

Joint Ventures in Supportive Housing Development

Arlo M. Chase
Senior Vice President
Services for the Underserved

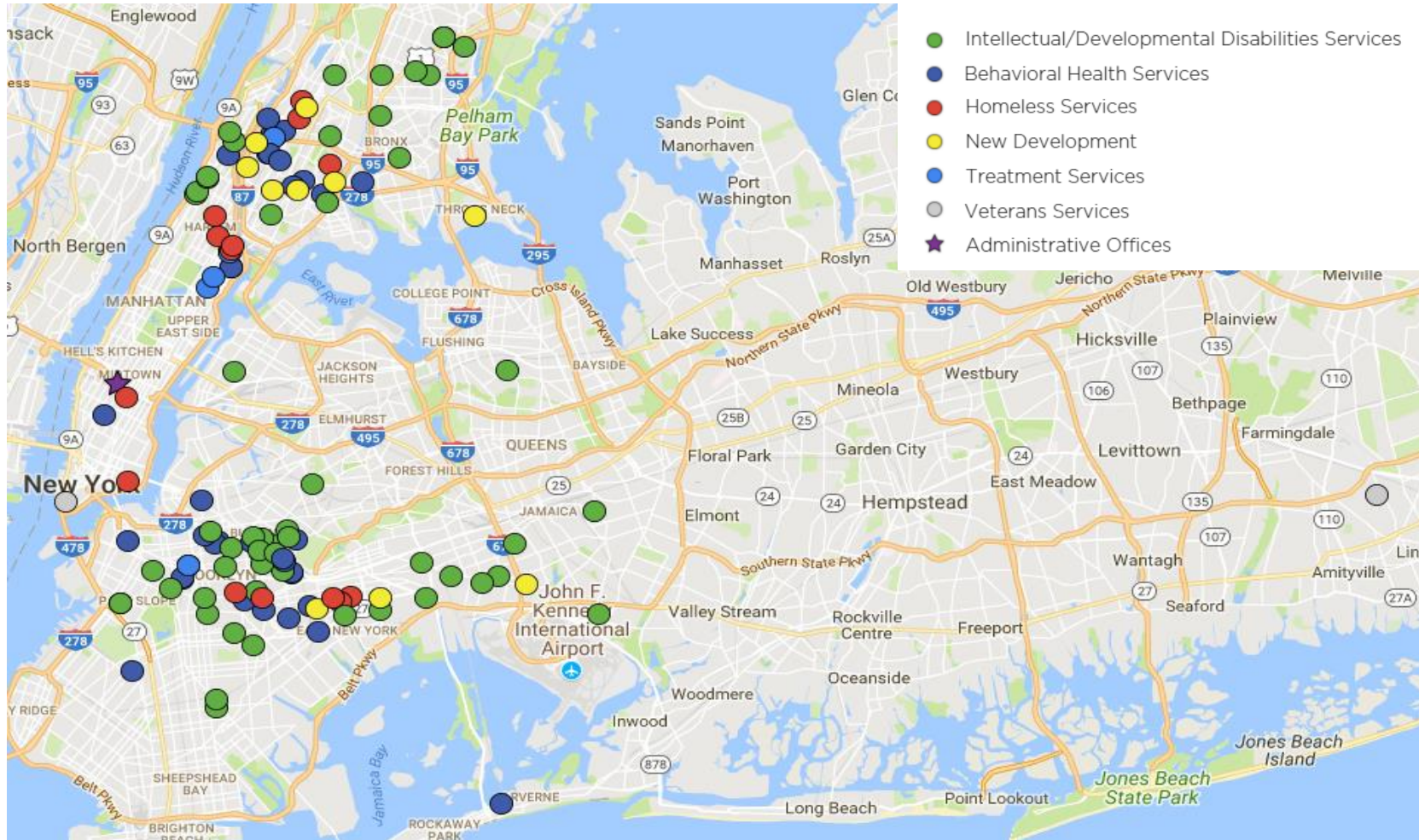
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OVERVIEW OF S:US



- Provides \$200M in services and support.
- Served 35,000 vulnerable NYC residents in 2017.
- Serves people who have dealt with very complex and challenging life circumstances.
- Treats the “whole person”.
- Employs workforce of 2,400.
- Is one of NYC’s largest social services and housing organizations.

OUR FOOTPRINT IN NEW YORK



S:US' HOUSING FOOTPRINT

- S:US owns, manages or leases 140 buildings in New York City.
 - 75 buildings are owned and managed by S:US.
 - 65 buildings and 1,000+ scattered site apartments throughout the Bronx, Brooklyn, Manhattan and Queens are leased and managed.
- S:US' real estate properties are valued at over \$200M.

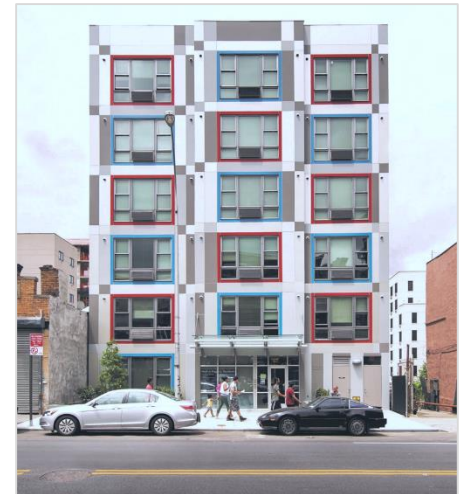
LIHTC/SUPPORTIVE HOUSING: PORTFOLIO AND PIPELINE

LIHTC – Management & Operations

- 16 buildings developed with LIHTC, over 700 units of permanent housing.
- Dedicated S:US Property Management staff for lease-up, LIHTC compliance, rent collection, conflict resolution.
- Mobile central maintenance team provides 24-hour emergency service to all S:US facilities.
- 24-hour onsite security.
- On-site Social Service staff is available for all tenants to provide support and referrals.

LIHTC – Pipeline

- Four projects in construction (400 units)
- Five projects in development (1000+ units)
- Mostly Joint Ventures, with S:US playing a part of development



PROJECTS IN CONSTRUCTION: E. 162ND

294 East 162nd Street, Bronx, NY

- Development team is B&B Supportive, L&M and S:US playing a role
- 126 units, 30% supportive, all families (37 supportive, 88 affordable, super)
- Mixed Income (80% AMI) – 19 units
- TDC of \$56.6MM
- DOHMH funded service contract, 6 full-time program staff onsite
- Long term ownership is 50-50% S:US/L&M

Property & Supportive Services

- Property Management Office - front desk, security, rent collection, operations (C&C Managers)
- Supportive Services Office - case management, nurse practitioner, benefits management, vocational services, child life specialist (S:US)



PROJECTS IN CONSTRUCTION: MORRIS AVE

2264 Morris Avenue, Bronx, NY

- Co-Developer is 50-50% S:US and Bronx Pro
- 94 units (21 studios, 23 one-beds, 25 two-beds, 14 three-beds, 1 super)
- 30% supportive, all singles (31 supportive, 62 affordable, 1 super)
- Mixed Income (80% AMI) – 14 units
- TDC \$47MM
- Long term ownership 50-50% S:US/Bronx Pro

Property & Supportive Services

- Property Management Office - front desk, security, rent collection, operations (S:US & Bronx Pro)
- Supportive Services Office - case management, nurse practitioner, wellness counselor, young adult clinician, peer specialist, vocational services (S:US)



SUS DEVELOPMENT PARTNERSHIP MODELS (CURRENT)

- **Sole developer**: City-owned land or private
- **50/50 Co-development**: acquisition/ predevelopment loan, all guarantees, all dev fee, co-managing, year 15
- **Turnkey**: developer acquires land and takes construction risk/reward & majority (or first) development fee, SUS takes post-conversion operating deficit and compliance risk
 - Many options here, including sharing long term ownership and risk

SUS DEVELOPMENT PARTNERSHIP MODELS (CURRENT CONT'D)

- Master Lease (with or without HDFC)
 - SUS leases block of units for consumers, using services funding to provide on-site social services, as well as provide some rent subsidy (rent level varies on program, but usually well below 60%)
 - Akin to housing partnership, SUS creates HDFC to take record title to property (sales tax and Mortgage Recording Tax exemptions), as well as to own 50% of GP for 420-c purposes
 - LP owner provides indemnification
 - But audit, tax returns etc.

RISKS AND REWARDS

- Master Lease v. Development Partnership
 - Dependent on organizational direction and capacity
 - Master Lease better if:
 - Risk averse
 - Avoiding staff investments
 - Significantly less economic upside (some upfront and small annual payments for HDFC structure)
 - Development Partnership better if:
 - Seeking higher ROI
 - Higher risk tolerance
 - Investing in RE development team
- Strategies to mitigate development risk:
 - Utilize financial partners (Syndicator, bank, gov't agencies, brokers, architects)
 - Status as repeat player enhances bargaining ability
 - Comprehensive due diligence
 - Be willing to drop properties

WHAT TO LOOK FOR IN A JV PARTNER

- Shared Commitment to Affordable and Supportive Housing
- Experience with Affordable and Supportive Financing and Regulations
- Experience Working with NFP
- Trust and Transparency
- Mutual Respect

ASSIGNMENTS FOR THE NFP

- Before entering into a JV, ask, “Can we develop this alone?”
- Work with Board of Directors to assess level of acceptable risk
- Determine what you bring to the table and what your negotiating position is