

Important Issues for Not-for-Profit Organizations in the Negotiation of Joint Ventures for the Development of Supportive Housing

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I. OVERVIEW OF KEY ISSUES IN JOINT VENTURES

- The key issues in most supportive housing joint ventures are:
 - ✓ (i) economics
 - ✓ (ii) control
 - ✓ (iii) allocation of risk

II. THE ECONOMICS OF THE JOINT VENTURE

- Developer Fee
- Cash Flow
- Builder's Profit
- Property Management/Social Service Provider Fees
- Ownership of Building Long-Term

III. CONTROL OF THE JOINT VENTURE

- 50/50 Ownership of GP
- Control of GP
 - Can shift during Project
- Major Decisions
- Exit of For Profit
- Right of First Refusal/Option

IV. ALLOCATION OF RISK

- Guarantees
 - Syndication
 - Construction Completion
 - Lease Up
 - Operating Deficit
 - Regulatory Compliance
 - Repurchase

IV. ALLOCATION OF RISK

- Lender (Only in Projects with Hard Debt)
 - Completion
 - Payment until conversion (lease up and stabilized operation)

IV. ALLOCATION OF RISK

- Pre-development Risk
- Relationship between Guarantees and Developer Fee