



Preservation Next Colorado Academy

**Financing Small to Medium
Multifamily Preservation**

May 23, 2023

Today's Agenda

3 PRESERVATION NEXT OVERVIEW AND FINANCING RESOURCES

- Sara Haas, Senior Director, Enterprise Preservation Next
- Jessie Wang, Fellow, Enterprise Preservation Next

9 FINANCING SMALL TO MEDIUM MULTIFAMILY PRESERVATION IN COLORADO

- Lynn Archuleta, Commercial Loan Officer, Colorado Housing Finance Authority
- Ed Briscoe, Founder and Managing Director, Weave Social Finance
- Erica Madison, Director of Commercial

Lending, Impact Development Fund

PANEL DISCUSSION AND AUDIENCE Q&A

- Moderated by Brandyn Walker, Fellow, Enterprise Rocky Mountain

33 PREVIEWING THE NEXT SESSION

A Thank You to Our Funders

MacKenzie Scott



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PRESERVATION NEXT

Preservation Next Overview

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

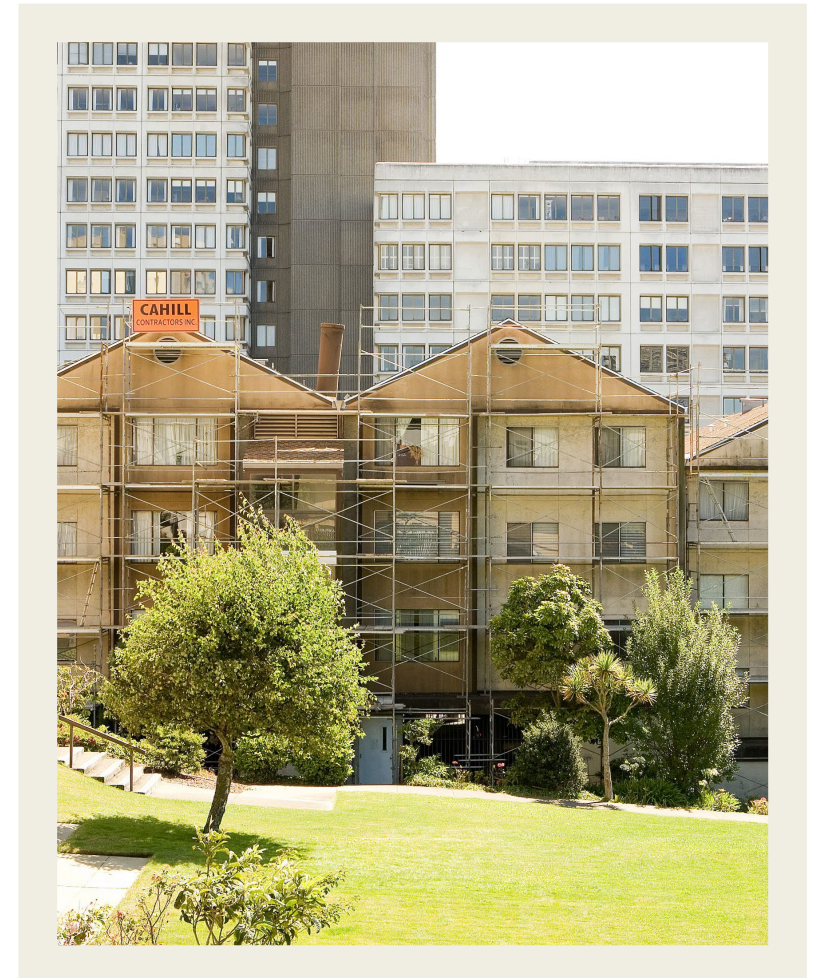
Solutions at the intersection of renter and owner stability to promote an eviction prevention-first approach

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 Our Preservation Next Team

National Staff



Sara Haas

ENTERPRISE, SENIOR DIRECTOR, SOUTHEAST

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

ENTERPRISE, 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

**ENTERPRISE, PRESERVATION FELLOW,
PRESERVATION NEXT**

At Enterprise, Jessie supports program development and delivery for the National Preservation Next program. Prior to joining Enterprise, Jessie worked at the Institute for Housing Studies at DePaul University, where she contributed to the organization's applied research platform and provided technical assistance to Chicago-area affordable housing practitioners.

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**

Dates	Sessions
March 28, 2023	Preservation Academy Kickoff
April 11, 2023	Preservation Deals: Organizational Sustainability and Business Planning
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




PRESERVATION NEXT TOOLKIT

Financing Resources

TOOLS

Funding Sources Inventory

Keep Reading

A photograph of a dark brown, two-story building with a wooden staircase leading to the entrance. A vertical sign on the right side of the building reads "The Flats of SUMMERHILL".

TOOLS

Financing Modeling Tools

Keep Reading

A photograph of a modern, multi-story residential building with yellow and orange siding and a dark roof.

Download the Tool:

↓
DOWNLOAD
Preservation Next Financial Model
100kb Microsoft Excel File

<https://preservation-next.enterprisecommunity.org/>

<https://preservation-next.enterprisecommunity.org/financial-modeling-tools>

Meet Our Guest Speakers

Highlighting Key Preservation Financing Resources Across Colorado



Lynn Archuleta

COMMERCIAL LOAN OFFICER, CHFA

Ms. Archuleta joined CHFA in September 2022. She brings 17 years of experience in commercial lending and has spent the past eight years as a financial and business consulting entrepreneur and as a residential Realtor®. Ms. Archuleta markets CHFA's rental housing loan programs on a state-wide basis to developers of affordable housing; evaluates potential multifamily projects feasibility for CHFA construction and permanent financing along with securing loan applications for CHFA financing and initiating the project/program deal flow.



Ed Briscoe

MANAGING DIRECTOR AND FOUNDER, WEAVE SOCIAL FINANCE

Ed is the founder of Weave Social Finance and oversees the firm's overall strategy and operations. Ed founded Weave in 2012 after 8 years with Greenline Ventures, an investor, lender, and Community Development Entity. In 2014, Ed founded Impact Charitable, a nonprofit offering donor advised funds that are 100% invested for impact. In 2021, Ed seed funded and co-founded the Colorado Housing Accelerator Fund (CHAF), for which Weave serves as sponsor and investment manager.



Erica Madison

DIRECTOR OF COMMERCIAL LENDING, IMPACT DEVELOPMENT FUND

Erica is Impact Development Fund's Director of Commercial Lending where she deploys specialized capital to finance deals across the continuum of development. In her role, Erica offers direct, hands-on development and acquisition experience, in addition to informed problem solving to help meet every project's unique set of challenges. Previously, she served as the Executive Director of Habitat for Humanity of the San Juans where she led the organization's land acquisition, development, construction, and design activities.

chfa multifamily lending



Mission-driven.
Community-focused.
Trusted partner.

Let's build community together.

With over 45 years of experience, CHFA Multifamily Lending is your trusted partner. Together, we can build stronger communities by providing safe, secure, and affordable homes for our fellow Coloradans.

Our comprehensive suite of flexible financing programs allows us to find the right fit for your property and help you reach your goals.

senior debt programs

The following programs can be generally combined with the flexible gap programs below to leverage more financing to a project.



SMART | Sizeable Multifamily Affordable Risk Share Tool

SMART provides \$3 to \$6 million in permanent insured financing, featuring up to 40-year fixed rates and the lowest FHA mortgage insurance premium in the industry. Whether you have a tax credit or non-tax credit project, CHFA delivers quickly with a flexible solution tailored to your needs.



SIMPLE | Small Multifamily Permanent Loan

SIMPLE provides up to \$3 million in uninsured permanent financing for 9% LIHTC projects. With streamlined execution, you can get to loan commitment in as little as 60 days of submitting a complete application.



CAPABLE | Construction and Permanent Affordable Bond Loan

CAPABLE combines construction and permanent financing to provide over \$8 million for 4% LIHTC projects, using a streamlined process only available to housing finance agencies. It offers lower interest rates due to index pricing associated with Private Activity Bonds, and the lowest mortgage insurance premium in the industry.



PAIRABLE | Partnership-to-Perm Affordable Bond Loan

PAIRABLE provides loans of over \$6 million in permanent insured financing for 4% LIHTC projects, featuring lower interest rates due to index pricing associated with Private Activity Bonds. Pair this with your preferred construction financing partner to get the deal done on time.



CAHP | Colorado Affordable Housing Preservation Fund

The Colorado Affordable Housing Preservation (CAHP) program provides up to \$1 million in permanent uninsured financing for critical, fast-acting preservation of existing subsidized or naturally occurring affordable multifamily rental properties with five to 100 units.

In addition to these program descriptions, you can learn more about our programs by reviewing our [FAQs page](#) on our website.

CHFA refers to its programs, services, activities, and employment practices. Colorado Housing and Finance Authority does not discriminate on the basis of race, color, religion, sex, age, national origin, disability, or any other protected classification under federal, state, or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complete change in status of this non-discrimination policy should be directed to the Non-discrimination Coordinator, 303.297.7339, TDD/TTY 800.688.2836. CHFA, 181 Baker Street, Denver, Colorado 80202-0202, available weekdays 9:00am to 5:00pm.

CHFA Community Development
800.877.chfa (2432)
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Lynn Archuleta
303.297.5269
Michael Fallasen
303.297.7301



chfa multifamily lending

flexible gap programs

The following programs can be generally combined with the senior programs above to leverage more financing to a project.

HOF

CHFA HOF | Housing Opportunity Fund

CHFA HOF provides up to \$1 million in flexible gap financing, which can be paired with any of CHFA's senior debt programs as secondary financing, used as a first mortgage loan, or as an interest rate subsidy. CHFA's internal resources allow us to offer this flexibility to help you get your deal done efficiently and affordably.

CMF

CMF | Capital Magnet Fund

CMF provides up to \$750,000 of flexible gap financing for the preservation or construction of 4% or 9% LIHTC projects located in eligible areas and serving incomes at or below 50% of Area Median Income.

In addition to these program descriptions, you can learn more about our programs by reviewing our [FAQs page](#) on our website.

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CHFA Community Development

800.877.chfa (2432)
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www.chfainfo.com

Contacts

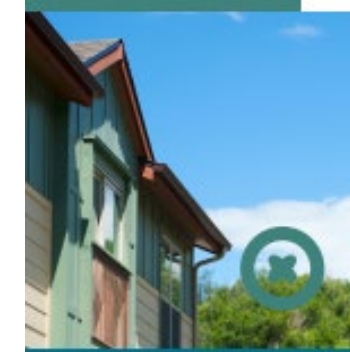
Terry Barnard 303.297.4866	Lynn Archuleta 303.297.5269
Melissa Castillo 303.297.7431	Michael Fallesen 303.297.7301



financing the places where
people live and work

Colorado Affordable Housing Preservation Fund – cahp program

- Designed for quick acquisition of existing properties at risk of losing affordability in the near term.
- CHFA works with and relies on the underwriting of a senior lender partner.
- Loan closing in 30-60 days
- Loan size of up to \$1 million
- 2nd Deed of Trust
- 2% interest rate
- Loan terms up to 10 years
- 90% LTV
- Loan origination fee of 1.5%



The Colorado Affordable Housing Preservation (CAHP) program provides up to \$1 million in permanent uninsured financing for critical, fast-acting preservation of existing subsidized or naturally occurring affordable multifamily rental properties with five to 100 units.

Mission-driven.
Community-focused.
Trusted partner.

Small-scale housing permanent loan

- New construction, acquisition/rehab of rental housing properties with between 4-19 units.
- Non-recourse mortgage debt for up to 20 years.
- Up to \$2.5 million
- Lesser of 85% LTV or 90% development costs.
- 10-20 year terms – 20-30 year amortizations.
- Loan origination fee of 1%, minimum \$5,000
- LOI/Application Fee - \$1,000
- At least 20% of units affordable to renters at 80% or less of Area Median Income; up to 75% of total units at or below 120% AMI; 25% can be unrestricted.



The Small-scale Housing Permanent Loan program provides up to \$2.5 million of uninsured permanent financing for four- to 19-unit multifamily rental properties.

This innovative program provides critical long-term financing to smaller properties from a trusted partner.

Mission-driven.
Customer-focused.
Trusted partner.

CAHP fund

- *Lincoln/Courtyard* 39 units
Grand Junction \$500,000
- *Parkview Village West* 54 units
Arvada \$450,000
- *Montview Manor* 99units/senior
Denver \$1,000,000
- *Ames St. Apts* 22 units
Wheat Ridge \$800,000
- *Ourway 6 plex* 6 units
Ourway \$493,500



Parkview Village West – Arvada, CO

-
- Acquisition
 - \$450,000
 - 2nd Deed Trust
 - 10 year term/3 year amortization
 - Collaboration amongst non-profits to retain affordability.
 - 30%-60% AMI
 - 1 and 2 bedroom units





Colorado Housing Accelerator Initiative

A Weave Social Finance Impact Fund



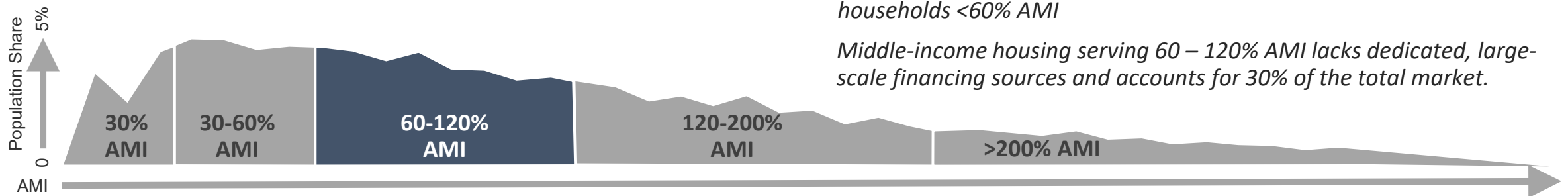
CHAI Equity Capital, L.P.
CHAI Debt Capital, LLC
chaifunds.com

Weave Social Finance, LLC
Investment Manager
weavefinance.com

The Challenge of the “Missing Middle”

The Fund will focus on the housing needs of “missing middle” households who earn too much to qualify for most publicly-subsidized housing, but face challenges finding affordable options in the unsubsidized market.

Distribution of Households by Area Median Income (AMI), 2020

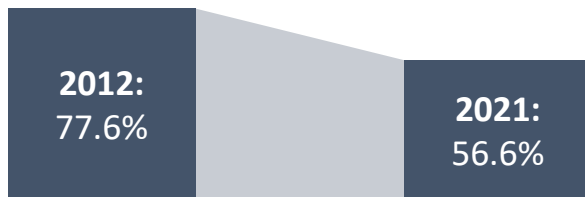


LIHTC equity and federal, state and local subsidies supports housing for households <60% AMI

Middle-income housing serving 60 – 120% AMI lacks dedicated, large-scale financing sources and accounts for 30% of the total market.

Source: Weave Social Finance compilation of U.S. Census Bureau, Current Population Survey, 2021 Annual Social and Economic Supplement (CPS ASEC)

Change in Homes Affordable to Median Income Households, 2012 - 2021



National data shows the decline in homes affordable to middle income earners, and a Colorado State Report issued in January 2022 stated “middle income families can no longer afford to buy or rent a home.”

Source: NAHB/Wells Fargo Housing Opportunity Index (HOI), 2021.

Source: Colorado Affordable Housing Transformation Task Force & Subpanel (January 2022). Findings & Recommendations Report.

Target Sectors

CHAI Equity Fund will focus on two core sectors:

(1) Middle Income Workforce Housing

Housing affordable to households earning between 60 and 120 percent of area median income (AMI) and accessible to residents' job locations

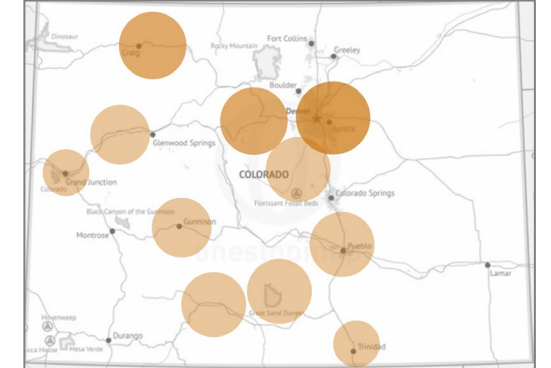
(2) Projects Requiring A Mission-Motivated Equity Alternative

Housing projects that require an **alternative to Low Income Housing Tax Credit (LIHTC) equity** due to eligibility, timing, population served, or other factors

Projects requiring an **alternative to traditional private equity** due to misaligned return expectations impacting affordability

CHAI Debt Fund will offer complementary low-cost, flexible debt to projects not seeking equity.

Pipeline Development

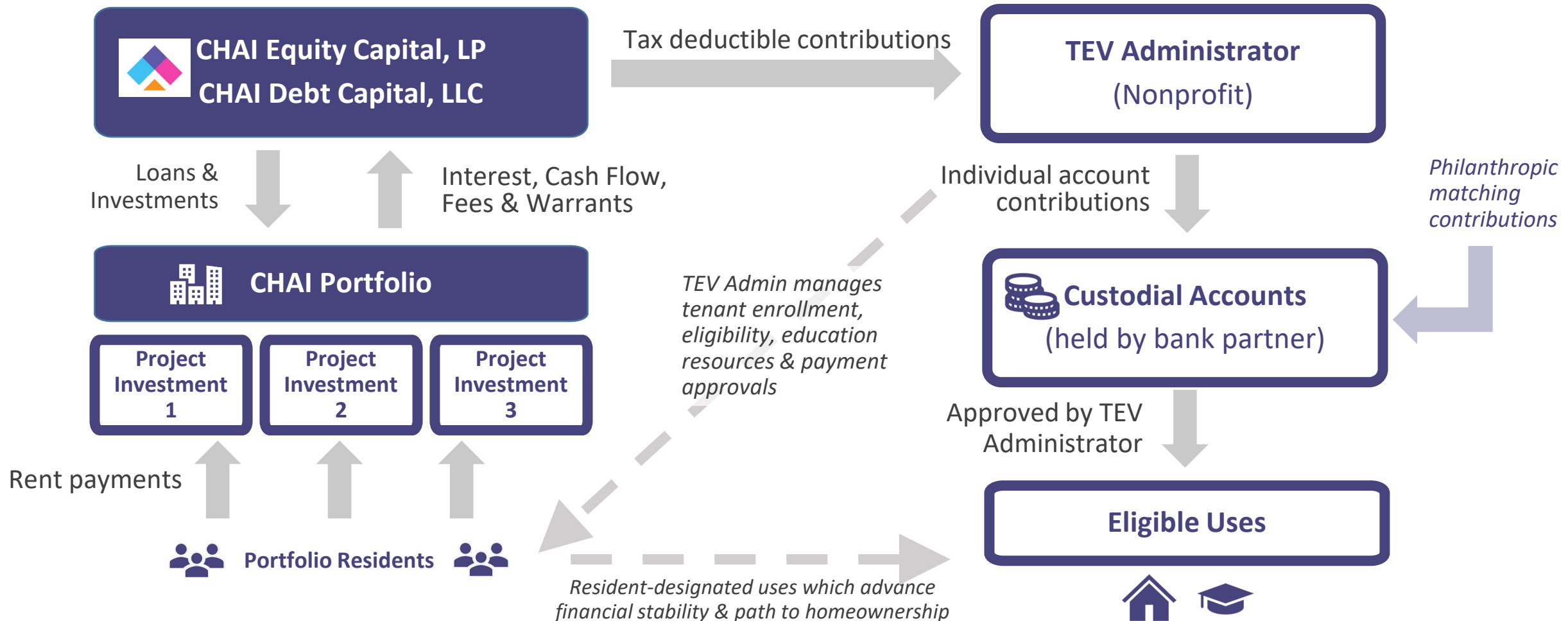


Type	Geography	Projected Units	Target Affordability	Projected Investment Volume
New Construction Development of mixed-income multi-family	Front Range, Resort Communities, Western Slope & Eastern Plains	970	Projects with at least 50% of units at/below 80% AMI and generally targeting 60% to 100% of AMI.	\$25.75 million
Preservation Preservation of "NOAH" & expiring LIHTC		280		\$6.55 million
Rehabilitation & Conversion Renovating existing assets into affordable housing		265	Targeting portfolio-wide average affordability of 80% AMI.	\$7.20 million

1,500+
Units

\$34mm
Volume

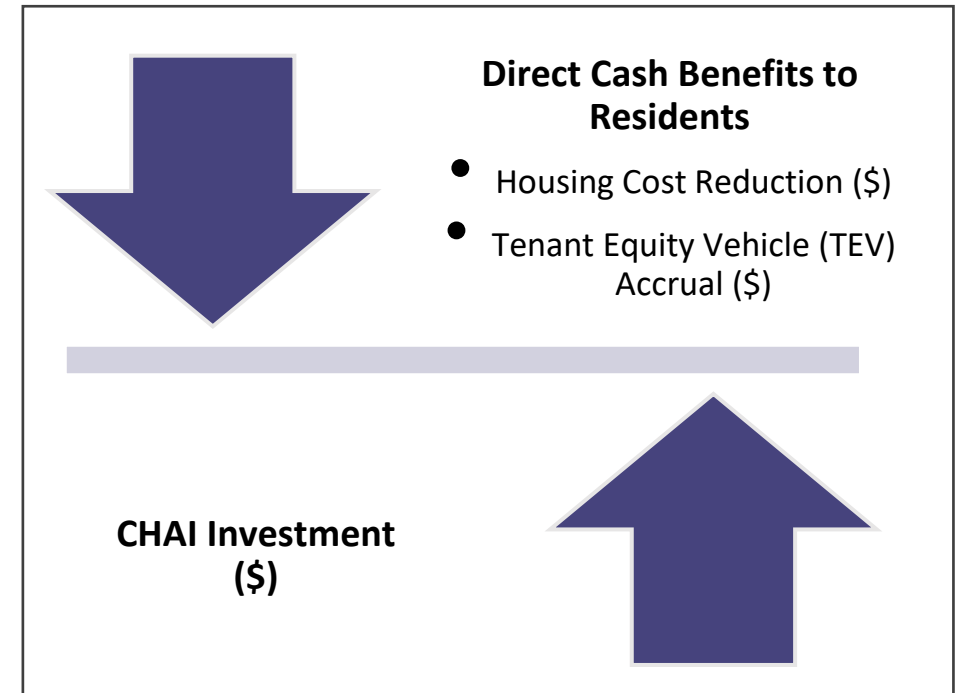
TEV Structure



Social Return on Investment (SROI)

The Fund aims to deliver tangible impacts in line with philanthropic grantmaking, generating at least \$1 in direct cash benefits for Portfolio Residents for every \$1 dollar invested.

- An SROI calculation will be used to evaluate the amount of Impact Outputs relative to the Fund's investments, measuring the "purchasing power" of Portfolio Investments.
- Direct, tangible impact will be measured quantitatively in terms of 1) cost-savings to residents (through reduced rent relative to unrestricted rents), and 2) accruals through the Tenant Equity Vehicle (TEV).
- Additionally, the Fund will support projects where its capital is a "difference maker," playing an additive role and delivering incremental additional impact.





Colorado Housing Accelerator Initiative

Thank you

Abby Murray

Co-Founder

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Ed Briscoe

Co-Founder

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Impact Development Fund

Your Place • Our Passion

CDFI Financing – Creative Impact



Impact Development Fund

Financing & Consulting for the preservation, rehabilitation and development of affordable housing and community facilities throughout Colorado.

Commercial Lending

Acquisition
Pre-Development
Rehabilitation
Construction
Mini-Perm

Community Facilities

Nonprofit Office Space
Creative Districts
HFH ReStore

Consumer Lending

1st Mortgage Financing
Down Payment Assistance
Habitat for Humanity
Disaster Recovery Program

Program Administration

Down Payment Assistance
Historic Preservation
Energy Efficiency
Rehabilitation

Consulting & Technical Assistance

Impact Development Services

Deed Restriction Management

Impact Development Builders

Affordable Homeownership



Impact Development Fund

Eligible Commercial Loan Borrowers:

- For profit or nonprofit entities
- Must demonstrate capacity to implement & manage property successfully

Eligible Commercial Projects:

- Acquisition & rehabilitation of multi-family rental housing
- Mobile home community acquisitions
- Property may be currently deed restricted or not
- No unit count restriction

Up Front Basics

- \$500 (\$500,000 or lower loan) or \$1,000 application fee (over \$500,000 loan)
- 1.0-1.5% loan origination fee assessed at commitment
- For-profit entities require personal & corporate guarantees
- Full underwrite is required of the property's operations & the borrower's credit worthiness



Impact Development Fund

Loan Terms (contingent on capital pool utilized):

- Up to \$5,000,000* / 90% CLTV*
- Loan term generally up to 15-20 years* (mini-perm)
- Amortization up to 30 years
- Interest ranges 2-7%*
- DSCR of 1.10 minimum
- Lien position may be subordinated depending on CLTV and capital stack

* *Restrictions apply*

Deed Restrictions

- Restriction periods are typically 10 years+ (contingent on capital pool utilized)
- AMI restrictions based on capital pool/borrower goals
- Necessary implementation and documentation is the responsibility of the property management company



Impact Development Fund

Basic Documentation for Underwriting

- Copy of purchase agreement & any amendments
- Last 3 years of property financials and taxes
- Last 3 years of sponsor's financials and taxes
- If corporate sponsor, 3 years of personal guarantor's taxes/financial statement
- Environmental Assessment*
- Appraisal
- Property conditions report
- Commitments for all other fund sources (especially grants/contributions, etc.)
- Sources & Uses



Impact Development Fund

Property Management Plan

- Demonstrate an adequately cash flowing property management budget
 - Be prepared to provide backup documentation
 - Consider typical late rent payments, fees
 - Per unit, per annum reserve (generally \$300 / unit / year)
- Demonstrate a thoughtful rent adjustment plan and course of action to prevent tenant displacement
- Demonstrate partnership with a property mgt. company experienced in compliance with affordability covenants and reporting



Impact Development Fund

What to Expect in Underwriting & Next Steps

- Questions
- Discussion & understanding around the plan for future management
- Loan document process
- Closing process
- Post-closing documentation



Questions?

Contact Information

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Director of Commercial Lending

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Office: 970-901-7994

Website: www.impactdf.org

**What did you think of
this session?**

**Please take our five-minute
survey in the chat**

**Join us for our next
session on June 13!**

Navigating Rehabilitation of Small to Medium Multifamily Properties

[Register here](#)

What to Expect This Session

- Participants will gain an understanding of how to incorporate **sustainability and health strategies** within preservation to ensure residents are healthy and homes are environmentally sound
- Participants will hear about **case studies** of how local organizations implemented strategies and tools to retrofit properties and address health hazards
- Participants will gain understanding of local and national **tools, resources and programs** they can access to address priorities.

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](#)