



# Preservation Next Colorado Academy

Preservation Development  
Models

August 8, 2023

# Today's Agenda

## PRESERVATION NEXT OVERVIEW AND JOINT VENTURE INTRODUCTION

- Sara Haas, Senior Director, Enterprise Preservation Next

## RENTER EQUITY BUILDING VEHICLE IN PROPOSITION 123

- Abby Murray, Director of Housing Investments, Weave Social Finance

## MIXED-INCOME NEIGHBORHOOD TRUST (MINT) MODEL: OVERVIEW & APPLICATION

- Kavya Shankar, Chief Operations Officer, Trust Neighborhoods
- Jason Dehaemers, Chief Product Officer, Trust Neighborhoods

## THE MINT MODEL IN EAST COLFAX

- Brendan Greene, Executive Director, East Colfax Community Collective
- Kalena Wong, Operations Director, East Colfax Community Collective

## AUDIENCE Q&A AND PANEL DISCUSSION

- Moderated by Christi Smith, Enterprise Rocky Mountain

## SESSION SURVEY AND PREVIEWING THE NEXT SESSION

# A Thank You to Our Funders

**MacKenzie Scott**



**KAISER  
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The Colorado  
Health Foundation™

**JPMORGAN CHASE & CO.**



PACIFIC WESTERN BANK



**Huntington**



**Enterprise®**

## PRESERVATION NEXT

# Preservation Next Overview

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

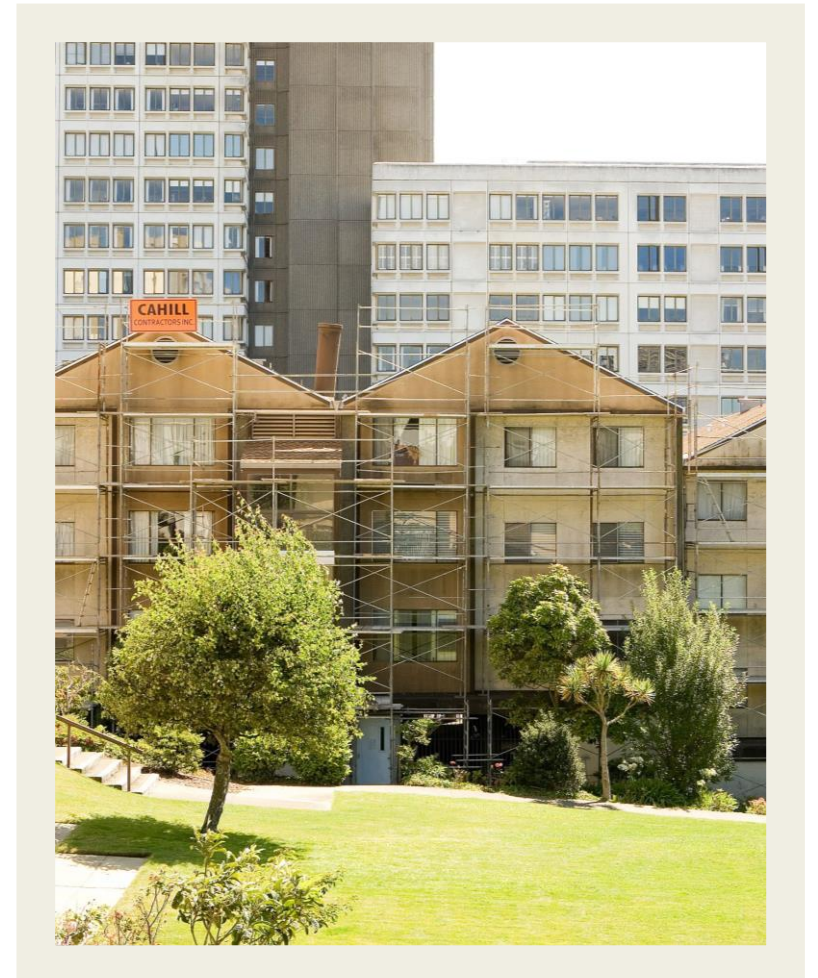
**Solutions at the intersection of renter and owner stability to promote an eviction prevention-first approach**

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





**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
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
<b>August 8, 2023</b>	<b>Preservation Development Models</b>
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

# JOINT VENTURES

# Joint Ventures

Rare for one person or entity to be able to bring everything to the table. For example, one may have:

- Good community relationships but not enough of a balance sheet to provide guarantees for financial institutions
- A strong balance sheet but not enough a track record to assure a financial institution that you can undertake a project on time and on budget?
- A fantastic track record of developing new construction but not preservation
- Experience rehabbing existing properties but not have the in-house capacity to provide services that the existing population needs
- Interest in acquiring a property in a geographic you don't have the relationships and nuanced understanding of the landscape

There is no one size fits all to how to structure a joint venture. Two key considerations to keep in mind:

- How to get the deal done successfully, and
- How to ensure that this project meets your organizational goals – strengthening your financial picture, adding to your experience or qualifications, or whatever else you are aiming to do.

Before entering a joint venture partnership, you should have your goals clearly in mind, and approach the partnership to ensure you are furthering them.

Learn more at Enterprise's [Joint Venture Guidebook](#)

# Additional JV Options and Considerations

1. **Decision-making.** To what extent do you want control over design, construction, and financing considerations? Do you want to be part of every part of the work or do you want veto power?
2. **Funding**
  - Can you bring in low-cost funding to the table due to non-profit status?
  - What portion of the financial guarantees can you bring to the table?
  - If there is a developer fee, how will you structure the split and timing? Are you willing to take more over time, taking on risks that it might not ultimately be paid out as projected, or is it more important to you to focus on earlier, more predictable tranches of funding, even if it might end up being a lesser amount?
3. **Long term ownership and cash flow.** What is the value of ongoing ownership to you?
4. **Operations.** Do you want to be the property manager, do you want oversight of the property manager, or do you want a say in the decision on property management selection?
5. **Do you bring site control to the table?** What is that worth to a potential partner and how can that be monetized?

# Preservation Next Toolkit: Case Studies

## Joint Venture Partnership

700 Simmons Ave in Los Angeles, CA



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

### 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%



# Meet Our Guest Speakers



## Abby Murray

**DIRECTOR OF HOUSING INVESTMENTS, WEAVE SOCIAL FINANCE**

Abby joined Weave in 2021 and leads Weave's housing investment practice, including the Colorado Housing Accelerator Fund (CHAF). Abby brings 10 years of experience with nonprofit community development financial institutions (CDFIs), government, and public-private partnerships and a skillset in affordable housing finance and fund operations.



## Kavya Shankar

**CHIEF OPERATING OFFICER, TRUST NEIGHBORHOODS**

Kavya is the Chief Operating Officer at Trust Neighborhoods. Kavya has dedicated her career to creating more equitable communities. She started her career at McKinsey and Company, focused on local and state economic development. She has helped young people get more civically active through helping start The Obama Foundation and has supported access to economic opportunity through her policy work at the Obama White House.



## Jason Dehaemers

**CHIEF PRODUCT OFFICER, TRUST NEIGHBORHOODS**

Jason is the Chief Product Officer at Trust Neighborhoods. Jason has spent a decade in corporate finance, informing his conviction that creative financial solutions are critical to addressing many challenges in our housing system. He began his career in New York in investment banking. He then led corporate development at Tallgrass Energy and played a key role in the company's two IPOs before founding Inspire Capital, an investment management firm.



## Brendan Greene

**CO-FOUNDER AND EXECUTIVE DIRECTOR, EAST COLFAX COMMUNITY COLLECTIVE**

Brendan is a co-founder of the East Colfax Community Collective who was raised in the East Colfax Corridor and has built his career around creating grassroots models of community-centered decision making. Brendan brings more than 20 years of community organizing experience that focuses on challenging power to create space where impacted leadership is respected and in control of decision-making power.



## Kalena Wong

**OPERATIONS DIRECTOR, EAST COLFAX COMMUNITY COLLECTIVE**

Kalena is the Operations Director of EC3. Most recently as the manager of three educational projects in rural Guatemala, she collaborated with local leaders to establish better access to high quality educational resources and helped craft a 3-year strategy rooted in sustainability and empowerment. She joined EC3 to continue her career focus of grappling with complex problems whose solutions lead to human flourishing.





Colorado **Housing Accelerator** Initiative

# Preservation & Renter Wealth Building

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Preservation Next Colorado Academy:

Preservation Development Models

August 8, 2023



WEAVE  
SOCIAL FINANCE

# Agenda

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01. Introduction

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02. CHAI Debt & Equity  
Funds Overview

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03. CHAI Tenant Equity  
Vehicle (TEV) Program

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04. Proposition 123

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05. Pilot Projects



# Introduction

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The Colorado Housing Accelerator Initiative (CHAI) is an “impact first” social enterprise housed under Weave Social Finance.

CHAI pools mission-driven capital and deploys it to middle-income housing projects in Colorado through both debt and equity funding.

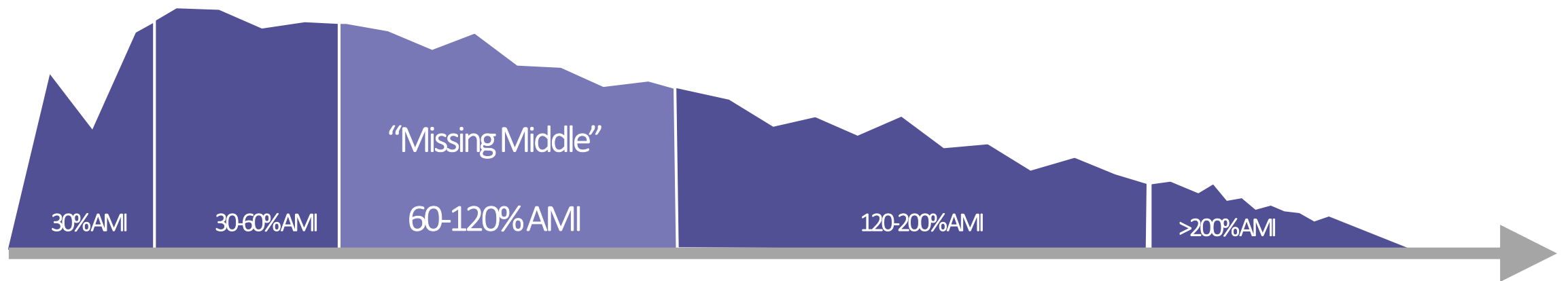
CHAI supplements important existing programs – such as the Low Income Housing Tax Credit – by focusing on “missing middle”<sup>1</sup> households

*<sup>1</sup> “Missing Middle” generally refers to households who earn too much to qualify for most publicly funded housing, but not enough to afford the cost of housing in their communities. CHAI defines this demographic segment as households earning 60 to 120 percent of local Area Median Income (AMI).*



# Target Sector

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



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



# Funds Overview

## Debt & Equity Offerings:

- **Project Types:** Preservation, New Construction, and Adaptive Re-use
- **Geography:** Colorado (statewide)
- **Loan / Investment Size:** Up to \$2 million from each fund
- **Security:** Senior, Subordinate, Mezzanine, and Equity
- **Term:** Bridge, Construction, Mini-Perm

## Funding Availability:

- Fully committed as of Q2 2023
- Additional availability in Q4 2023 / Q1 2024
- CHAI Funds supported by:



THE  
COLORADO  
TRUST



COLORADO  
Department of Local Affairs



The Colorado Health Foundation



The Dakota  
Foundation



JEWISHcolorado  
BUILDING COMMUNITY TOGETHER



IMPACT  
CHARITABLE



The Denver Foundation



# Tenant Equity Vehicle

“

The Tenant Equity Vehicle (TEV) Program offers renters the opportunity to **share in portfolio profits and build savings**. Through the TEV, CHAI is working to extend the core benefits of homeownership to renters: **stabilized housing costs, an automated passive savings mechanism, and the opportunity for long-term asset building**.

”





# Proposition 123 – Tenant Equity

## Legislation Terms

“A Tenant Equity Vehicle (TEV), funded through program earnings, will be required for developments receiving Equity Financing.”

## Oversight

- CHFA is the Program Administrator
- Availability anticipated in early 2024.
- Structure and terms are still tbd.

### More Information:

[Equity@chfainfo.com](mailto:Equity@chfainfo.com)

<https://coloradoaffordablehousingfinancingfund.com/>

## Funding

- One use is “creating an affordable housing equity program to make equity investments in multi-family rental units”
- \$72MM to \$126MM per year in funding.
- Properties must average affordability at 90% of AMI or below.



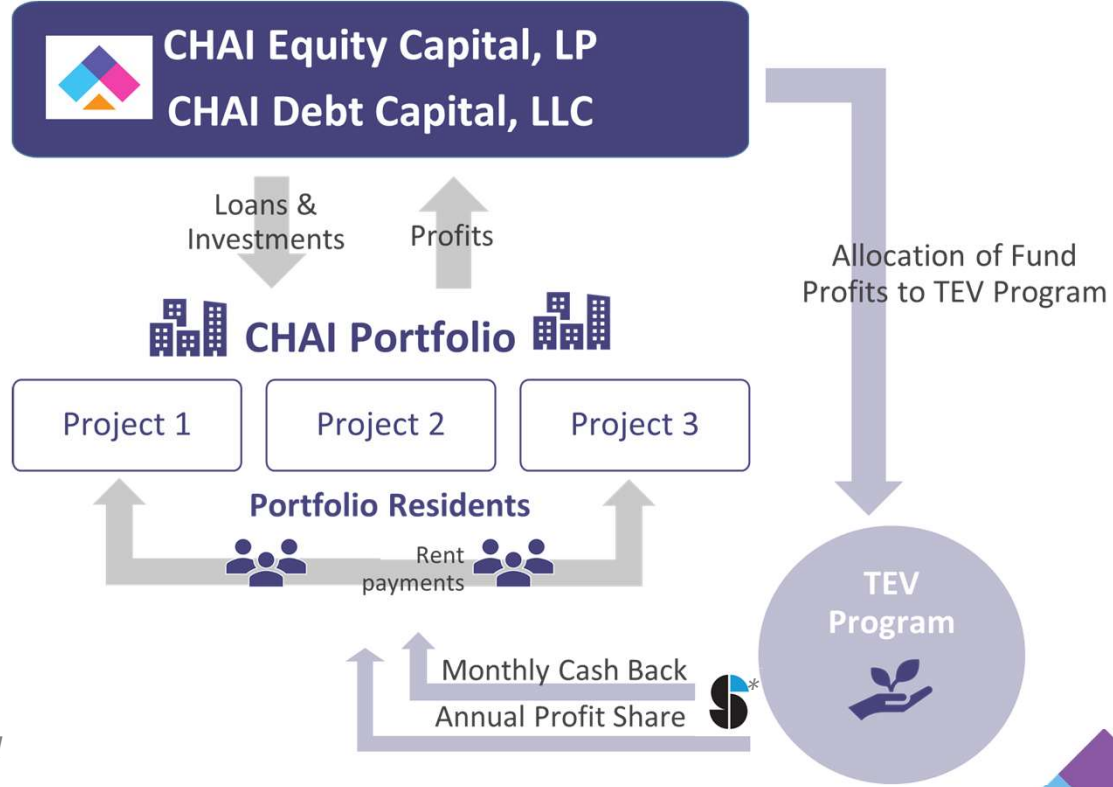
# Tenant Equity Vehicle Overview

## Program Goals



\* Based on Weave Social Finance analysis of median home prices and incomes in Colorado and required out-of-pocket down-payment contribution for a first-time buyer utilizing CHFA DPA.





## Structure



\* Fintech platform partner Stake.rent



# Pilot Projects

				
	<b>Gage Point</b>	<b>Lincoln &amp; Bunting</b>	<b>Smith Ranch</b>	<b>Vance Street Apts</b>
<b>Sponsor Partner</b>	Private Partner	Private Partner	Private Developer	Public Partner
<b>Location</b>	East Denver	Grand Junction	Silverthorne	Wheat Ridge
<b>Units</b>	82	39	70	24
<b>AMIs</b>	60% - 80% AMI	60% AMI	80% - 120% AMI	60%-80% AMI
<b>Structure &amp; CHAI Role</b>	Subordinate Lender & JV Equity Partner	Subordinate Lender	JV Equity Partner (Housing Authority SLP)	JV Equity Partner (Housing Authority TEBs)
<b>Other Capital Partners</b>	Impact Development Fund, Denver HOST	Grand Junction Housing Authority (Seller), CHFA, FirstBank	Town of Silverthorne, CHFA, Freddie Mac, Vectra Bank	Foothills Regional Housing Authority, ANB Bank

# How it Works – Acquisition



## Project Selection

Site is identified and underwritten to determine feasibility of acquisition and imposition of restrictions



## Acquisition

Property is acquired and affordability restrictions are put in place or extended.



## Financing Partnership

CHAI may partner with Sponsor to form Joint Venture and invest equity as part of the long-term ownership, and/or act as lender providing subordinate debt to fill gaps with other funding sources.



## TEV Enrollment

Typically within 6 months of acquisition CHAI initiates enrollment in TEV program



# How it Works - TEV Launch



## Team Kickoff

CHAI introduces Stake administration team to project Sponsor & Property Management

## Enrollment

Property Manager provides tenant contact data; tenants are automatically eligible to accrue benefits and can download an app to manage their balances.

## Benefits Set

Tenant eligibility and monthly Cash Back percentage are set. Typically, this starts at 2% of rent, plus a discretionary annual profit share, and banking services & credit reporting, with all tenants in AMI-restricted units eligible if they are in good standing.



## TEV Accruals

Eligible tenants begin accruing a percentage of their monthly rent payment as cash in their account, plus potential annual profit-share disbursement.

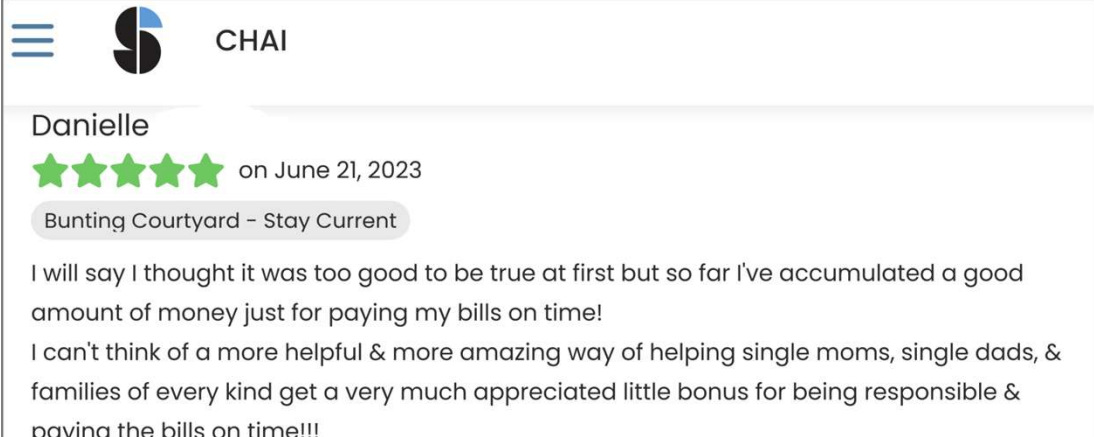


# Initial Feedback from CHAI TEV Pilot

## Initial Performance:

- Strong interest from Sponsors & Tenants
- On-boarding process taking 4-8 weeks
- Tenant participation = 90% of eligible tenants (110 out of 121 total)
- Average annual TEV benefits projected at ~\$500
- 200+ total units across 3 active preservation sites; 1 preservation site in enrollment; 2 new construction sites delivering 2024

## Tenant Feedback:



The screenshot shows a mobile app interface for CHAI. At the top left is a hamburger menu icon, followed by the CHAI logo (a stylized 'S' with a blue and black circle) and the text 'CHAI'. Below this is a review by 'Danielle' with a 5-star rating and the date 'on June 21, 2023'. The review title is 'Bunting Courtyard - Stay Current'. The review text reads: 'I will say I thought it was too good to be true at first but so far I've accumulated a good amount of money just for paying my bills on time! I can't think of a more helpful & more amazing way of helping single moms, single dads, & families of every kind get a very much appreciated little bonus for being responsible & paying the bills on time!!!'







# Thank you

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## Contact

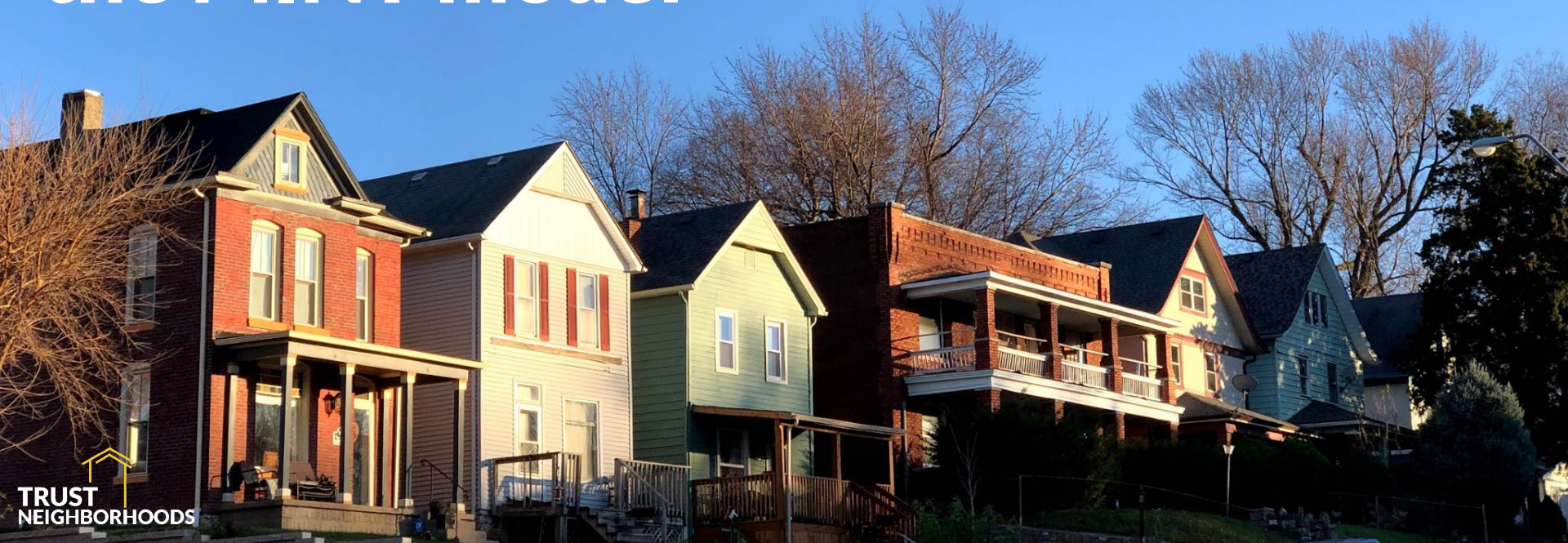
Weave Social Finance, LLC  
Fund Manager, CHAI Funds

[team@weavefinance.com](mailto:team@weavefinance.com)

[www.chaifunds.com](http://www.chaifunds.com)



# Trust Neighborhoods & the MINT model







# Our leadership team

## About us:

- Leading edge of affordable housing finance, urban policy, and community development
- Experienced institution builders from the founding teams for Sidewalk Labs, the Obama Foundation, and Tallgrass
- Worked in 10+ American cities; based in Kansas City, MO

**Jason Dehaemers**  
Chief Product  
Officer

CREDIT SUISSE 

GTCR

TALLGRASS  
ENERGY 

**Kavya Shankar**  
Chief Operating  
Officer

McKinsey&Company



 **OBAMA**  
FOUNDATION

**David Kemper**  
Chief Executive  
Officer

  
Housing Preservation & Development

Google

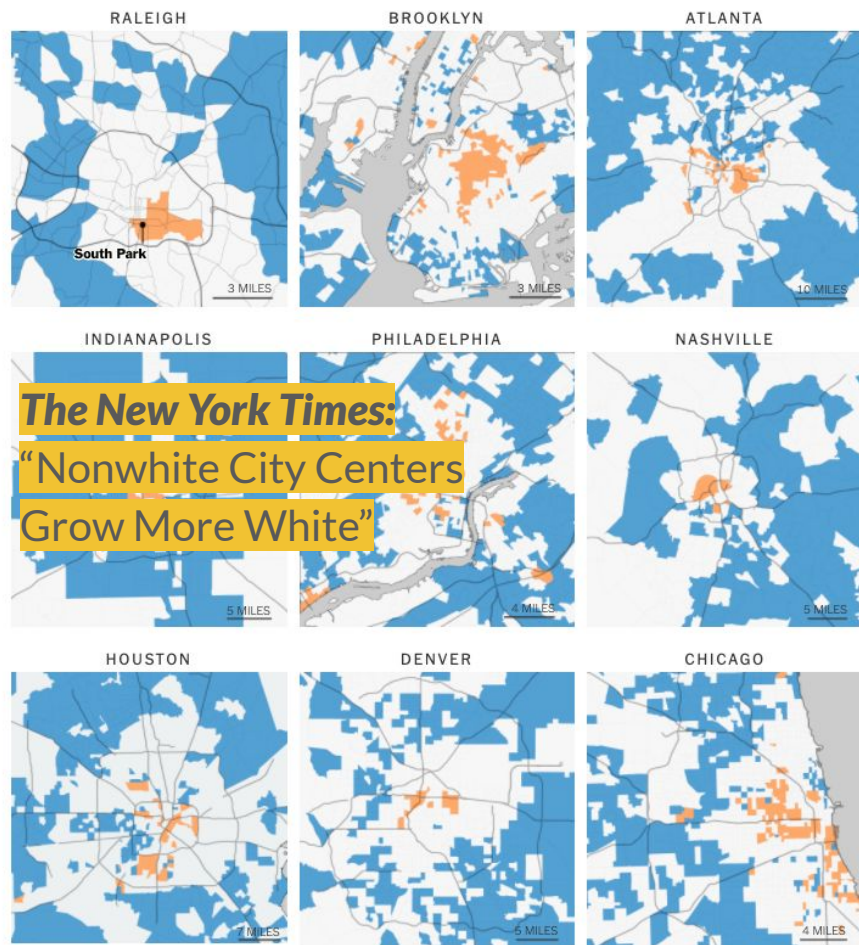
SIDE WALK LABS

# Today, investment displaces renters

Philanthropy and public institutions invest billions to undo disinvestment and racism in the US

But now the very residents those investments aimed to benefit risk getting displaced from their communities

These renters are disproportionately women and BIPOC, and they are losing access to high-opportunity neighborhoods



2000-2017 **more white** **more nonwhite**

# We're Trust Neighborhoods

We are a nonprofit creating community-governed real estate where gentrification threatens displacement

## Started the work by interviewing neighborhood organizations

### *Neighborhood pain point*

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“We don’t have capital at the scale we need”



“We don’t have good, accountable owners to replace bad actors”



“We need the flexibility to work within our neighborhood’s typology”



“We can’t compete at the speed of the private market”



Hundreds of neighborhoods will gentrify in the next decade. Ensuring today's residents also benefit is possible and necessary.

That's why neighborhoods need **MINTs**



# Mixed-income neighborhood trusts preserve affordability and belonging

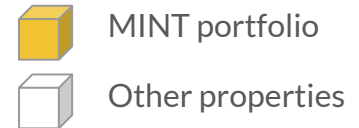
A mixed-income neighborhood trust (MINT) **develops, owns, and operates mixed-income rental properties** throughout a neighborhood

Over time, **unrestricted rents pay for keeping today's affordable rents in perpetuity**, preempting displacement by preserving affordability

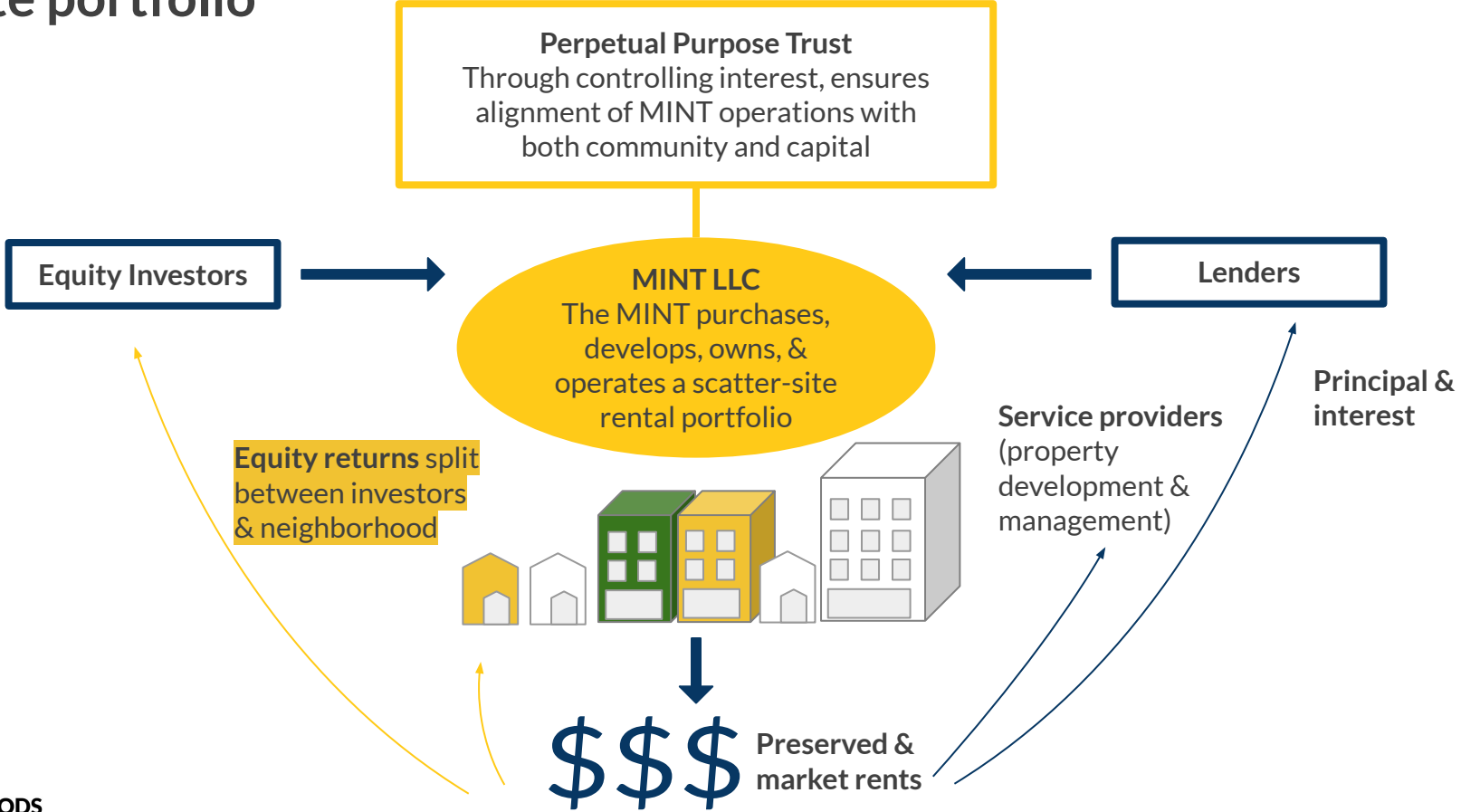
A **community-centric governance model** ensures accountable operations to both capital and community

## An illustrative MINT neighborhood:

A scattered-site portfolio alongside homeowners and other rental properties



# A MINT sets up a neighborhood-scale, financially sustainable real estate portfolio



# MINTs are focused on neighborhoods where an anti-displacement intervention is meaningful

## Priority MINT Criteria



High-capacity neighborhood group



Anticipated rising values



Large-scale acquisition potential



Pathway to securing necessary capital

# MINTs are delivering impact today in four US cities

## The Northeast Neighborhood Trust



with Lykins Neighborhood Association  
Kansas City, Missouri, established 2021  
Immigrant & refugee neighborhood

31 units acquired to date  
Capitalized for 50 units  
\$3.4mm in equity and debt

Early focus on vacant property renovation

## The East Boston Neighborhood Trust



with East Boston CDC  
Boston, Massachusetts, established 2022  
Immigrant & refugee neighborhood

114 units acquired to date in 36 buildings  
\$7.9mm in equity and sub-debt

City Life / Vida Urbana tenant organizing  
& City of Boston close partnership

## The Kendall-Whittier Neighborhood Trust



with Growing Together  
Tulsa, Oklahoma, established 2021  
Immigrant neighborhood

20 units acquired to date  
Capitalized for 50 units  
\$3.7mm in equity and debt

Closely linked with families in local school

## The Central Fresno Neighborhood Trust



with Lowell CDC  
Fresno, California, established 2022  
Immigrant neighborhoods

9 units acquired to date in 2 buildings  
Phase one sized for 50 units  
\$3mm in equity, incl. \$2mm from City

Governance across several neighborhoods

# Kansas City's NENT has grown since launching as the first MINT pilot

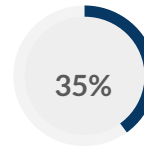
## Neighborhood profile

- Walkable, streetcar suburbs with historic architecture
- Significant refugee and immigrant populations with 20+ languages in local schools
- <2 miles with high transit to downtown's 110k+ jobs

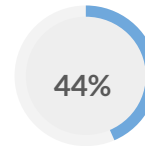
## The need for a MINT

- 46% of Northeast residents rent
- Poor quality / unaccountable rental ownership
- Worries of rising rents

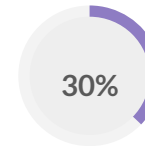
*Established in February 2021*



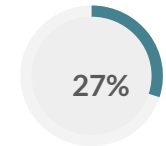
Hispanic /  
Latina(o)



White



Black



Other

NOTE: Demographic percentages may not sum to 100% as data some individuals may identify in more than one category



# East Boston's EBNT demonstrates a MINT operating at scale

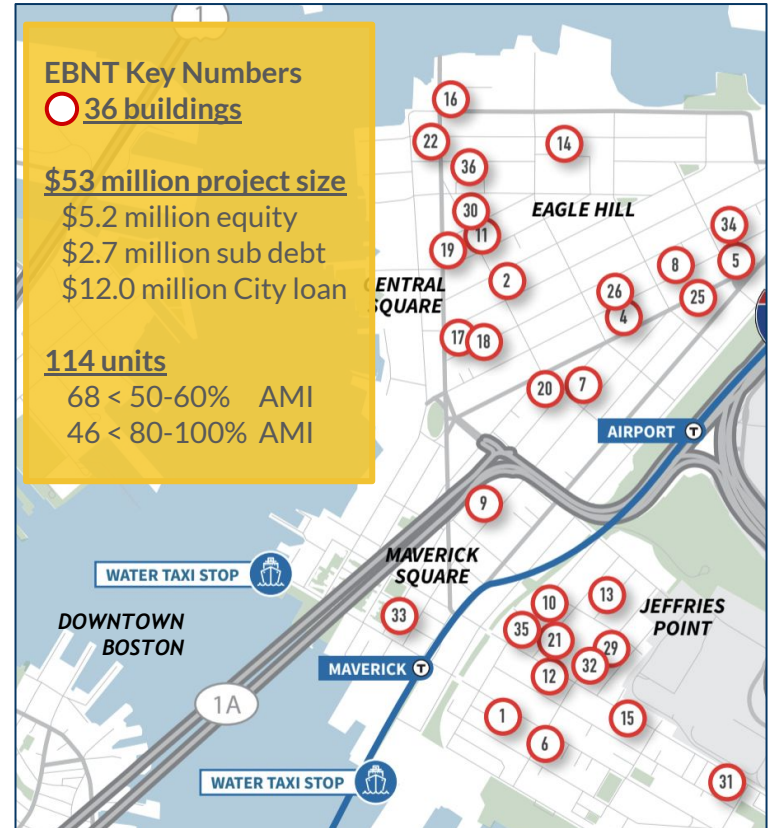
## East Boston Case Study

Established in September 2022

The East Boston Neighborhood Trust highlights strengths of the MINT model:

- Family-sized units
- Acquisition of an existing portfolio at close
- Ability to roll back displacement
- Partnership between MINT and tenant organizing group

\$7.9 million in equity and sub debt participation includes:



# This work helps create high-opportunity mixed-income neighborhoods through three primary forms of impact:

**Changing  
power structures**



**Increasing  
revitalization**



**Reducing  
displacement**



Combined, these can secure place and power for residents in mixed-income neighborhoods that deliver better outcomes for all

# Our current focus is on scaling the MINT model across the country

2020-2021

## Pilot Phase:

- Developed the MINT model
- Launched pilots in Kansas City, MO and Tulsa, OK

2022-2024

## Scale Phase:

- Seed an additional 5+ MINTs, **including in Denver / Aurora**
- Raise follow-on capital to expand existing MINTs

2025+

## Mature Phase:

- Launch new MINTs and grow existing MINTs
- Establish the MINT as a mature affordable housing solution, including a robust MINT capital market



# Thank you!

Reach out on our website:

[www.trustneighborhoods.com](http://www.trustneighborhoods.com)



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# East Colfax Community Collective

— Mission: To build collective power in our  
community to shape our own destiny —

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# Who We Are

East Colfax Community Collective (EC3) is a community-driven, multicultural, socio-economically diverse advocacy organization composed of residents, local businesses and nonprofits, and allies





# MINT Model & Community Needs



# Current Work

- Completed feasibility analysis
- Completed Market study
- Establishing development partnerships
- Exploring acquisition opportunities
- Securing funding



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

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

**Join us for our next  
session on August 22nd!**

**Small to Medium  
Multifamily Preservation  
and Community Land  
Trusts**

**[Register here](#)**

**What to Expect This Session**

- Participants will gain an understanding of the various **community land trust (CLT) models** within small to medium multifamily preservation
- Participants will learn about the **challenges, opportunities, and solutions specific to CLT preservation**
- Participants will hear about **case studies and guidance from CLT practitioners**

# Thank you

## Contact Us:

### **Sara Haas**

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### **Jessie Wang**

Fellow, Enterprise Preservation Next  
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### **Christi Smith**

Director, Rocky Mountain Programs  
[christismith@enterprisecommunity.org](mailto:christismith@enterprisecommunity.org)

### **Jennie Rodgers**

VP, Rocky Mountain, Tribal Nations, and Rural Market  
[jroddgers@enterprisecommunity.org](mailto:jroddgers@enterprisecommunity.org)

## Resources:

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

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

[Enterprise Preservation Resources](#)