

Successful Partnerships

Presented by:
Florida Housing Coalition



Featured Presenter:
Stephanie Berman-Eisenberg,
President and CEO
Carrfour Supportive Housing



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Our Thanks to the Florida Housing Catalyst Program

AFFORDABLE HOUSING CATALYST PROGRAM

Sponsored by the Florida Housing Finance Corporation



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Catalyst Training Schedule



Fine Tune Your SHIP Program
REGISTER NOW FOR

CATALYST TRAINING




www.flhousing.org

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The Florida Housing Coalition's ten offices cover every region of the state

PANHANDLE	Michael Chaney	Jamie Ross
NORTHEAST FLORIDA	Jennifer Rossini	
CENTRAL FLORIDA	Carol Burton	Geoffrey Cook
SOUTHWEST FLORIDA	Pamela Jo Haley	Bergeron Turo-Sparks
SOUTHEAST FLORIDA	Ashley Nazzari	Joseph Proulx
	Aida Antoliger	Kimberly Spence



WE'RE PROUD TO OFFER PROFESSIONAL CONSULTING SERVICES

In the areas of affordable housing, fair housing, ending homelessness, & related issues

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REGISTER NOW!

FHC Statewide Annual Conference

AFFORDABLE HOUSING CONFERENCE
HOME MATTERS
IN FLORIDA

AUGUST 27-29, 2018
Rosen Centre Hotel, Orlando
www.FLHousingConference.org

Members Receive \$200 Discount
To become a member, contact Johnitta Wells at wells@flhousing.org.

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Why Partner?

- Experience
- Capacity
- Funding program requirements



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Nonprofit Readiness

- Governance
- Board capacity
- Staff capacity



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Selecting a Partner

- Development Goals
- Mission alignment
- Reputation
- Long-term or short-term relationship



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The Partnership Structure

- Partnership Structure
- Completing FHFC's Principals of the Applicant and Developer(s) Disclosure Form
- Development Agreement Provisions



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Partnership Structure

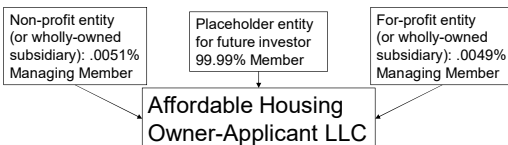
Limited Partnership Limited Liability Company

- | | |
|--|--|
| <ul style="list-style-type: none"> • Formed under Florida Statutes Chapter 620. • Certificate of limited partnership filed with Dept. of State. • Governed by partnership agreement • Owned by partners, general and limited, defined in partnership agreement | <ul style="list-style-type: none"> • Formed under Florida Statutes Chapter 605. • Articles of Organization filed with Dept. of State. • Governed by Operating Agreement • Owned by members. Managed by members or by managers. |
|--|--|

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Partnership Structure

Non-profit entity and For-profit partner, either directly or through wholly-owned subsidiaries, form a separate legal entity to own the affordable housing project and apply for low income housing tax credits. Eventually an investor will be added as a member of the Owner-Applicant entity. The investor provides cash investment in exchange for tax credits and other benefits.



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Partnership Structure

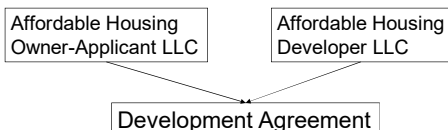
Non-profit entity and For-profit partner, as "co-developers" either directly or through wholly-owned subsidiaries, form a separate entity to serve as developer of the affordable housing project. Member interests in the developer entity are based on distribution of the developer's fee.



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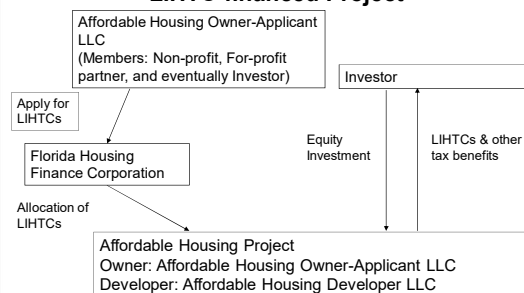
Partnership Structure

- The owner entity and the developer entity execute a development agreement, which contains provisions that control the rights and responsibilities of the parties.



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Typical Legal Structure for Direct Investment in LIHTC-financed Project



Adapted from: OCC Insights 4/2014

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Partnership Structures

- Roles and Responsibilities



Make sure it is in writing!

- Engage in upfront negotiations to determine roles and responsibilities, risks and rewards.
- Be...
 - Realistic
 - Specific
 - Reasonable
 - Consistent with the organization's strengths
 - Sure that responsibilities are commensurate with compensation
 - Sure that roles and responsibilities are clearly delineated in written agreement signed by all parties
 - Unmistakably clear on profit sharing
 - Persistent about level of notification and involvement throughout process
 - Certain to incorporate a conflict and resolution provision in the written agreement

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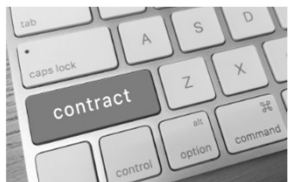
Development Agreement Provisions

- What does the nonprofit desire to achieve as a result of the partnership?
 - Ownership of the land and improvements
 - Developer's fee split
 - Involvement in development process
 - Control of operations

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The Joint Venture Agreement

- The agreement should include provisions that outline the business deal and afford legal protections for the parties.



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Legal protections for the parties:

- Joint approval of partners required for all major decisions.
- Regularly scheduled partnership meetings.
- Right to examine books and records.
- Receipt of monthly and annual reports.
- Dual signatures on checks and other documents.
- Disclosure requirements.
- Dispute resolution: mediation and arbitration.

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About Carrfour Supportive Housing

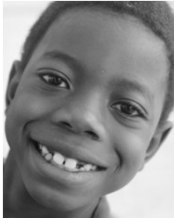
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Who is Carrfour Supportive Housing

- Nonprofit organization established in 1993 by the Homeless Committee of the Greater Miami Chamber of Commerce.
- Develops, operates and manages innovative housing communities for individuals and families in need through a unique approach combining affordable housing with comprehensive, on-site supportive services.
- As the leading not-for-profit provider of supportive housing in Florida, Carrfour has supplied homes for more than 10,000 formerly homeless men, women and children.

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Mission and Vision



Carrfour's mission and vision is to confront homelessness by developing affordable housing and providing supportive services as a pathway to self-sufficiency. We are guided by a vision where everyone has safe and decent housing and is self-reliant.

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More than
\$200 Million
invested and
over **10,000**
men, women
and children
served.



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Nineteen
communities
completed
and five in
development.



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94 Percent Success Ending Homelessness




www.carrfour.org

CARRFOUR
supportive housing






Examples of Successful Joint Ventures and Partnerships


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**Karis Village,
Miami, Florida**






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Before After

Hampton Village








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Before After

Coalition Lift

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The Development Process

Proceeding as a True Partnership

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Initial Conversations and Contract Negotiation Phase

<u>Developer Partner</u>	<u>Nonprofit</u>
<ul style="list-style-type: none"> Searching out nonprofits that meet anticipated funding requirements and also have preferred level of capacity Making agreed-upon adjustments to standard MOU and Development Agreement 	<ul style="list-style-type: none"> Assessing organizational assets and needs Learning funding requirements Understanding MOU and Development Agreement; negotiating revisions to meet organizational needs

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During Funding Application and Pre-Development Phase

Developer Partner

- Completion and submission of funding applications
- Building the development team
- Determining and obtaining required governmental verifications and approvals

Nonprofit

- Composing and reviewing application narratives
- Providing input on team and budgets where requested
- Employing good will with local government and community

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Credit Underwriting Phase

Developer Partner

- Submitting all items required by credit underwriter, lender(s), and investor(s)
 - Contracts, third party reports, insurance, final budgets, etc.
- Continue working through permitting process

Nonprofit

- Providing any required information for the underwriting process
- Timely signing documents as required
- Securing any agreements or additional funding for provision of services
- Continue employing goodwill

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Initial Closing Phase

Developer Partner

- Timely review and signature on documents
- Providing any required items for closing
 - Final Building Permit
 - Insurance
 - Responses to reports
 - Ok to close from all funders

Nonprofit

- Timely review and signature on documents
- Provide any required items for closing
 - Typically service agreements or MOUs
 - Firm commitments for any funding flowing through to the project

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Construction Phase

Developer Partner

- Coordinate all aspects of construction
 - Day-to-day decision making
 - Draw requests – submitting and responding to lender/investor/credit underwriter/inspector questions
- Communicate progress and issues with the nonprofit partner

Nonprofit

- Understand draw request requirements; timely review and signature on draw requests as required
- Monitor construction process
- Review construction monitoring reports
- Participate in field decisions as requested

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Construction Completion and Lease-Up Phase

Developer Partner

- Provide all construction completion documents to all parties
- Ample notification and coordination with property management for lease-up

Nonprofit

- Know the anticipated date if first move-ins
- Be prepared to begin offering services as required by agreements
- Assist with lease-up as agreed upon or requested

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Final Closing Phase

Developer Partner

- Ensure property meets all requirements of permanent financing and/or final investment installment
 - Fully leased
 - All initial accounting and reporting requirements met
 - Any remaining construction items completed

Nonprofit

- Fully implement services as required by funding
- Timely review and/or signature of documentation as required
- Assist with other requirements as requested

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Operational Phase

Developer Partner

- Maintain compliance of property with funding requirements
 - Tenant qualifications
 - Physical maintenance
- Ensure property operates to meet financial obligations
- Prepare to transfer ownership to nonprofit, if agreed to

Nonprofit

- Maintain provision of services
- Maintain positive relationship with property management
- Prepare for full ownership of property, if agreed to

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The Nonprofit Capacity-Building Team

Our Vision: At least one active, viable community-based organization plays an important role in delivering affordable housing and related services in each community.

Meet the Team!



Gladys Cook



Pamela Jo Hatley



Ashon Nesbitt



Jaimie Ross

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FHC Resources



COMING SOON:

Guide to Credit Underwriting for Affordable Housing Projects in Florida

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