

WHDC Affordable Housing Administrator

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Local Initiatives Support Corporation

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Application Form

Report Fields

Project Name*

Name of Project

WHDC Affordable Housing Administrator

ADMINISTRATIVE

Nonprofit status*

Is organization a nonprofit?

Yes

Year Founded*

Year organization was founded:

1979

Number of employees*

Number of employees:

317

Organization Budget*

Total amount of current year's budget:

134,471,100

MISSION

1*

What is the mission of the organization?

LISC is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity — good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with loans, grants and equity investments, local, statewide and national policy support, and technical and management assistance.

2*

How does the mission of the organization relate to the need of WHDC to develop/preserve affordable housing in Manhattan Community District 9 (MCD9)?

Affordable housing is at the heart of LISC's work. The LISC model assembles private/public resources and directs it to locally-defined priorities. This enables local organizations to access national resources/expertise and funding partners to leverage their investment into remarkable impact. As the largest community development organization, LISC has invested over \$12.9billion in communities, leveraging \$38.3billion of community development nationwide; equating to over 303,500 affordable homes.

3*

What is the experience of the organization in affordable housing development/preservation?

LISC NYC's strategy for meeting today's housing challenges is threefold: 1) Partner with NYC's housing department to redevelop and convey the remaining "pipeline" of city-owned housing to community-based ownership. 2) Preserve existing affordable housing resources for the future—including at-risk HUD-subsidized developments under private ownership, and financially overleveraged, private buildings at risk of deterioration and foreclosure. 3) Develop new financial and technical assistance tools to help nonprofit developers seize new development opportunities. LISC accomplishes this by working with a wide spectrum of sponsors with varying degrees of capacity. As a result, LISC understands the unique challenges and special needs of developers of affordable housing and provides technical assistance to help plan and structure projects from conception to completion. This translates into \$2.1billion total investment, \$4.6billion leveraged, and 33,343 affordable homes developed and preserved.

4*

Attach press clippings, annual reports, and any additional information that speak to the history and experience of the organization.

LISC_By_Numbers_2013.pdf

AFFORDABLE HOUSING IN MCD9

1*

Bearing in mind that the organization cannot benefit as a developer/preserver from WHDC's funds, please describe your understanding of the role of an Affordable Housing Administrator.

LISC's understanding of the role of the Affordable Housing Administrator is to provide services in managing the fund, oversee the development and preservation of affordable housing, and attracting new resources. As such, LISC will identify the pipeline, coordinate the development process, including spearheading deal structuring and closing, and provide construction oversight, as necessary, to ensure completion. We will leverage additional sources of financing to support development efforts, and lend our expertise to project due diligence and development plans, assessing sponsor capacity and providing technical assistance to its partners through the underwriting and development processes. As the Affordable Housing Administrator, LISC will work to bring an extremely high level of service and support to design flexible and affordable financing products that result in high quality affordable housing to the neighborhood.

2*

Describe the organization's history of carrying out a similar role as an Affordable Housing Administrator citing at least two cases similar to WHDC's situation.

LISC has over thirty years of experience in assembling and deploying capital for projects that affordable housing funds target. Two examples include:

1) New York City Acquisition Loan Fund–LISC was one of the entities responsible for the formation of the New York City Acquisition Fund (NYAF), initially created as a \$192 million loan fund to support the preservation of affordable housing in New York City. LISC's affiliate NEF has served as one of the two members of the LLC from inception until the end of 2013; on January 1, 2014 LISC assumed that membership role. In addition LISC is an originating lender to the fund, and serves on its Credit Committee. Launched in 2006, NYAF was one of the first affordable housing acquisition loan funds in the country. NYAF assembled loan and credit enhancement support from a consortium of private lenders, six foundation/non-profit entities, and the City of New York, with five originating CDFI lenders, including LISC, holding a 2% subordinate piece of loans they originate.

2) LISC Cook County Housing Preservation Fund–a \$30.6 million loan pool, formed in 2009, for preservation of affordable housing projects in Cook County, Illinois. Lenders to the loan pool included JPMorgan Chase, The Northern Trust Company, MB Financial Bank, and Private Bank and Trust, with LISC holding a 2% subordinate piece of each loan. The MacArthur Foundation and the City of Chicago provided \$10 million and \$2 million in credit enhancement, respectively.

3.*

Describe the organization's best plans for utilizing WHDC's initial \$10 million for the development/preservation of affordable housing in MCD9.

LISC's strategy for utilizing WHDC's initial \$10 million for the development/preservation of affordable housing in Community District 9 is two-fold. First, the NYC Department of Housing Preservation and Development (HPD) has committed substantial resources to the West Harlem community, as part of the Community Benefits Agreement. To deliver on their promise, HPD seeks to move forward with a pipeline of buildings in their Affordable Neighborhood Cooperative Program, and is seeking assistance from the Affordable Housing Fund. Tenants in the Affordable Neighborhood Cooperative Program are provided with a fully renovated apartment and become owners through a Cooperative structure. Homeownership is one of the best ways for residents to ensure that they will not be displaced, while also building equity for their future. Homeownership also creates stability in a neighborhood. Upon completion, owners receive training in building management and coop policies, maintenance, and financial recordkeeping. The underwriting of these buildings is complex. The Program is funded by taxable bonds financed under the HDC Multi-Family Secured Mortgage Revenue Bonds Resolution. HDC finances the development of affordable cooperatives by providing a construction loan and a permanent mortgage for the cooperative. HDC also provides subordinate financing for a second mortgage during construction. Additionally, the buildings require funding of a rental fallback. Funds from the Affordable Housing Fund will be utilized for this purpose, which will stay in the deal during construction. We expect that a minimum of fifty percent of the funds will be paid back upon permanent conversion. We anticipate that the large majority of the Fund will support this program.

Second, we will also seek to identify opportunities for development and preservation of affordable rental housing in the neighborhood. We will work with HPD to facilitate the redevelopment of any additional city-owned housing as community-based ownership. We will also support efforts to preserve existing affordable housing resources for the future – including those already under community development corporation or non-profit stewardship, at-risk HUD-subsidized developments under private ownership, and financially overleveraged, privately-owned buildings at risk of deterioration and foreclosure. To do so, we will look to develop new financial and technical assistance tools to help nonprofit developers seize new development opportunities.

4*

Indicate the number of dwelling units that the organization estimates can be preserved/developed within three years in MCD9. Be specific about the units to be preserved and those to be developed.

250

LEVERAGING OF WHDC'S FUNDS AND FUND MANAGEMENT

1*

WHDC desires to preserve and reinvest its principal of \$10 million. Describe the best way that your organization's plans for preservation /development will accomplish this objective

As mentioned, LISC has identified a pipeline of buildings with HPD, through its Affordable Neighborhood Cooperative Program. HPD anticipates a need of \$50,000 per unit from the Fund. The funds will be held in the project during the 24 month construction period. In the event that the project does not convert to Cooperative, the funds will be used for the rental fallback scenario - in which case they will not be repaid. We are conservatively anticipating that this will be the case in less than half of the projects. In the majority of cases, the funds will be repaid and then committed to another project. With the assumption that 200-250 units can be preserved through this program with the Affordable Housing Fund, the Fund will leverage between \$22,000,000 and \$27,500,000. Additionally, we are seeking other projects for use of the Affordable Housing Fund, and we will underwrite loans and conduct significant due diligence to ensure that funds are repaid.

2*

WHDC currently uses Tides Foundation as its fiscal sponsor. Tides will maintain the \$10 million and pay all the invoices approved and submitted by the Housing Administrator through WHDC's Executive Director. In the event that the Affordable Housing Administrator raises additional leveraged funds, indicate your ideas about how this portion should be handled if different from the arrangement under Tides.

LISC expects that the majority of leverage will be at the project level. In this case, leverage will be managed and disbursed from funder (i.e. HPD, financial institution) to the developer. Capital that LISC raises at the Fund level will be held at and disbursed by LISC. We do not anticipate that any leveraged funds will flow through Tides.

GOVERNANCE

1*

An Affordable Housing Committee of the WHDC board has been formed. It will include advisors from New York City's Housing Preservation and Development, the community, and possibly New York City Planning Department. The committee will supervise the work of the Affordable Housing Administrator. Indicate how best you will use this committee, your comments on who else should be invited, and how you will communicate. Include a description of precisely what data the committee will receive and the frequency of reporting.

LISC will utilize the WHDC Affordable Housing Committee to advise on pipeline development, provide support for raising funds and leverage, and ensure community engagement and buy-in. LISC has reviewed the list of members of the Committee and we recommend that an additional member with real estate finance and

community development expertise be considered. LISC will provide written reports, with an agreed upon set of information and data, quarterly. At a minimum, the reports will include written narrative of progress, spreadsheet of pipeline status and financial updates.

COST PROPOSAL

1*

A. Describe how the task of preserving/developing affordable housing units will be managed over the next three years, including the personnel who will be assigned, their duties, and estimated hours per month.

B. Include a separate Word or Excel file of your organization's detailed cost proposal for undertaking WHDC's task for each of the following three years. If the organization expects to charge fees for leveraged funds, please indicate those separately.

WDC Housing Administrator Budget 2014-2019-v6.xls

Please see attached uploaded cost proposal. In order to revolve funds and manage projects through completion, LISC is expecting a five-year term for the Fund. During the first 18 months, LISC will disburse funds. We expect payback within 24 months, at which point we will revolve the funds into new deals. The revolved funds would be paid back by approximately Year 5. To manage the Fund, LISC will hire a full-time Community Development Officer (CDO). The main duties of the CDO include:

- Develop pipeline
- Evaluate and assess each property's capital needs
- Determine appropriate financing sources
- Assess developer's capacity and provide technical services
- Originate loans
- Work closely with HPD and HDC to leverage programs, as well as financial institutions to bring additional resources to the projects
- Develop and maintain partnerships
- Liaise with WHDC Advisory Committee
- Prepare Fund reports.

The CDO will be managed by the LISC NYC Housing Director.

2*

Indicate the total costs of Year 1:

210,506

Indicate the total costs of Year 2:*

210,506

Indicate the total costs of Year 3: *

210,506

REFERENCES

Attach a list of three client references for which the organization has provided affordable housing development/preservation services within the last five years. *

LISC Professional References.doc

File Attachment Summary

Applicant File Uploads

- LISC_By_Numbers_2013.pdf
- WDC Housing Administrator Budget 2014-2019-v6.xls
- LISC Professional References.doc



Building Sustainable Communities

By the Numbers

In 2013

We invested

\$776 million

which has leveraged

\$2.3 billion

in total development

Since 1980

We have invested

\$13.8 billion

which has leveraged

\$41.2 billion

in total development

Our accomplishments

11,850

affordable homes & apartments

2 million

square feet of retail & community space

13

schools financed for 5,032 students

6

child care facilities supported for 590 children

18

playing fields renovated for 70,070 kids

Our accomplishments

313,400

affordable homes & apartments

51 million

square feet of retail & community space

193

schools financed for 77,200 students

190

child care facilities supported for 20,270 children

273

playing fields renovated for 480,000 kids

LISC NYC
WDC Housing Administrator Budget
 Program expense budget for a five (5) year period

Program Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Total Budget
A. Program Volume *	\$ 2,020,000	\$ 3,030,000	\$ 3,030,000	\$ 3,030,000	\$ 2,460,568	\$ 13,570,568
B. Program Staff	142,241	142,241	142,241	142,241	142,241	711,205
C. Program Support	16,265	16,265	16,265	16,265	16,265	81,324
D. Consultants	10,000	10,000	10,000	5,000	5,000	40,000
E. Administration	42,000	42,000	42,000	42,000	42,000	210,000
Total Expense Budget	\$ 2,230,506	\$ 3,240,506	\$ 3,240,506	\$ 3,235,506	\$ 2,666,074	\$ 14,613,097

See budget line details below:

B. Program Staff

Resource	Annual Salary	% of Time	Anticipated Cost for 5 years
Community Development Officer	90,000	100%	450,000
Housing Director	129,441	15%	97,081
Fringe Rate 30%			164,124
Sub-total Program Staff		1.15	\$ 711,205

C. Program Support	Annual Cost	Anticipated Cost for 5 years
Office Space	\$ 12,528	\$ 62,639
Other Program Support	3,737	18,685
Sub-total Program Support		\$ 81,324

D. Consultants	Anticipated Cost for 5 years
Technical assistance consultant	\$ 40,000
Sub-total Consultants	\$ 40,000
Total program staff, support and consultants	\$ 832,530

E. Administration **	Anticipated Cost for 5 years
Total Base to calculate Indirect Cost	\$ 14,403,097
Indirect Cost Rate	1.46%
Total Indirect Cost	\$ 210,000

* Assumes additional program volume funds in the amount of \$4,613,097 from project sources related to the recycling of 50% of the program volume and loan fees earned through a period of five years.

** Will be used to cover the legal, accounting and other indirect expenses incurred by LISC NYC during the duration of this program. LISC's current government approved indirect rate is 28% but LISC is proposing a far lower rate to provide additional in kind support to this important initiative.

Prepared By Wilber Gonzalez - Director of Finance for LISC NYC

ALLOCATION OF NY OFFICE EXPENSES

	Office Admin			Restricted/UR Charged							
	UR, Inc. NEF	0123-80	TOTAL	NEF	FWI	R & A	Field Str	Healthy Communities	Health Initiatives	LISCNY	HED
	0123-80	UR, Excl NEF		0123-80	0183-00	0127-29	0130-00	0112-84	0112-83	3501-00	0114-36
	64.47%	59.05%	100.00%	5.42%	0.49%	0.49%	0.00%	0.20%	0.64%	21.18%	2.96%
MONICA & JC		136,175	\$ 230,612	12,496	1,136	1,136	-	454	1,477	48,849	6,816
RENT & UTILITIES	<i>admin services credit on Admin budget</i>		\$ (94,437)								
501 7th Ave - Office Admin allocation see attached	\$ 1,425,675	1,305,843	\$ 2,211,447	119,832	10,894	10,894	-	4,358	14,162	468,435	65,363
From Office Admin Preliminary Sheet (using last yrs allocation)											
Final #s for Office Admin			65.27%								
CONTRACTED SERVICES(*)		\$ 81,422	\$ 137,889	7,472	679	679	-	272	883	29,208	4,076
TELEPHONE(*) (exlc purchase)		\$ 113,991	\$ 193,044	10,461	951	951	-	380	1,236	40,891	5,706
related to new phone system		\$ 60,000									
EQUIPMENT RENTAL & MAINTENANCE (*)		\$ 61,447	\$ 104,060	5,639	513	513	-	205	666	22,042	3,076
OFFICE SUPPLIES(*)		\$ 54,282	\$ 91,926	4,981	453	453	-	181	589	19,472	2,717
POSTAGE (*)		\$ 5,645	\$ 9,560	518	47	47	-	19	61	2,025	283
MISCELLANEOUS - allocation only (*) (extra cleaning, flower & gifts light maintenance, security, storage)		\$ 72,737	\$ 123,181	6,675	607	607	-	243	789	26,092	3,641
			<i>fee from NEF</i>	168,073							
	1,331,238	1,797,105	2,871,107.14	\$ 15,279.40	per space					657,014	revised
			14,074.05							420,065	original
NYC - 501 7th Avenue Rent ANALYSIS										236,949	
Original Leased Space (part of 6th fl, entire 7th floor)	Monthly Rent Payment	# of Months	Total Payment								
Sept 1, 2003 through Aug 31, 2004	0	12	\$0.00							43	Employees
Sept 1, 2004 through Aug 31, 2005	115,115	12	\$1,381,380.00								

ALLOCATION OF NY OFFICE EXPENSES

AMERI	CICK	CSI	YOUTH
0123-13	0116-17	0116-19	0114-56
1.97%	0.32%	2.64%	1.13%
4,544	738	6,078	2,613
43,575	7,081	58,282	25,056
2,717	442	3,634	1,562
3,804	618	5,088	2,187
2,050	333	2,742	1,179
1,811	294	2,423	1,042
188	31	252	108
2,427	394	3,246	1,396



PROFESSIONAL REFERENCES

Below are three professional references for LISC.

Private Financial Institutions

Entity Name: Deutsche Bank

Contact Person, Title: Jim Baek, Vice President, Community Development Group

Telephone: 212-250-0595

E-mail: jim.baek@db.com

Entity Name: Chase

Contact Person: Sondra Ford, Vice President, Community Development Banking

Telephone: 212.270.2915

E-mail: sondra.c.ford@chase.com

Community Development Corporation

Entity Name: MBD Community Housing Corp.

Contact Person, Title: Derrick A. Lovett, President/CEO

Telephone: 718-842-0256; 347-226-2481 (Direct)

E-mail: DLovett@mbdhousing.org