
 ■ LLP, LP, or LLC 
 ■ General Partnership or Real Estate Corporation 
 ■ REIT 
 ■ Nonprofit 
 ■ Other or Not Reported

# SMMF Residents are Disproportionately BIPOC

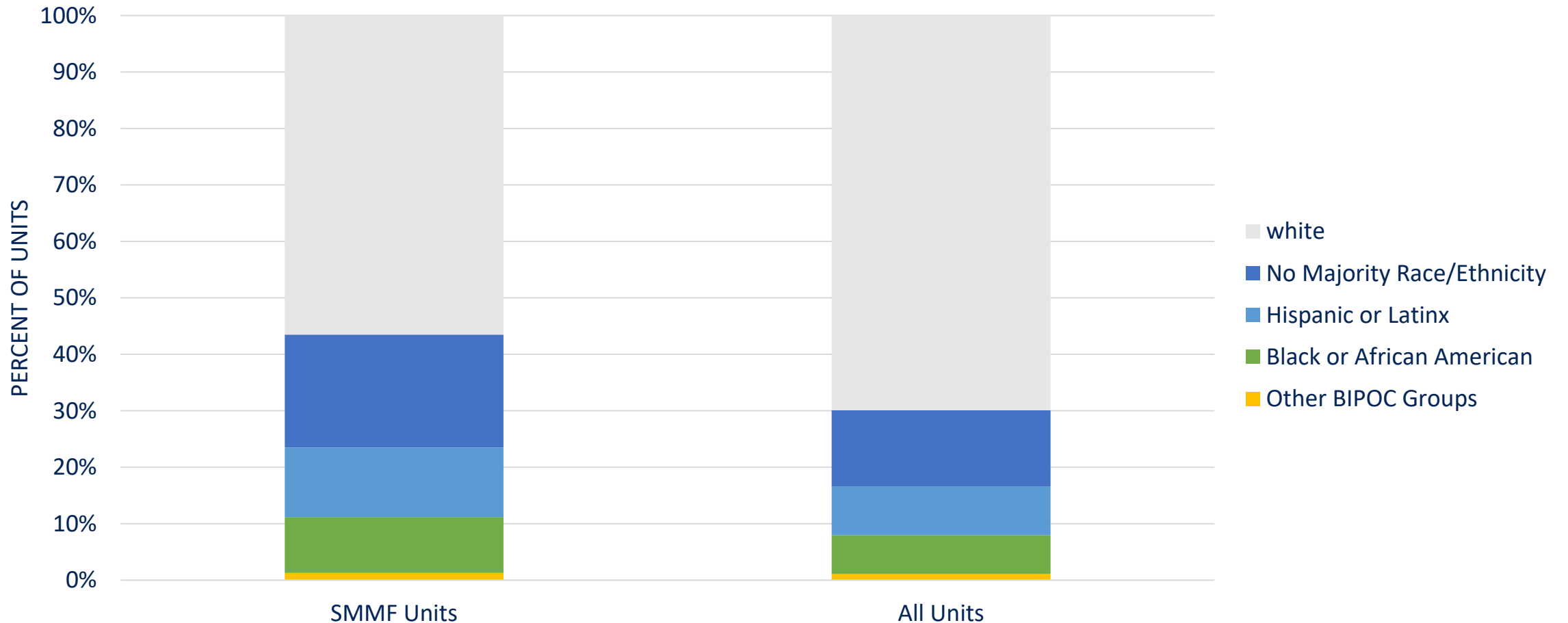
Share of Householders by Race/Ethnicity and Housing Type Nationwide



Source: American Community Survey 2020 5-Year Estimates

# SMMF Homes are More Likely to be in BIPOC Neighborhoods

Housing Units by Majority by Race/Ethnicity Census Tract Nationwide





METRO DENVER ANALYSIS:  
SMALL-MEDIUM SIZED MULTIFAMILY PROPERTY AS A  
SOURCE OF NATURALLY OCCURRING AFFORDABLE  
HOUSING

Preservation Next Colorado Academy  
Illustrative Findings: May 2, 2023

# OVERVIEW



## Ownership Trends:

Where are the SMMF properties located in metro Denver, who owns them?



## Transactions Trends:

What is the presence of investors in this asset class over time?



## Mining data sources:

Where to go for data to help find acquisition opportunities.

# LOCAL CONTEXT ON NEED

Concentration of household instability

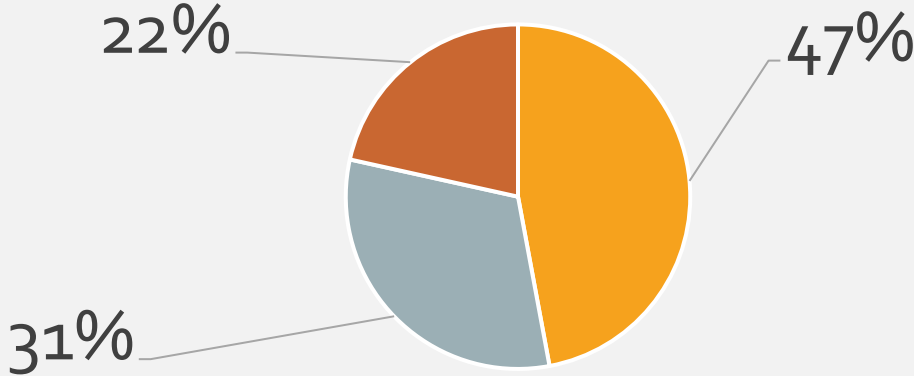


ALMOST HALF OF COLORADO HOUSEHOLDS  
HAVE INCOME LESS THAN \$75K

Colorado Household Income, 2021

N = 2,313,036

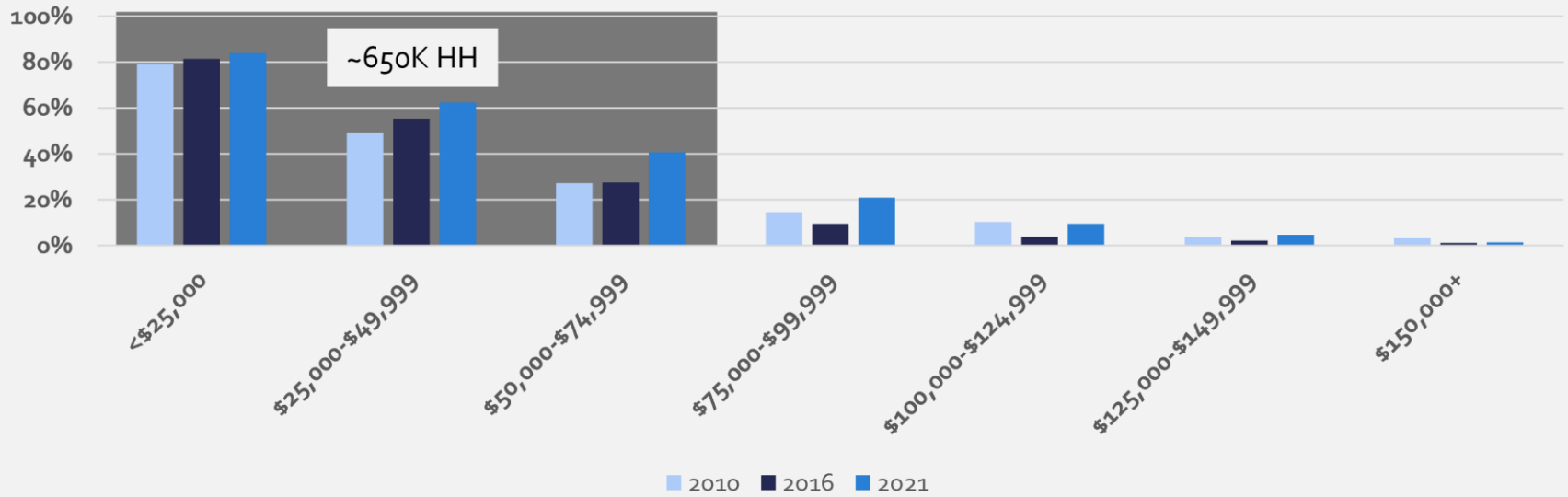
■ <\$75,000    ■ \$75,000 - \$150,000    ■ \$150,000+



Source: ACS PUMS, 2021

# REFOCUSING ON WHERE THE NEED IS GREATEST

Share cost burdened, by income cohort: Colorado



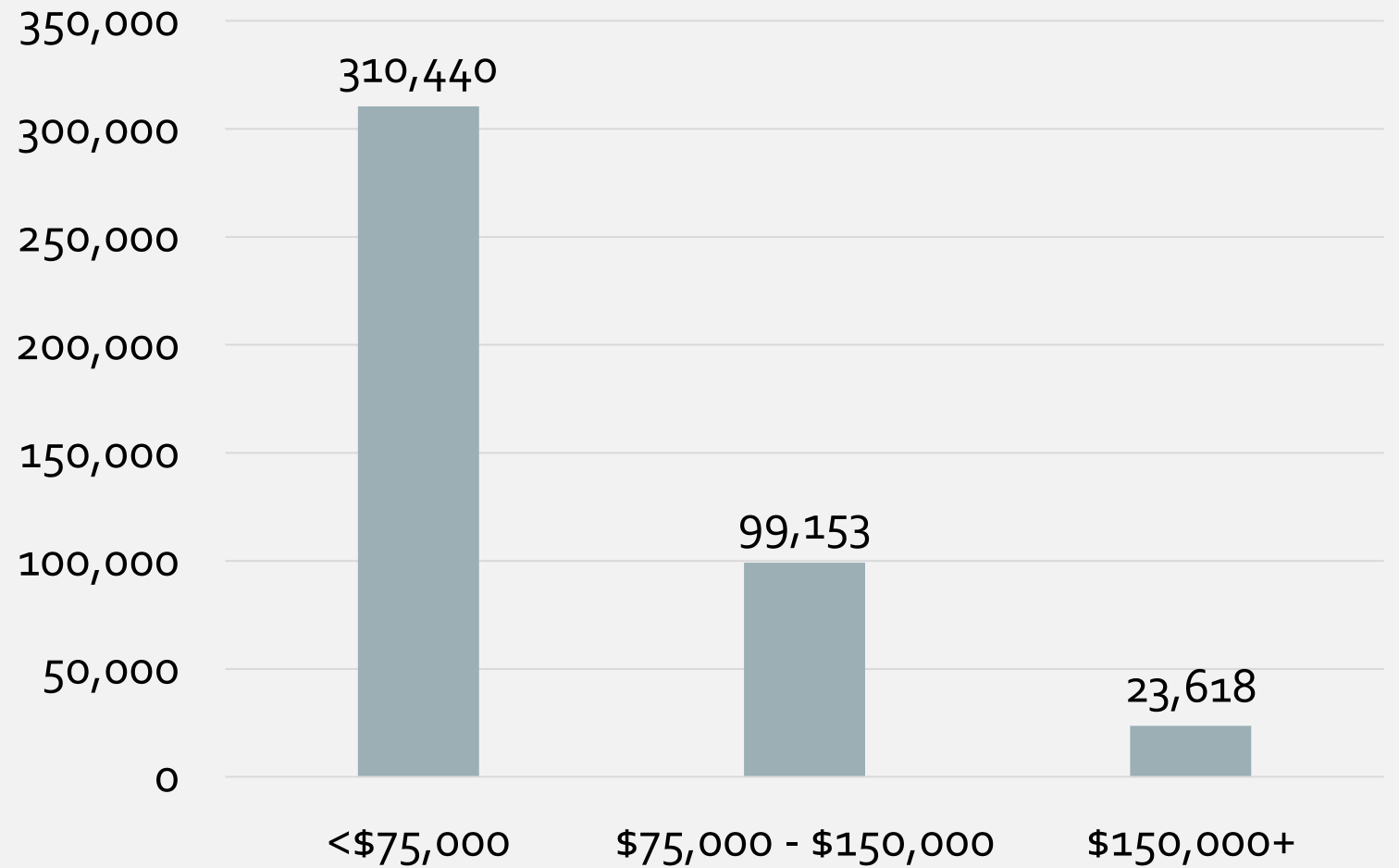
Foregone spending of households <\$75K inc.

\$5.6B  
~8,600/HH

Source: CFC analysis of ACS PUMS, 2010, 2016, 2021

SMMF units are overwhelmingly occupied by households earning under \$75k. Yet this is a housing type that has lacked in production for multiple decades.

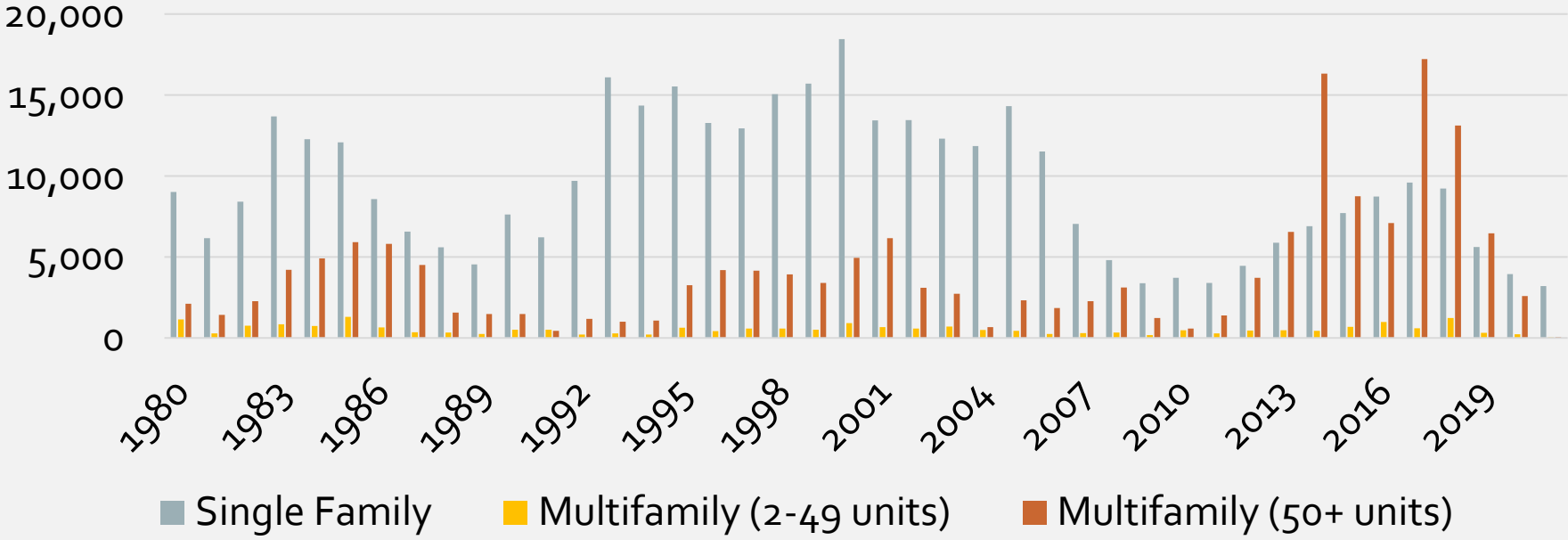
SMMF Occupancy by Income, 2021



Source: CFC analysis of ACS PUMS, 2021

RECENT PRODUCTION HEAVILY SKEWED TO  
LARGE MULTI-FAMILY;  
SMMF PRODUCTION MINIMAL

Metro Denver Home Production by Type

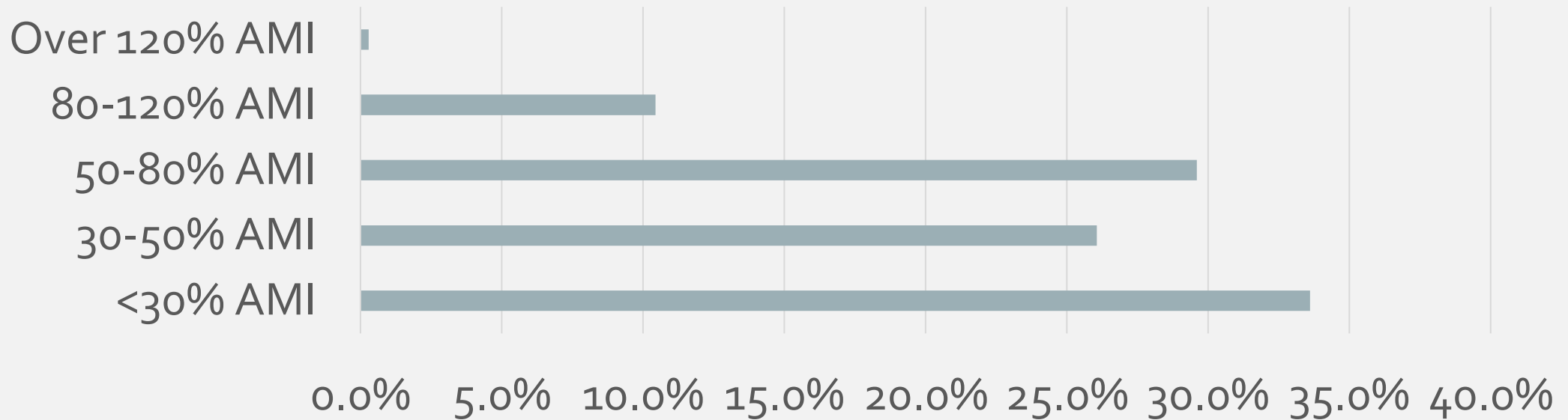


Since 2012 the region has produced a **third more multifamily units** than single family units. Single family average = 9,438

Source: Analysis of CFC property database - county assessor records

# REFOCUSING ON WHERE THE NEED IS GREATEST

## Distribution of <\$75,000 Income and Cost Burdened Households by AMI Band



Source: CFC analysis of ACS PUMS, 2010, 2016, 2021

# OWNERSHIP & TRANSACTION TRENDS

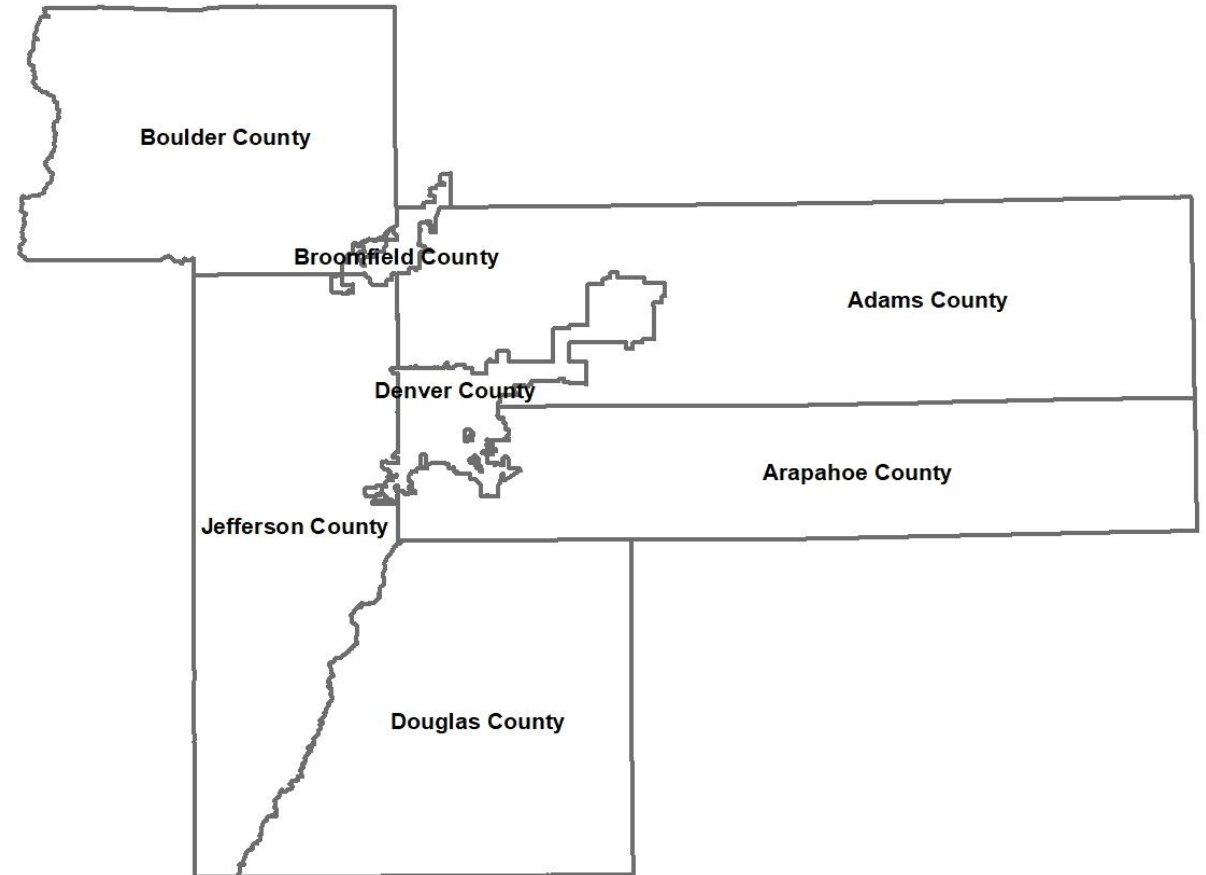
Where are the SMMF properties located in metro Denver, who owns them, and what is the presence of investors in this asset class over time?



## METRO DENVER

This initial set of findings was limited to the metro Denver region, including the following counties:

- Adams
- Arapahoe
- Boulder
- Broomfield
- Denver
- Douglas
- Jefferson



## BIG PICTURE: SMMF INVESTOR PRESENCE IN THE REGION

In 2021 metro Denver's SMMF inventory was:

~34,900 Properties

~99,850 Units

Investors controlled:

~5,500 Properties

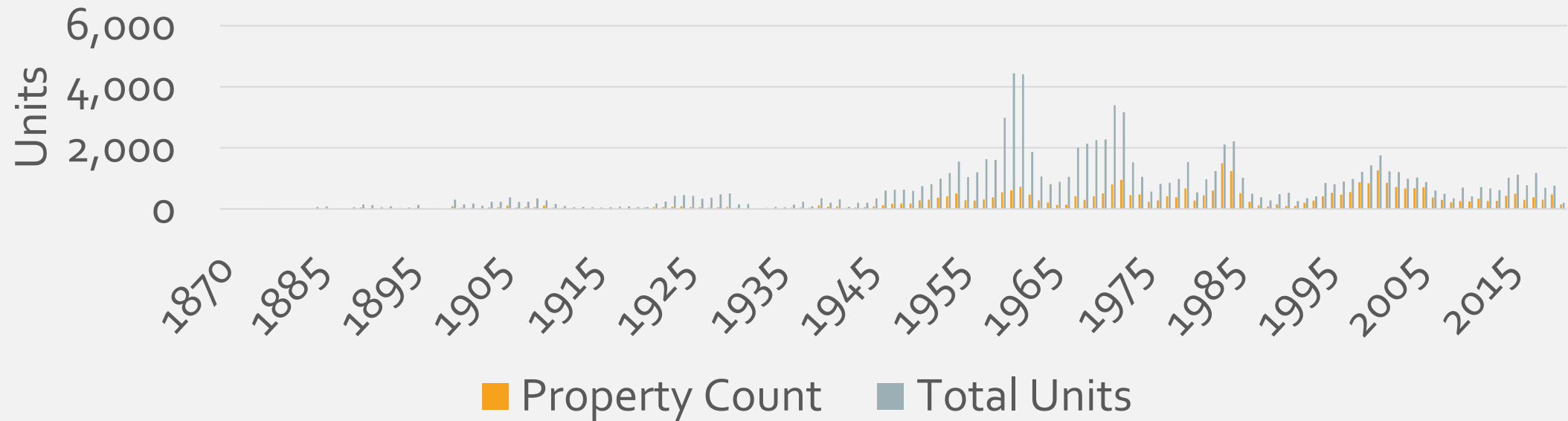
~43,000 Units

*85% are held by Colorado-based entities*



# BIG PICTURE: SMMF INVENTORY IS OLDER

## Metro Denver SMMF Inventory by Year Built

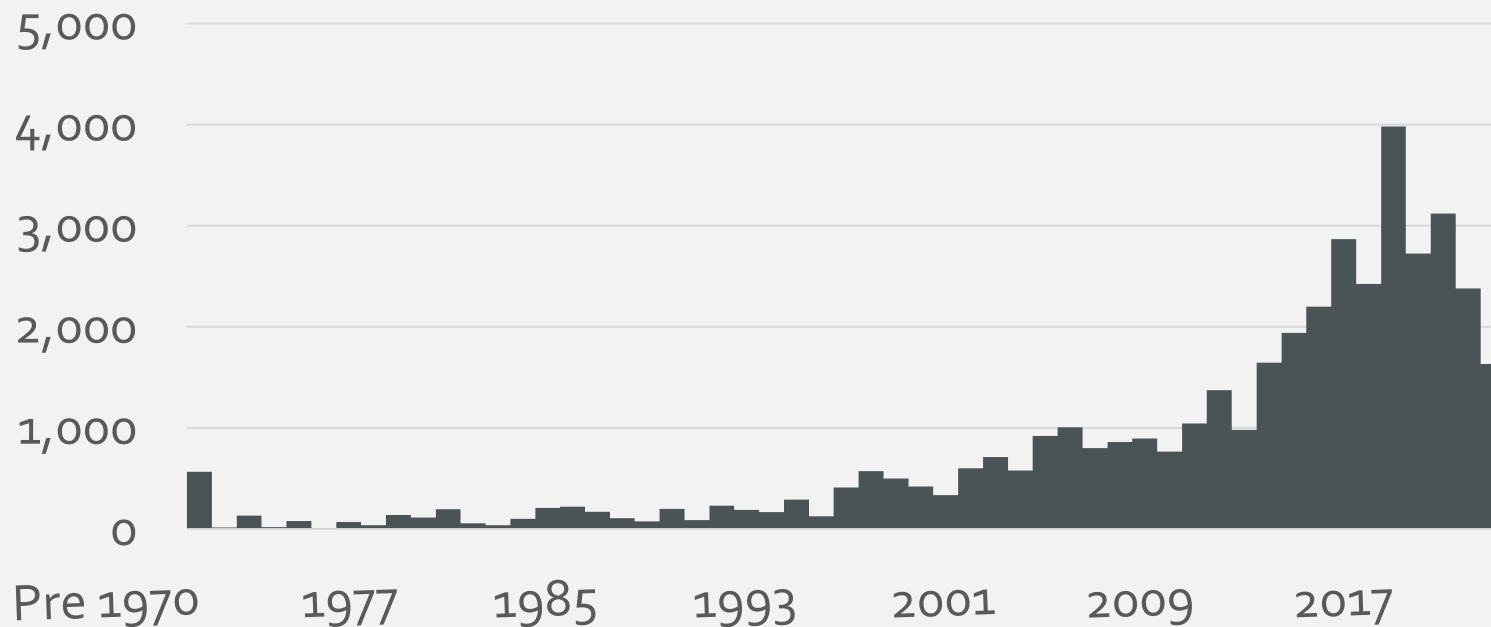


**~3 in 4 units built prior to 1990**

Source: Analysis of CFC property database - county assessor records

# INVESTOR ACTIVITY INCREASED SINCE GREAT RECESSION

## Metro Denver "Investor" SMMF Units by Year of Purchase



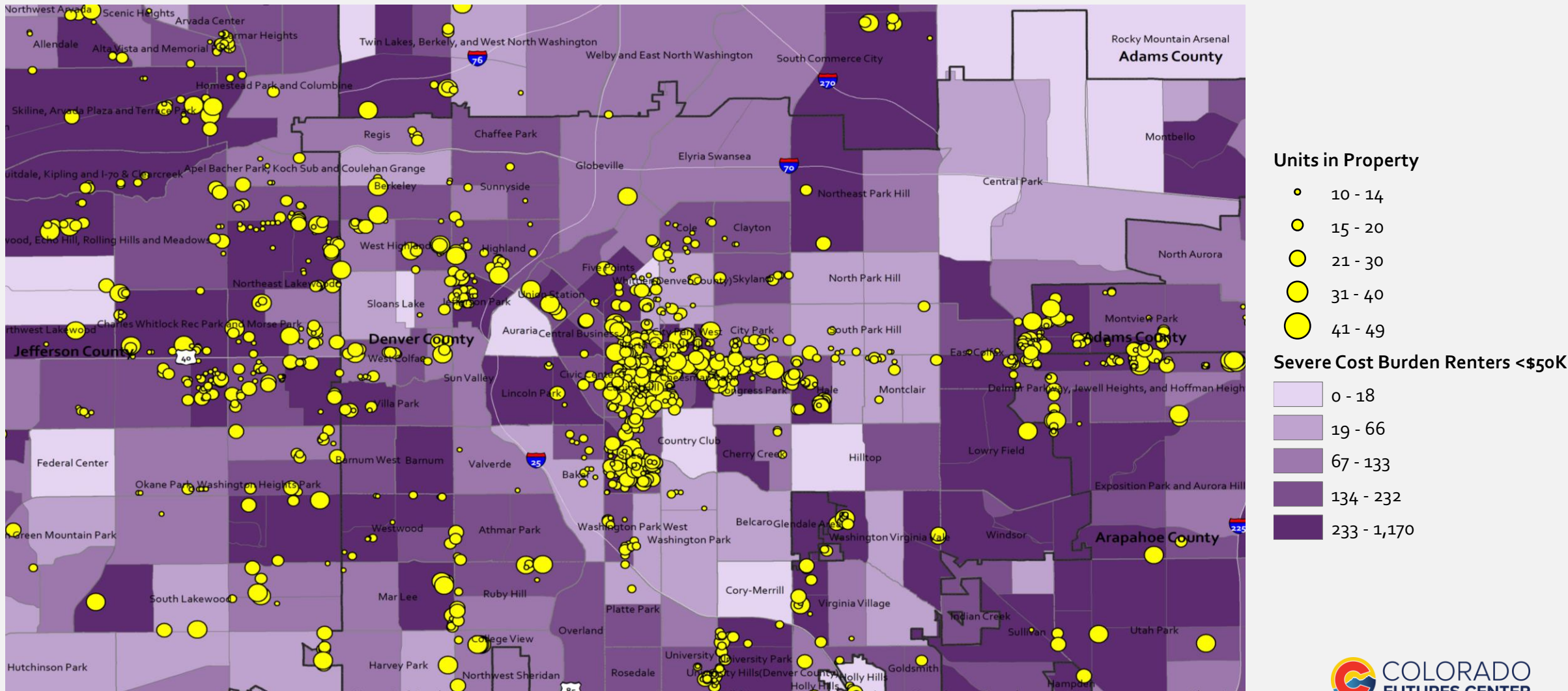
As of the end of 2021, in the Denver metro region ~43,000 SMMF units were owned by an investor-type entity. Of those properties, six out of ten were purchased by investors since 2012.

## COMMON PORTFOLIO OWNERS

The top 24 owners control:

**~10% of the units**

# INVESTOR CONTROLLED 10-49 UNIT PROPERTIES AND HOUSING INSECURE HOUSEHOLDS



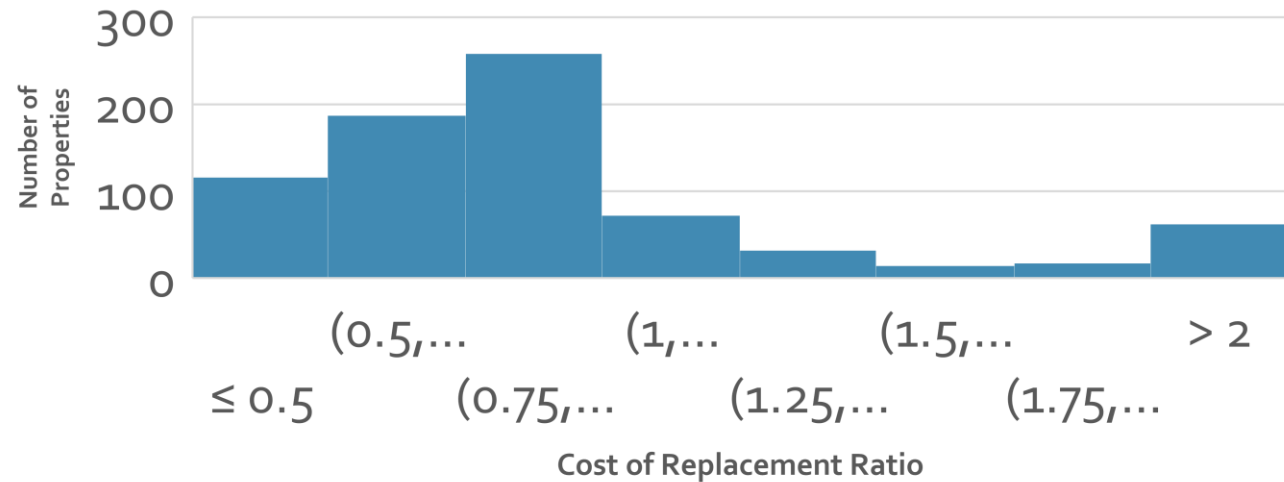
Source: Analysis of CFC property database of county assessor records, American Community Survey, 2021



SMALLER PORTFOLIO OWNERS  
HOLD PROPERTIES THAT LIKELY  
NEED IMPROVEMENTS

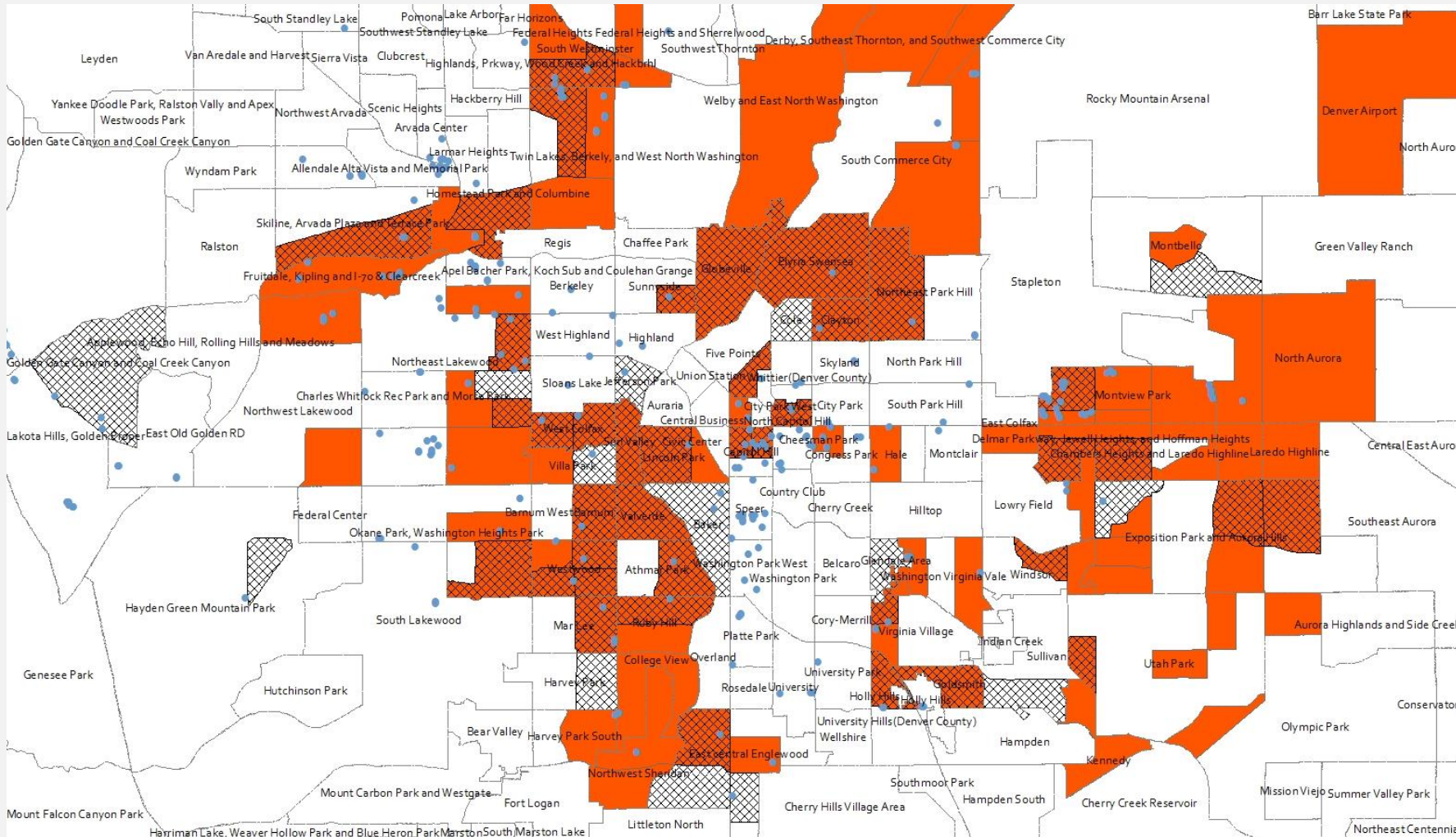
- CRR histogram of 2-5 property portfolios

## Cost of Replacement Ratio (CRR) Histogram 10-49 Unit Properties Held by Owners of 2-5 Properties





# "MOM & POP" PORTFOLIO (>2 PROPERTIES)



"Mom & Pop" (>2) Properties	
Total	389
Owners	92
Total Units	3,817
Median Year Built	1961
Median Year Purchased	2010
Median Sale Price	\$105,000
Median Total Appraisal	\$960,000
Median Appraisal/Unit	\$138,000
Cost of Replacement Ratio	.89

- ! "Mom and Pop"
- Gentrifying 2019
- Gentrifiable 2019

# NAVIGATING THE DATA SOURCES TO FIND ACQUISITION OPPORTUNITIES

How to use assessor records and other relevant data sources to find info on specific properties

Working with real estate brokers and realtors

CFC tool – socioeconomic data to help geographically identify where to dig deeper

# QUESTIONS | DISCUSSION

# CONTACT

**Jennifer Newcomer**

Research Director, Colorado Futures Center

[jennifer@coloradofuturescsu.org](mailto:jennifer@coloradofuturescsu.org)

# ALIGNED RESOURCES

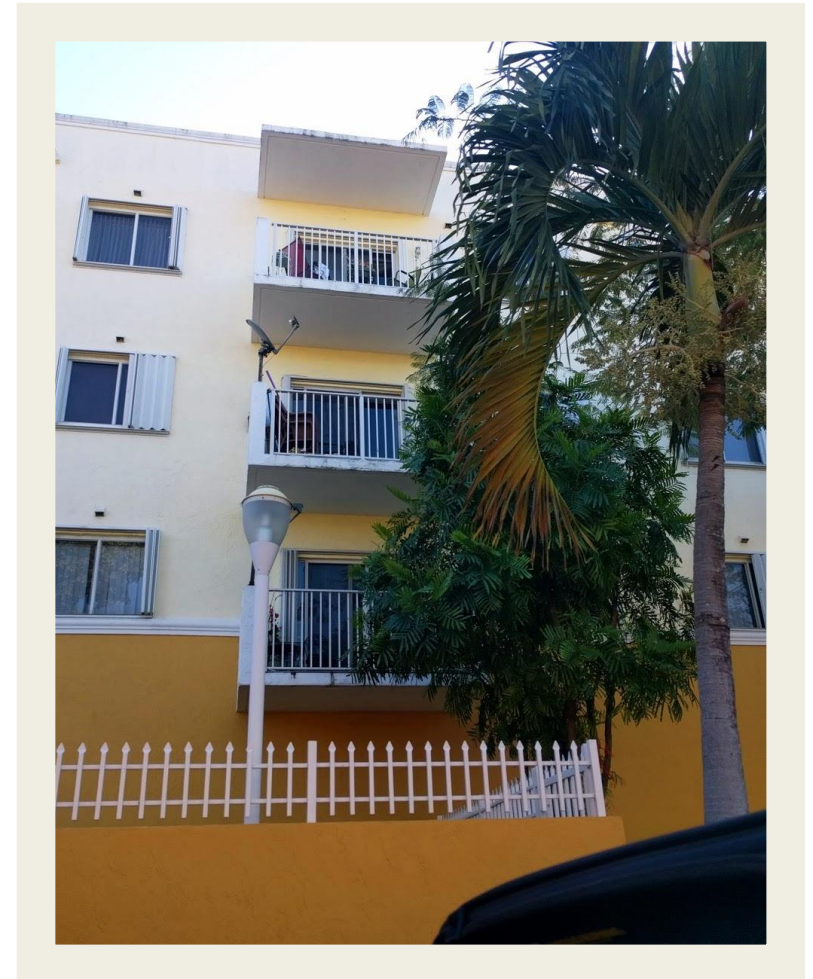
# Property Identification, Evaluation, and Acquisition

Before acquiring a property for preservation, setting criteria and understanding the inventory of SMMF properties and residents who live in these homes can help identify which properties are suited for preservation

Factors to consider include:

- **Property characteristics:** Size, age, condition, ownership type
- **Resident characteristics:** AMI levels, length of tenure, household makeup, displacement risk
- **Market conditions:** Local rents and sales prices, displacement risk, perceived risk for funders
- **Neighborhood access:** Access to transit, jobs, and services and proximity to environmental hazards
- **Preservation feasibility:** Land use and building code compliance, financing eligibility, relationships with key stakeholders
- **Opportunity to advance community and organizational goals:** Racial equity, economic mobility, housing stability, community ownership and stewardship

Establishing a property identification and acquisition framework can inform go/no go decisions



# Tenderloin Neighborhood Development Corporation

## Example Rubric

Success Spectrum	Theory of Change			
	HOME	HEALTH	HEALTH	HEALTH
MAIN POINTS	Preservation, Prevent Displacement ("At-Risk")	Healthy Housing (indoor air quality, ventilation, mold/hazmat)	Healthy Housing: Opportunities for Resident Exercise	Access to Amenities, Community Services, Healthful Food, Green Space,
EPIC	50%+ of households at risk of displacement. Example: 50% at risk of displacement from AMI level or "under housed" / vacant units can count towards displacement calculation since they can immediately house low income HHs.	No identified issues OR know issues can be remediated as part of immediate rehab + 2 or more healthy housing initiatives are/will be implemented as part of immediate rehab (consult list below).	Indoor walking space exists (accessible hallways, stairwells that are safe and well-illuminated), and provides circulation routes for residents. Healthy aging component can be added as part of Housing Services Budget.	Transit + 3 (or more) amenities (consult list below)
TARGET	21%-50%	No identified issues OR known issues can be remediated as part of immediate rehab + 1 healthy housing initiative is/will be implemented as part of immediate rehab.	Indoor walking space exists (hallways and/or egress stairwells)	Transit + 2 amenities
MINIMUM	1% - 20%	Known issues can be remediated as part of immediate rehab.	Dwelling units provide adequate space for indoor exercise.	Property is located within 1/4 mile high quality transit + 1 additional identified amenity
FAILURE	0% at risk of displacement	Known mold/hazmat/indoor air quality/hazardous plumbing or other environmental issue that cannot be remediated as part of immediate rehab.	No opportunity for indoor exercise exists, and cannot be added.	Property is not located within 1/4 mile of any identified community amenities



# Potential Criteria to Evaluate Properties for Acquisition

## Categories

- Resident impact
  - Displacement and eviction risk
  - Depth of affordability
  - Opportunity for ownership
- Property Characteristics
  - Physical Condition / Building Design
  - Building Typology Factors
- Property Ownership Characteristics
  - Local vs. out-of-town owner
  - Portfolio size
- Location
  - Displacement risk
  - Access to services, resources, schools
  - Proximity to other owned properties
- Financial Feasibility
  - Neighborhood market conditions
  - Available financing and subsidy resources
- Organizational Impacts
  - Mission Alignment
  - Organizational Capacity



# Preservation Next Toolkit

## Aligned Resources

**Identifying SMMF Properties for Preservation:** Learn about key factors to consider when identifying and evaluating SMMF properties

**Acquisitions:** Learn about competencies and considerations during the acquisitions process

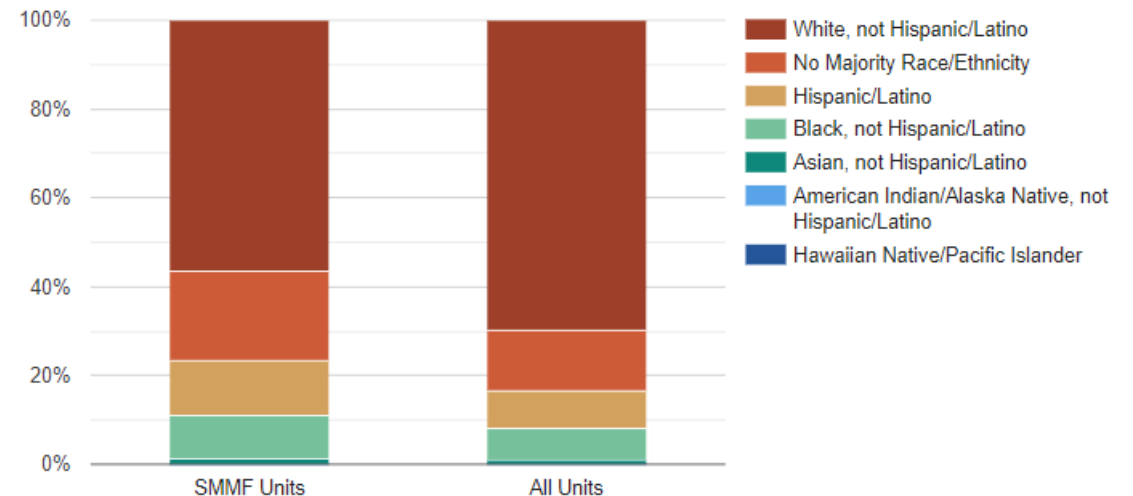
### Factors for Property Evaluation and Example Considerations

Property Characteristics	<ul style="list-style-type: none"> <li>Property size</li> <li>Property age/condition</li> <li>Current owners</li> <li>Existing subsidies</li> </ul>
Preservation Feasibility	<ul style="list-style-type: none"> <li>Land use compliance</li> <li>Building code compliance</li> <li>Financing eligibility</li> <li>Relationships</li> </ul>
Local market conditions	<ul style="list-style-type: none"> <li>Impacts on affordability</li> <li>Risk of displacement</li> <li>Perceived risk for funders</li> </ul>
Neighborhood Access and Environmental Quality	<ul style="list-style-type: none"> <li>Transit access</li> <li>Job access</li> <li>School quality</li> <li>Environmental hazards</li> </ul>
Potential to Advance Community and Organizational Goals	<ul style="list-style-type: none"> <li>Racial/economic equity</li> <li>Displacement pressures</li> <li>Ownership goals</li> </ul>

**Case Studies:** Learn about successful and creative approaches for SMMF preservation in different housing markets

**Small to Medium Multifamily Housing by the Numbers:** A data profile of the SMMF housing stock nationwide and residents who live in these properties

### SMMF units are more likely to be located in majority BIPOC neighborhoods



# Preservation Next Toolkit: Acquisition Strategy Case Studies

## Local real estate brokers - [Kensington Gardens](#) (Oakland, CA)

- East Bay Asian Local Development Corporation developed a model that leverages strong relationships with local brokers to identify acquisition opportunities
- Their internal Housing Acquisition Fund allowed the organization to respond rapidly in a hot market

## Online data resources and real estate listings – [16 Corner](#) (Miami, FL)

- Staff at the Omni Community Redevelopment Agency regularly looked at online databases of real estate listings for properties in their target neighborhood, Miami's Historic Overtown

## Identifying common property owners – [380 San Jose Ave and 70-72 Belcher Street](#) (San Francisco, CA)

- Community organizers and legal aid attorneys in San Francisco noticed many of the tenants with whom they were working shared the same landlords
- Mission Economic Development Agency and San Francisco Community Land Trust came together to purchase a portfolio of five properties owned by the same investor

## A joint venture partnership with broker and tenant engagement – [700 Simmons Ave](#) (Los Angeles, CA)

- Little Tokyo Service Center, a CDC, used a broker to identify properties listed for sale in East Los Angeles
- To connect East LA residents with information on tenants' rights, a resident led CLT, Fideicomiso, went door knocking to rental properties that were listed on the market.
- Fideicomiso gathered intel about the property and discovered it was a good candidate for preservation.

# Guiding Questions: Developing Your Acquisition Strategy

<p>A framework can help organizations quickly evaluate acquisition opportunities</p>	<ul style="list-style-type: none"><li>• Does your organization have a framework or tool in place to quickly assess potential properties as opportunities emerge?</li><li>• When developing a framework, how will your organization define target criteria? How will you account for tradeoffs?</li></ul>
<p>A framework can also guide decision making across the organization</p>	<ul style="list-style-type: none"><li>• How will your organization make decisions around acquisitions, and how will a framework factor into these decision-making processes?</li><li>• How will different departments play a role?</li></ul>
<p>Evaluating properties for acquisition will take time and resources</p>	<ul style="list-style-type: none"><li>• How much time and money does your organization need to set aside once a property is identified as a good acquisition opportunity?</li><li>• How much is your organization willing to risk if opportunities do not move forward?</li></ul>
<p>Strategic partnerships and relationships can help organizations just getting started</p>	<ul style="list-style-type: none"><li>• What knowledge gaps is your organization facing that other partners could potentially fill?</li><li>• Examples: brokers familiar with your target properties, JV partnerships with organizations who have on the ground knowledge or preservation expertise</li></ul>

# GROUP DISCUSSION

**Join us for our next session on May 23!**

## **Financing Small to Medium Multifamily Preservation**

### **Our Speakers**

Megan Ferguson, Impact Development Fund

Lynn Archuleta, Colorado Housing Finance Authority

Ed Briscoe, Weave Social Finance

[Register here](#)

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

- Participants will gain understanding of available **funding resources** in Colorado for SMMF preservation.
- Participants will understand how to assess preservation **financial feasibility** and identify gaps
- Participants will hear from **lenders and developers** about what it takes to make preservation projects in Colorado financially viable



# Thank you

## Contact Us:

### **Sara Haas**

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### **Jessie Wang**

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### **Christi Smith**

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## Resources:

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

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

[Enterprise Preservation Resources](#)