



Affordable Housing At A Crossroads

Not-For-Profit
Housing Production
in the New Marketplace

an
d

ASSOCIATION FOR
NEIGHBORHOOD &
HOUSING
DEVELOPMENT, INC.

Affordable Housing At A Crossroads

Not-For-Profit
Housing Production
in the New Marketplace

Submitted by Wendy Fleischer
to the Association for Neighborhood and Housing
Development, Inc.
June 2004



ANHD ACKNOWLEDGMENT

Funding for this report was generously provided by New York City LISC.

AUTHOR'S ACKNOWLEDGMENTS

Many thanks to the Association for Neighborhood and Housing Development, Inc. for providing the opportunity to oversee this assessment process. It has been really interesting to contemplate the challenges of this new era, especially because of the great people I got to work and meet with during the process.

Special thanks to Astrid Andre for her terrific guidance and help pulling together people, resources and information. Thanks also to Irene Baldwin, Adrian DiLollo and Benjamin Dulchin of ANHD for providing important ideas, information and contacts during this process.

I especially appreciated the round of interviews given by the people listed in Appendix 1 of this report. Many of the bankers, intermediary staff and government officials are people with many years experience and much wisdom to share. Their care and commitment to neighborhoods has stayed with them through many positions and some hard knocks and I believe ANHD has great allies in positions of power and influence.

Finally, many, many thanks to the very busy directors and managers of the member organizations that volunteered to initiate and guide this process. Special thanks to Janice Berthoud, Frank Lang and Cathy Herman who came to many meetings and provided invaluable input.

It has been a pleasure. I hope this report makes some contribution to ANHD's great success.

Table of Contents

Executive Summary	4
Introduction	6
The Process (Methodology)	7
Track Record and Production plans	8
Issues for the future of nonprofit housing development	9
ANHD Member Capacity	11
Recommendations for ANHD	14
Advocacy	14
Capacity Building	16
Resource Development	18
Strategic Planning	18
The New CHAMP Staff Leadership	20
Conclusion	21
Appendix 1 – People who were interviewed and provided input	22
Appendix 2 – Survey Respondents	22
Appendix 3 – Survey	23

Executive Summary

Background

Nonprofit developers have helped to rehabilitate tens of thousands of city-owned properties creating affordable housing and transforming neighborhoods in the process. Remaining city properties are in the hundreds rather than the hundreds of thousands and a new five-year city housing plan, *The New Housing Marketplace*, gives little priority to affordable housing or nonprofit development.

An assessment was commissioned by ANHD to explore its members' capacity to develop housing in the new housing market and under the City's new five-year housing plan. A survey of ANHD members combined with follow-up focus groups and interviews with members, bankers, for-profit developers, intermediary staff and city officials were undertaken during the period from February to May 2004. Below is a summary of the findings of this process.

Track record and production plans

Forty members completed ANHD's survey. These respondents currently have nearly 5,000 units in their housing development pipelines and project they will have completed 8,700 units by the time the Mayor's housing plan is fully implemented. If the respondents achieve their projections, these groups alone will help the city realize 13% of its goal to develop and preserve 65,000 units of housing within the five-year plan.

The organizations that responded to the survey have a substantial housing track record. These 40 groups have already developed nearly 32,000 units of housing in about 1900 buildings at an estimated cost of over \$2 billion. Nearly 6,000 units in almost 600 buildings have been built in the past five years suggesting that the rate of development has kept pace even as the environment has become more difficult in which to develop real estate.

The buildings developed by these nonprofits often provide housing for some of the city's poorest households: 87% of the units they have built are rental housing and 74% house very low or low income people.

Issues for the future of nonprofit development

However, sites for future development are scarce and expensive. While most (71%) of the sites identified for future development are city-owned properties, future development is likely to occur more often on privately acquired sites. And unlike the housing plan launched under the Koch Administration, Bloomberg's New Housing Marketplace plan does not include user-friendly programs designed with nonprofit developers in mind. The plan does not include deep subsidies to reach the low-income constituency targeted by nonprofits; it has high equity requirements that are prohibitive to many groups and it does not specify set-asides of sites or subsidies for affordable housing development.

Member capacity

The new market and the New Housing Marketplace plan requires nonprofits to be more entrepreneurial than in the past. They will need greater depth of staff to see-through multi-year deals, and the access to capital for site feasibility and predevelopment costs. Organizations' quality building management, stability and reputation will become more important. As would be expected, survey respondents are not all equally prepared to meet the challenges facing them: private site acquisition, new construction, occupied buildings and complicated, disjointed financial tools. While the 38 organizations with projects in their pipelines

are likely to make some contribution to meeting the goals of the New Housing Marketplace, not all will be able to continue to develop housing at the same pace or eventually, even at all.

Of the survey respondents, the strongest producers have at least 200 units in their current pipeline and are planning to develop as many or more units over the next five years as they have in the past five years. They have organization budgets over \$1 million and over two people on their staff dedicated to real estate development. Most have access to equity, predevelopment funds and lines of credit. They characterize themselves as moderate to aggressive risk takers.

A middle subset has 75-100 units in their pipeline. They are similar to the top producers but they are less likely to develop as many units in the next five years as the past five, they have somewhat smaller organizational budgets, less staff dedicated to development, less access to capital and a more cautious risk-taking posture. Finally, the 13 respondents which have fewer than 75 units in their pipeline are weaker in these categories.

Recommendations for ANHD

Advocacy role: ANHD members and their partners value the advocacy role played by ANHD. This report affirms that ANHD should make the case for nonprofit development of affordable housing and advocate for set-asides of sites and coordinated programs designed for nonprofit developers.

Capacity building role: ANHD members requested training on financing options; acquisition of private sites; joint venturing; making a return; construction management and asset management. They also requested assistance creating new sources of funds for predevelopment, equity and acquisition; assistance brokering partnerships with sources of predevelopment funds; help recruiting staff with development expertise and partnerships with public and private lenders. Technical assistance to explore creative solutions for generating sites, models for working with private sites and alternative models of building management would also be helpful.

Resource development: The work ANHD is doing to help create an acquisition fund is right on target. Other types of resources needed by the members are to bolster operating funds to hire staff and raise salary levels.

Strategic planning: Finally, generating and exploring ideas for how to retool the nonprofit industry in the face of major changes in the development environment are in order.

Staffing: The new CHAMP director should be able to lead the industry through the radical changes at hand. Keeping the nonprofits' mission at heart at all times, the new charge is to:

- lead advocacy to capture as many city sites as possible for affordable housing development;
- Negotiate for set-asides of sites, financial programs and subsidies;
- Map out where the opportunities are and where the capacity is;
- Help nonprofits build capacity for competing in the private marketplace;
- Create models for using privately-acquired land for affordable housing;
- Share models among the membership
- Initiate strategic planning to discuss options for nonprofits which are continuing, slowing down or discontinuing development as a major activity.

Introduction

Over the past ten to forty years, the members of the Association for Neighborhood and Housing Development have used a combination of organizing and housing development to create dramatic improvements in neighborhoods throughout New York City. Born in communities that suffered wide-scale disinvestment, these organizations have helped renovate nearly all of the dilapidated, vacant buildings in their target communities. As important implementers of the housing plan launched by the Koch Administration in 1982, ANHD members developed a substantial number of the over 200,000 housing units created or restored as a result of that plan, creating tens of thousands of affordable apartments and homes and, at the same time, transforming their neighborhoods to communities that attract considerable private investment.

In December 2002, in the face of a housing shortage of crisis proportions, Mayor Bloomberg launched a new housing plan to create and preserve 65,000 units of housing over five years.¹ ANHD, its members and their funding partners are now considering the role that nonprofit developers will play in implementing the new plan. Given the dramatic changes in their neighborhoods, the city's real estate market and the differences in the Koch and Bloomberg housing plans, the challenges for the future of nonprofit development are considerable.

This report was commissioned by ANHD and overseen by staff and a subcommittee of ANHD members concerned with nonprofits' continuing participation in the production of affordable housing in New York City. The goals of this project are to:

1. assess the capacity of the ANHD members that intend to develop housing to do so;
2. determine whether the city's housing plan offers nonprofits opportunities to help the city reach its goal of developing and preserving 65,000 units, and, how it might be modified to facilitate the contributions of nonprofits; and,
3. make recommendations about ANHD's role in supporting its members' housing development objectives.

The process

In order to assess member capacity, the ANHD subcommittee and the consultant writing this report developed a survey that was sent to ANHD's membership. The survey asked questions about members' housing development and management track record and their development plans. It asked questions about their current real estate development capacity, for example, about the size of their real estate development department and whether they have access to capital. Finally, the survey asked the members whether they feel the Mayor's plan supports their real estate development objectives, what types of training and technical assistance would best support them and the role they would like to see ANHD play in this realm. We requested that only groups that include housing development in their strategic plan complete the survey and let the respondents know their answers would be anonymous. We received 40 surveys out of a subset of about 55 ANHD members that identify themselves as community development corporations (CDCs) or supportive housing providers (rather than organizing or preservation groups).² A survey form is attached as an appendix to this report.

In order to add the perspective of ANHD members' development partners about nonprofits' housing development capacity and role, the author of this report conducted interviews with several bank community reinvestment officers, staff of intermediaries, government officials and private real estate developers. These interviews were helpful in placing the current questions in a historical context and offering a 'big picture' view of the challenges and opportunities. A list of people interviewed for this report is attached as an appendix.

Finally, two meetings with different ANHD members and staff were conducted to get more qualitative information and to help analyze some of the survey results and interview perspectives. A few phone calls to members also supplied additional feedback.

Following are the findings from this process, conducted over the period from February to May 2004.

Track record and production plans

Given the tight real estate market and the reduction of city-owned housing stock from over 10,000 buildings some twenty years ago to fewer than 800 buildings now,³ one of the more notable findings from the survey is the large number of units respondents have in their pipeline and planned for the future. The forty organizations that responded to the ANHD survey currently have nearly 5,000 units in their production pipeline and are projecting that they will have completed 8,700 units by the time the city's new housing plan is executed. More than half have identified sites and financing to complete their plans. If the respondents achieve their projections, these groups alone will help the city realize 13% of its goal to develop and preserve 65,000 units of housing.

The organizations that responded to the survey have a substantial housing track record. These 40 groups have already developed nearly 32,000 units of housing in about 1900 buildings at an estimated cost of over \$2 billion. Nearly 6,000 units in almost 600 buildings have been built in the past five years suggesting that the rate of development has kept apace even as the environment has become more difficult in which to develop real estate.

The buildings developed by these nonprofits often provide housing for some of the city's poorest households: 87% of the units they have built are rental housing and 74% house very low or low income people.

The organizations, not just the housing units they have built, reflect the combined success of the neighborhoods and a large-scale, multi-decade investment of resources by government, nonprofit intermediaries, banks and foundations. Three quarters of the survey respondents have budgets of over \$1 million and 38% have budgets over \$5 million. Average staff size is 86 people with a range from two to 470. The cumulative real estate development expertise of their staff is over 905 years and the groups rank their track record, staff expertise, contacts and community support among their greatest strengths.

Community development organizations comprise a substantial infrastructure in New York City's neighborhoods and these nonprofits house thousands of people. Survey respondents own 22,729 units and manage 13,881 of these units themselves. However, the current environment for nonprofit development is radically different from the time these organizations were created. The current environment and the different city housing plan that is now in effect create some serious challenges for the nonprofit community. These concerns are discussed below.

The New Market and the New Housing Marketplace Plan:

Issues for the future of nonprofit housing development

THE NEW MARKET: FIERCE COMPETITION FOR SITES

Virtually all the survey respondents and the people interviewed for this report agree that the lack of available sites for development is the single biggest obstacle facing nonprofit developers. During the 1980s and '90s, in rem housing, buildings that the city had taken in foreclosures for tax arrears, were plentiful and available at little or virtually no cost. Neighborhood-based nonprofits were often the only developers interested in redeveloping these sites. In the current market, private, for-profit developers are competing with nonprofits for scarce, and expensive, parcels of land or buildings.

The sites that are on the market are likely to be privately owned requiring deep subsidies to reach affordability targets. They are also more difficult to assemble and develop, often requiring environmental remediation and new construction on vacant land or relocation of existing tenants in occupied buildings. These deals take as much as three times longer than the old 'cookie cutter' programs available to redevelop vacant, city buildings, according to one banker.

Most (71%) of the sites in the survey respondent's current pipeline are city-owned properties. It is very well possible that the relatively large pipeline and projections of the survey respondents are relying on a dwindling supply of public sites available for redevelopment.

THE NEW HOUSING MARKETPLACE PLAN

The nonprofit developer community, with its commitment to housing and neighborhoods for New York's residents, welcomes the Mayor's initiative to create housing and applauds the administration for making housing a priority. More than half of survey respondents positively answered the question, "Does the New Housing Marketplace support your organization's strategic plan for the neighborhood?"

The Mayor's housing plan includes some tools to effectively create new development opportunities. For example, the New Ventures Incentive program (New VIP) provides funds for construction in derelict or substantially vacant manufacturing areas to be rezoned for residential use. The city is expediting its environmental review process to encourage investment on brownfields. But these programs apply in only a few neighborhoods and are not designed for nonprofits with limited funds available to conduct lengthy feasibility reviews and predevelopment work. They are also not designed to reach the lowest income people that are the target of most nonprofit developers.

Twenty-five survey respondents have identified financing for future development but the majority will use financial tools that exist outside the new plan. The low income housing tax credit will be the most relied upon followed by the Division of Housing and Community Renewal Housing Trust Fund and the Federal 202 program. A number of organizations plan to use the Third Party Transfer program and the Participation Loan program. The most-often identified program under the New Marketplace is LAMP, followed by Mixed Income Rental and Supportive Housing.

The Koch housing plan included user-friendly, 'cookie-cutter' style programs that, along with nonprofit intermediaries, helped even inexperienced nonprofits to complete housing renovations. While the new

Housing Marketplace plan offers tools for investment, they are not designed for use by nonprofits with little equity, there is no standard commitment for subsidizing low income projects and there is little coordination between distinct programs making it difficult to put a low-income project together.

Still, many of the nonprofits are continuing to participate. As one banker said, “The Mayor’s plan does not carve out a role for CDCs but, if you look at the projects chosen, they are participating. Look at the Cornerstone program; one third of the [15 designated] sites have CDCs involved.”

Affordability

Not surprisingly, survey respondents’ most often stated concern about the New Housing Marketplace Plan is that the programs do not reach their constituents- the working poor and other very low income residents of their communities. Of the 24 respondents who answered the question, “in what ways does the new plan *not* support your organization’s goals?” 11 responses specifically referred to the lack of emphasis on affordability. “There is no clear support for preservation of affordable, privately owned multi-family housing,.” wrote one survey respondent. “The cap on subsidy per project isn’t enough to compensate for high acquisition costs,” and, “It is difficult to reach low income populations,” were other typical responses. Public commitment to project subsidies to create low-income housing is one of the most pressing advocacy issues.

Lack of unrestricted funds for deal making

After lack of sites, the next most commonly stated obstacle to development listed by survey respondents was lack of funds for site search, feasibility, acquisition and predevelopment. Half of the respondents said they have access to funds for equity for site acquisition either through their own unrestricted funds or through intermediaries or banks, however, they often do not have the funds to support staff to scout out potential private deals or put down option money. Most of their funding is tied to specific projects. While half of the respondents said they have adequate predevelopment funds, many of the same respondents said there is a gap in predevelopment grants and loans. It was explained in one focus group that CDCs are able to secure predevelopment funds to move forward only once they have a viable project; it is for the more risky pursuits of identifying sites, determining feasibility and securing sites that funds are difficult to come by.

Several members expressed concern that the programs under the New Housing Marketplace plan have prohibitive equity requirements. Responses indicate that either the equity requirements should be lowered or provisions should be made to give nonprofits equity to enable them to participate. “There is no New Marketplace program that addresses the need for equity contributions to acquire private vacant and under-utilized land for responsible development of affordable housing,” said one respondent.

The geography of affordable housing

Another concern about the New Housing Marketplace expressed by survey respondents was that it doesn’t address the needs of several members’ target neighborhoods. “The plan is not relevant to this neighborhood,” said a few. Some particularly commented about gentrifying neighborhoods.

Inequities between for-profit and nonprofit participation

Finally, several members reference inequities between the deals the city makes with for-profits and nonprofits citing “inconsistent standards and requirements.” “HPD has aggressively turned over city properties to for-profit developers, particularly through New Foundations. These developers have ignored the needs of local residents in terms of incomes, inflating housing costs and pricing potential homebuyers out of the market, even for hastily constructed homes at high prices.”

ANHD member capacity

The survey results suggest that nonprofit developers are continuing to develop housing at the same rate as they always have. However, as was noted earlier, nearly three quarters of the sites that nonprofits have identified for development are publicly-owned. While the Third Party Transfer program will continue to generate a pipeline of projects, the number of city properties can be expected to continue to decrease. Now and going forward, we can expect that proportionately more of the sites will require private acquisition, new construction, relocation of existing tenants and a patching together of sites and financial tools. To continue to produce housing, nonprofit developers will increasingly need: an entrepreneurial spirit, depth and stability of staff with development expertise; sizeable balance sheets with substantial unrestricted funds and stable operating budgets; access to capital; and a good reputation based upon their development track record and quality management operations.

What do the surveys and this process tell us about ANHD's members' capacity to provide housing in this environment? As would be expected, not all groups have equal capacity. The survey responses can be divided roughly into three subcategories according to the number of units in the respondents' pipelines, as follows.

THREE CATEGORIES OF PRODUCTION POTENTIAL

10 high producers

The ten organizations with 200 or more units currently in their production pipeline are also those that project that they will complete the most units within the next five years. A significant characteristic of this cohort is that these groups are generally projecting to develop as many or more units in the next five years as they have in the past five years. They have all developed at least 100 units in the past five years and all but one are projecting to develop 200 or more units in the next five years.

All ten of the top producers have some track record with development skills likely to be needed in the current market: seven have experience with new construction; all have experience relocating tenants and six of the ten have experience acquiring private property. Their parent organizations all have budgets over one million dollars and seven out of ten have 2.5 or more staff dedicated to real estate development. Most of these producers have access to equity; eight of ten have access to predevelopment funds (though they also say there is a gap in predevelopment money); seven have access to a line of credit. The top ten producers characterize their risk posture as moderate to aggressive. Interestingly, seven out of these ten organizations plan to expand their target area to access additional development opportunities.

15 middle producers

The second subset of about 15 organizations has between 75 and 200 units in their production pipeline. This group is similar to the top producers but one third project that they will complete fewer units in the next five years than they have in the past five years. Five have organizational budgets less than \$1 million. The differences between the top producers and this middle subset may be more about the geography of site availability than about capacity. This subset is slightly less experienced but still have skills and resources needed in the current market. Eight of the 15 have experience with new construction; ten have experience relocating tenants; and nine have experience acquiring private property. Half have two or more staff dedicated to real estate development. Half of these groups intend to expand their target area to seek more opportunity.

Analysis of the 1999 HVS shows a correlation between low-income minority neighborhoods and the combination of quality and affordability.

13 low producers

The third subset is comprised of 13 organizations⁴ that have fewer than 75 units in their pipeline (including three that have none); half of these organizations project fewer units in the next five years than they completed in the past five years. Only half of the groups in this cohort have site control of planned developments; six have fewer than 2 people dedicated to real estate and the groups are less experienced with respect to new construction, relocation, and private acquisition with about half of these groups having experience in these areas. More of these groups characterize their risk tolerance as minimal (four) or moderate. About half have access to equity and lines of credit.

In addition to the hard indicators such as lines of credit or unrestricted fund balance, there are intangibles that impact different groups' abilities to compete in a tighter development market. Not all organizations developed the in-house expertise to go beyond city programs during a time when city programs were fairly straight-forward either because their staff is gone or because they never got experience with more sophisticated development projects. Some organizations, more than others, have earned their community boards' and council members' good will through their integrity to mission. Similarly, some organizations have more community support than others.

Some of the sorting out that will occur will be more about whether sites are available in groups' target areas rather than about the group's capacity. As would be expected, some of the big producers are either in areas where there are still vacant buildings or lots or they are operating in multiple boroughs. As a follow-up to this assessment, a study about the locations of potential development sites in relation to the target areas of nonprofit developers will shed some light on which groups are likely to have access to development opportunities in the future.

It seems likely that the 36 organizations that responded that they have projects in their pipelines will continue to produce housing during the timeframe of the Mayors plan. It seems equally clear that the number of low cost, city-owned properties will continue to decrease over the next five years. Depending on the city's commitments to affordable housing, some ten to twenty of the organizations that have the track record, organizational stability and financial wherewithal may be able to continue to develop significant numbers of housing units, though; overall, there will be fewer deals than there have been in the past. It seems realistic to acknowledge what all those interviewed during this process have said: some organizations will not be able to continue as developers.

BUILDING MANAGEMENT

"Property management is a potential Achilles heel," said one banker. Twenty-nine ANHD survey respondents manage their own properties. While almost all of the groups that self-manage said that management supports their development capacity, slightly more than half (16 of the 29) reported that management operations are profitable.⁵

Of the 29 respondents that manage property, 13 manage fewer than 300 units; seven manage between 300 and 600 units and nine organizations manage more than 600 units. Most of the experts interviewed from the report felt that 500 units is a low threshold for profitability given the economics of building management. However, for survey respondents, profitability did not track consistently with number of units: only 50% of the groups with over six hundred units responded that their management is profitable; similarly, 50% of those with fewer than

500 units reported that management as profitable. Perhaps other variables — funding contracts that support management, the type of project (e.g., HUD 202 vs. Low Income Housing Tax Credit), size and location of buildings — have more impact whether management generates revenue or is a money loser for nonprofits.

Although all but one of the respondents said that their building management operation supports their development objectives, a handful of organizations reported that building management problems create distractions to doing development. The impressions of at least some of the for-profit developers interviewed as well as some bankers is that not all nonprofits are able to manage their buildings well. Because poor quality building management by nonprofits can create a mission conflict, has the potential to taint relations with community and financial partners and can even affect, overall, the reputation of nonprofits, it rises in importance as an issue to be concerned with.

OPERATING SUPPORT, SALARIES AND HUMAN CAPITAL CONCERNS

In addition to the challenges of the changing private and public environment are a number of organizational issues that can constrain nonprofit development. Nonprofits named a lack of experienced development staff as one of their primary inhibitions to doing more real estate development. Survey respondents cited a lack of staff to do site search, lack of training for new staff and simply, not enough staff with real estate development experience to keep their pipeline full and moving. This weakness has not gone unnoticed by their banking partners, government funders or for-profit joint venturers. “We need someone on the other end of the line,” said one banker.

A lack of reliable operating support and an organizational salary structure inhibits being able to attract and maintain development staff. An ANHD compensation and benefits survey found that organizations with budgets of \$1.2- \$5 million pay their housing development directors an average of \$75,957 with a range from \$45,369 to \$90,000; organizations with budgets over \$5 million pay their housing development directors an average salary of \$70,865 with a range from \$54,326 - \$85,000.⁶ But bankers and for-profit developers interviewed for this report consistently reported that salaries over \$100,000 are needed to attract experienced talent in the current market.

Twenty-nine out of 40 survey respondents said that limited operating funds constrain their ability to hire appropriate staff to conduct development. On average, respondents said they would need two additional staff lines to operate at optimal capacity, requiring about \$189,000 per year in additional operating funds. Twelve respondents said they have one or fewer people dedicated to real estate development on staff (including four that have no dedicated staff). However, about half of the survey respondents (22 organizations) have three or more people on their staff dedicated to development.

While few members raised the issue, several of their partners did mention staff stability as an important issue in continuing to be able to do real estate development in the current environment. With deals taking longer and financing and joint venture partners looking at their potential partners with more scrutiny, *who* is managing the deal will be a decision point for participating in deals with nonprofits.

Technology

Less significant internal concerns related to a lack of technology. Computer systems to support development and management operations may be addressed through training and financial support.

Recommendations for ANHD

The current market will surely cause some changes for the nonprofit developers; the questions for ANHD are: how can ANHD help its member organizations adapt to the current market? How can the industry maximize production and preservation of affordable housing by nonprofits?

The members' response to questions about ANHD's role in supporting them in their development objectives is a resounding affirmation of what ANHD is already doing: advocacy for initiatives that support members' goals for providing affordable housing at the same time as ANHD provides a clearinghouse for members to learn from each other. Some of these recommendations are strategies already being pursued by ANHD. Following are recommendations or affirmations related to the work ANHD is doing related to advocacy, capacity building, resource development and strategic planning.

ADVOCACY

ANHD can play a critical advocacy role related to development at this juncture. While ANHD members should ramp up direct-action style organizing on big picture housing questions such as inclusionary zoning, CHAMP members should consider honing a different, more collaborative approach related to the intricacies of financial tools. The people that are in the best position to help ANHD members to accomplish their development agenda are the high-level managers at the NYC Department of Housing Preservation and Development, the NYS Division of Housing and Community Renewal as well as the intermediaries and banks. In this author's view, they are more susceptible to collegial win-win style negotiating with people they believe can help them succeed at their job than to political influence. The posture for CHAMP, some bankers, developers and members suggested, should be: 'we are experts at developing affordable housing and we can help the city administration succeed by taking care of that piece of the puzzle' rather than taking a confrontational approach or appearing to advocate for self-interest.

Make the case for nonprofit development

An often-repeated comment by those interviewed for this assessment, was that the nonprofit development industry needs to clearly articulate the 'value-added' of doing business with nonprofits in the current marketplace. ANHD can help nonprofits by clearly making the case to government funders as well as bankers, foundations and even their intermediary partners and communities.

In private interviews and focus groups, it was recommended that the nonprofits should champion these three critical roles:

- 1) Create and maintain housing that is permanently affordable;
- 2) Provide housing for New York City's lowest income residents;
- 3) Design housing with the input of the neighborhood constituency –that is specifically designed to meet the particular needs of the residents and the neighborhood in which the housing is located.

These are very close to the policy/advocacy goals that ANHD adopted through a strategic planning process including ANHD members and partners during the spring and summer of 2003.⁷ Other roles for nonprofit developers were also mentioned. For example, some members felt that nonprofits house people on the margins in ways other than income by finding alternative forms of documentation to help undocumented people meet the subsidy and income requirements to qualify for subsidized housing. Some mentioned the tie-in between housing and the programs that community nonprofits often offer such as local economic development, youth services, senior programs, employment, literacy and educational services. Others

characterized the value-added of nonprofit developers is their more holistic, personal approach providing connections to residents and to programs that serve them.

While these are important aspects of many nonprofits' contributions this author finds the first three roles to be the most compelling. Ultimately, it will be up to ANHD to craft the message that fits with their members' missions and make the point that nonprofit developers do something that nobody else will do or do as well as the nonprofits can. ANHD's ongoing work documenting the value not-for-profit community developers have brought to the city will support this effort.

Advocate for set-asides of sites, subsidies and programs (not just tools) for nonprofit development

While some of the intermediaries and community reinvestment officers seem convinced that the days of 'easy programs and set asides are over,' others argued convincingly that ANHD should take the position that set-asides of sites and programs designed for use by nonprofits is necessary and appropriate. With a new commissioner at the city's housing department, there is a window of opportunity to make the case. With so little city property left, ANHD can help maximize nonprofit participation, and ultimately, the amount and longevity of affordable housing in New York City by working to get as much property into the hands of nonprofit developers as possible. An ongoing example is ANHD's negotiations with the city about the role of nonprofits in the Third Party Transfer program, a continuing pipeline of city properties. The argument can be made that it is most appropriate commit scarce public resources to nonprofit developers which are willing to enter into long-term use restrictions to protect affordability.

Even some of ANHD's intermediary partners seem resigned to accepting that programs that facilitate nonprofit development of affordable housing will never be available. ANHD should enlist their commitment to this goal because it will have a profound affect on nonprofit development industry and on the number of permanently affordable housing units in the city.

Advocate for appropriate development fees

Nonprofits, like any organization, need resources to accomplish their mission. Several survey respondents and interviewees suggested that nonprofit developer fees should be higher in deals structured with the City to compensate them fairly for the value they bring. State fee structure should also cover nonprofits' costs. Others argued that nonprofits should not be expected to invest equity for economic return so that they can do projects that are not economic because they are low income in perpetuity. This suggests that nonprofits may be more competitive and able to convince the city to work with them by *not* demanding the same fees that for-profit developers do but getting concessions such as reduced equity requirements. An important consideration is that in all program models for producing affordable housing, nonprofits should be compensated for their costs from site search to marketing the properties.

Negotiate for improved program requirements

A few survey respondents mentioned construction guidelines, homeless requirements, equity requirements and other program requirements as obstacles to their participation in the city's housing plan. Some members suggested that ANHD reinvigorate its role in convening members that are working under particular government programs to figure out the program kinks. They believe ANHD/CHAMP should position itself as a resource to government for program evaluation and improvement.

CAPACITY BUILDING

Training

ANHD and CHAMP have taken on the role of providing workshops and more intensive training to its members, mostly through a peer learning model. On average, members rank this training highly (average ranking was 3.5 out of a maximum score of four).

When asked the kinds of training staff would be most likely to attend, the top six vote-getters were, in this order:

- 1) funding/financing options
- 2) acquisition of private sites
- 3) how to joint venture on development projects
- 4) how to make a return on development projects
- 5) construction management and monitoring
- 6) asset management.

Other high-ranking training requests were for improving negotiating capacity and acquisition of public sites. While not in exactly the same order, the list was essentially the same for all three of the subsets of respondents mentioned above. The topics of interest make sense given the current market and the issues facing the nonprofits.

Members also gave a high ranking to more intensive seminars where nonprofits could bring their projects to get help with their deal from start to finish (95 out of a possible high score of 160). One question to consider is whether ANHD should deliver this training and/or work in partnership with Pratt, LISC, Enterprise or other technical assistance providers that might be better suited to that role.

Technical assistance

While not a traditional technical assistance provider, ANHD regularly convenes its members to be the experts for each other. ANHD can use this process to help facilitate the development of new models appropriate for the current market. They can supplement this by retaining outside consultants as needed. Following are the areas of technical assistance that may be of most use to members going forward.

■ Broker partnerships and recruit talent

One high ranking technical assistance requests from survey respondents included brokering partnerships with existing sources of predevelopment funds. One example may be the Low Income Investment Fund which has some of kinds of funds members said they needed (for pre- feasibility and acquisition), however none of the survey respondents mentioned the Fund as a source of their predevelopment or acquisition money. (The NYC director would be happy to meet with ANHD members about what is available and how members can use it).

Other technical assistance priorities included helping members recruit staff with development expertise and brokering partnerships with public and private lenders. Nearly all the survey respondents said that it would be helpful to recruit additional development expertise to their boards of directors to support their development goals. However, LISC and other technical assistance providers are available to assist members with board development. ANHD members in a focus group did not feel that would be an appropriate role for ANHD to play.

■ Explore options to generate development sites

It is critical to try to create new development opportunities through inclusionary zoning and other regulatory vehicles. ANHD may be able to help the industry create and share alternative models of generating development sites. For example, one entrepreneurial nonprofit has had success developing ‘excess’ church property as affordable housing even in a very gentrified neighborhood. Hiring a consultant to scope out sites and match them with nonprofit developers was suggested by one respondent. A more extreme version of that, creating a development entity that scopes out sites and develops property only in partnership with community-based nonprofits was another idea.

■ Generate program models for nonprofit development of private land and buildings

It is clear that, as available city properties diminish, more of the development opportunities will be in buildings and on land that are privately held. Some suggested that ANHD retain a consultant to develop a few program models that use privately owned properties to create affordable housing. The consultant could look at the resources of nonprofits (for example, reserves and equity in their projects) to figure out how they might borrow against their own holdings to be able to do new projects. It might also be fruitful to look at other cities where CDCs have been successful without the city properties and programs to learn whether there are practices that could be transferred. LISC and Enterprise might be called upon to provide transactional templates from other cities where nonprofits have always worked in private markets.

■ Share models for joint ventures with for-profits

One model with a track record in New York City is joint ventures with for-profits. ANHD and/or other intermediaries can be helpful in offering training for its members in how to structure joint ventures so they have appropriate influence, roles, learning experience and compensation from each joint venture. Also, getting government to support such ventures is helpful. Several of the private developers interviewed said that, other than the nonprofits having a site, one of the strongest incentives for working with nonprofits is that DHCR gives points in awarding applications for nonprofit involvement. Getting the government to set aside sites and give this kind of preference to nonprofits is the surest way to induce for-profits to joint venture.

■ Broker partnerships between nonprofits

Another model, where there are already examples, is where the more active (and less neighborhood-tied) nonprofit developers partner with the neighborhood organization in a particular community. In the course of collecting surveys, a few examples came up where smaller producers are hoping to do only one or two more deals; it seems these applications might be more competitive if submitted in tandem with some of the larger producers. While there are examples where nonprofits take the initiative to form development partnerships, CHAMP staff might be able to facilitate these by disseminating information about such examples.

■ Think through appropriate subsidies for the new market

Any affordable housing will require public subsidy to make it affordable. As part of its model development, ANHD and its members may be able to work with city and state funders to arrive at subsidy amounts that make sense in private deals to provide new affordable housing.

■ Share information about alternative building management models

As noted earlier, 26 of the 40 respondents manage housing; three quarters of them manage less than 600 units. There is a serious question of whether this is cost effective. Lead laws are now making building management even more difficult causing some nonprofits to reconsider their role. Exploring and training

As part of his mayoral campaign, then-candidate Michael Bloomberg stressed the importance of cyclical inspections as part of an effective housing platform.

members in models of building management that track with the organizations' mission and meets their and their tenants' needs is a priority for the future. For example, one member is happy with assuming the 'on-site' management functions including tenant screening and selection as well as helping tenants qualify for the housing while leaving 'back-office' functions including rent collection, building repairs and housing court cases to a private firm they contract with. There are several management models that might work for different types of organizations and differing size of management operations. It seems that members would be interested in learning about options. Important questions for organizations reconsidering their building management approach are what do they have to do to accomplish their organization's mission and what can they do well and cost-effectively.

RESOURCE DEVELOPMENT

Increasingly, ANHD has been helpful in creating new sources of funding for its members. With the recent launch, with the Neighborhood Opportunities Fund, of a multi-million dollar initiative to support its members organizing and its role in working with banks and intermediaries to put together an acquisition fund, members are looking to ANHD for this kind of assistance.

Acquisition fund

ANHD has started conversations with LISC and Enterprise, banks and the city's housing department to create a nonprofit acquisition fund as a source of capital to finance site acquisition. A fund like this would be a high priority as it would respond directly to the needs of ANHD members to purchase sites in this competitive market. ANHD has been influential in getting financial commitments from banks and intermediaries for this purpose and is playing an advocacy role with the city.

Staff salaries/operating funds

One of the big challenges facing CDCs is the small staff they have available to scope out and implement housing development projects. These projects can take several years to complete yet nonprofits are often funded year to year making it difficult to hire appropriate staff at the salaries that are required to attract the expertise and talent they need. The Strategic Neighborhood Initiative, funded by the Neighborhood Opportunities Fund, was a good example of a multi-year commitment to enable organizations to do development. However, that initiative was limited to a small number of organizations leaving others still in need. It will be difficult to raise generic funding to support nonprofit housing developers. However, with some strategic planning around the current changes (see below) and an honest assessment of organizations' capacity, banks, intermediaries and even the city and state might be enlisted to support nonprofit developers and managers to realize their affordable housing mission.

STRATEGIC PLANNING

ANHD conducted a strategic planning process in the spring of 2003. The planning was in response to the New Housing Marketplace and a series of goals were adopted, many of which ANHD is already vigorously pursuing, some of which are echoed in this report. A second, somewhat different round of strategic planning may be in order with respect to this new era and how the nonprofit development industry sees its future. While many of the bankers, intermediary staff and private developers interviewed for the report came from the community development field and are quite supportive of the industry, none of them believe that the current market is going to support the same number of nonprofit developers as in the past. Most believe that it is simply inefficient to support real estate development staff and management staff in forty to fifty organizations. Though it is uncomfortable to think about, when pressed, ANHD members agree

that not every group that has done development must or should continue to do so. Based on the pipeline of those groups that responded to the survey, this is not an immediate term eventuality; it may begin now but play out over a period of ten years as city properties diminish and it becomes more difficult to make deals in a market of high priced private property.

Facing the realities confronting them, nonprofits seem to be adjusting: two organizations serving overlapping neighborhoods apply jointly for funding; several organizations with buildings in the same area are discussing combining their management operations; a couple of survey respondents said that they realize they may eek out one or two more deals but their role is now in management and advocacy. Half of the survey respondents are planning to expand their target areas to access development opportunities. This is another logical response to the scarcity of sites in this market but it raises some questions about the neighborhood connections of these developers and will inevitably lead to some reshuffling of the way the nonprofit development industry operates. It can be expected that there will continue to be additional sorting out going forward.

One purpose of a strategic planning effort would be to generate and explore new ideas. Strategic planning could address these questions: What are the most appropriate activities to accomplish our mission in the current market? Are we set up as an industry to undertake these activities? What are the alternatives for the nonprofit developer/CDC facing fewer deals? What are the other affordable housing activities (advocacy around zoning, organizing for preservation of affordable housing with expiring use restrictions, etc.) that CDCs might champion and how can CDCs be supported to take them on? Will there be funding to support organizing, preservation, economic and workforce development and the other activities many groups have diversified to include? If some organizations do close their doors, how can they transition in a way that preserves the affordable housing they owned and/or managed? How can groups that depend on developer fees diversify so that they do not get into trouble if their pipeline contracts?

Many of these questions have to be answered neighborhood by neighborhood as staff and boards reflect on their mission in a changed environment. But ANHD may be able to play a role in stimulating these discussions and making some sense of the answers on a citywide basis. While there is resistance to funders' discussions of consolidation, it may be fruitful to come up with some answers that the industry could take to their funders and partners. Based on the reactions of the interviewees to this process, the funders would welcome thoughtful proposals and ideas about how the nonprofit community would like to shape itself in a new era.

The New CHAMP Staff Leadership

One impetus for commissioning this report was that ANHD was planning to hire a new CHAMP Director. Since the report was written, the present Advocacy Director has indicated that he will be leaving ANHD, creating the opening for ANHD to consider restructuring positions. However, this section narrowly focuses on what would best serve the CHAMP committee.

Given the new era that we are embarking on, the new CHAMP staff should be someone with a creative vision, the ability to strategize, and the drive to keep the mission in heart and mind as solutions are sought. While it is not necessary that the lead CHAMP staff have the expertise to provide technical assistance directly to ANHD members, familiarity (or at least aptitude to learn) the technical intricacies of housing development would be extremely helpful. Some development experience or knowledge of city, state and federal programs would enable the staff person to understand the nuts and bolts of development programs that make them suitable – or not – to members' objectives. It would be very useful if she or he could understand and articulate the detailed technical issues and solutions to city, state and private financing partners.

While CHAMP should, through its staff and members, strategize around and benefit from the organizing and more confrontational advocacy approach of other ANHD committees and initiatives, this author believes it would be most constructive in accomplishing the specific objectives of CHAMP members to have someone on staff that the city, state and financial partners of its members would see as an insider resource to tweak programs. The CHAMP advocacy will often be aimed at upper- and middle-managers in city and state agencies who are more likely to be influenced by experts that can help them do their job than mass rallies. The staff leadership best suited to this position will have the skills to organize CHAMP members to negotiate the fine-grained technical details of real estate development programs. As one banker said, the new director should combine “business sense, passion and *virve*.”

CHAMP Staff Job Description

1. Lead advocacy and resource development efforts to capture as much as possible of the remaining city property for development by nonprofits as affordable housing.
2. Negotiate for set-asides of sites and subsidies for nonprofits.
3. Advocate for programs within the New Marketplace plan that are tailored to nonprofit developers and for coordination between financial programs. Build greater support for this goal from LISC, Enterprise and other intermediaries.
4. Map out where the opportunities for development are and where the capacity is. Analyze nonprofit involvement in the city's housing plan to date, e.g., why are two thirds of the cornerstone projects *not* involving nonprofits?
5. Help nonprofits build capacity for competing in a private marketplace by organizing training in the areas they requested (see above) and creating resources for acquisition.
6. Create models, including subsidies for private market programs by looking at existing examples from around the country.
7. Share models, among the membership, for building management and new ways of deal-making.
8. Start the discussion among CDCs, through strategic planning sessions with membership, about alternatives for nonprofit who are continuing to develop and those that are slowing down or discontinuing as developers.
9. Meet with intermediary partners to think through the best way to divvy up capacity building responsibilities. For example, mapping sites and nonprofit developer capacity may be a Pratt Institute for Community Economic Development role.

Conclusion

It is a challenging time for nonprofit developers both because of the market realities and the lack of nonprofit programs in the city's housing plan. Nonprofit developers that stay true to their constituency and their goals should be able to work out new models of doing development, management and a range of housing preservation activities to maintain and increase affordable housing in New York City. ANHD is a great ally to spearhead the advocacy, capacity building, resource development and strategic planning needed for the nonprofit industry to best accomplish their mission.

APPENDIX 1

People who were interviewed or otherwise provided input to this report

It was an honor and a privilege to meet and talk with these deeply committed people, many of whom have given their professional lives to make New York's neighborhoods safe, affordable and healthy places to live.

Nonprofit developers are in the wonderful position of having as allies, sympathetic experts in the banks, intermediaries and government of New York City.

Naomi Bayer, Fannie Mae
Janice C. Berthoud, Ecumenical Community Development Corporation
Bernard Carr, New York State Association for Affordable Housing
Carlton Collier, Community Assisted Tenant Controlled Housing
Miriam Colon, Local Initiatives Support Corporation
Ruta Duncia, Local Initiatives Support Corporation
Martin Dunn, Dunn Development Corp.
Susan Friedland, Fifth Avenue Committee, Inc.
Steven Flax, M & T Bank
Aileen Gribbin, NYC Department of Housing Preservation and Development
Gary Hattem, Deutsche Bank
Cathy Herman, Los Sures
Deb Howard, Pratt Area Community Council
Mark Jahr, Citibank
Brad Lander, Pratt Institute Center for Economic Development
Frank Lang, Asian Americans for Equality
Ron Moelis, L & M Equity
Peter Murray, Lowen Development
Beth O'Leary, Enterprise Foundation
Joe Reilly, JP Morgan Chase
Phyllis Rosenblum, HSBC
Denise Scott, Local Initiatives Support Corporation
Brian Segel, Low Income Investment Fund
Lydia Tom, Enterprise Foundation
Bill Traylor, The Richman Group
Barry Wollner, NYS Division of Housing and Community Renewal

APPENDIX 2

Survey Respondents

Many thanks to the very busy staff people who took the time to contribute to this report by completing a long and involved survey. It is our hope that ANHD can better serve its members because of your input.

1. Asian Americans for Equality
2. Abyssinian Development Corporation
3. BEC New Communities
4. Bedford Stuyvesant Restoration Corp
5. Belmont Arthur Ave
6. Beulah HDFC
7. Brooklyn Community Housing & Services, Inc
8. Bronx Heights Neighborhood Community Corp.
9. Carroll Gardens Association
10. CATCH
11. Community Access, Inc.
12. Cooper Square Committee
13. Cooper Square MHA
14. Cypress Hills CDC
15. Ecumenical Community Development Organization
16. Fifth Avenue Committee, Inc.
17. Fordham-Bedford Housing Corp
18. HANAC
19. Harlem Congregations for Community Improvement (HCCI)
20. Hope Community
21. Los Sures
22. Lower East Side Coalition
23. Margert Community Corporation
24. Mount Hope Housing Company
25. New Destiny
26. Neighborhood Housing Services
27. Northern Manhattan Improvement Corp
28. North East Brooklyn HDC
29. Palladia (Project Return)
30. Pratt Area Community Council
31. People's Mutual Housing
32. Phase Piggy Back
33. Ridgewood Bushwick Senior Citizens Council
34. Saint Nicholas Neighborhood Preservation Corp.
35. Southern Brooklyn Community Organization
36. Turning Point
37. University Neighborhood Housing
38. VIP Community Services
39. Women's Housing & Economic Development Corp
40. West Side Federation for Senior Housing

APPENDIX 3

Survey ANHD/ CHAMP

Assessment of Members' Development Capacity

Fax version/2004

ANHD is commissioning this assessment of its members' interests and abilities to conduct housing development under the Mayor's New Housing Marketplace plan for NYC in order to:

- 1) establish responsive and effective technical assistance for its members and
- 2) inform its housing development-related advocacy agenda.

This survey is being conducted by an independent consultant, Wendy Fleischer. Responses to the survey will be compiled and reported to ANHD without attribution of responses to individual organizations; your responses are anonymous. However, your contact name and phone number are being requested so that the consultant may follow-up with you to clarify or fill in any missing information. All questions about the survey should be directed to Wendy at the contact information below.

This version of the form is for individuals who wish to print out the form and mail or fax it back to Wendy. You are encouraged to fill out the survey on your computer and submit it by email; if you wish to do so, please fill use the computer form sent to you in the same email as this form. Please fill out only one survey per member organization. Thank you for your thoughtful completion of this survey. ANHD hopes to use this information to serve your organization better.

Fax to: 718-965-1591
Wendy Fleischer
674 Carroll Street, #4
Brooklyn, NY 11215
Ph: 718-965-1790
e-mail: wfleischer@earthlink.net

1. Contact Name _____ Phone _____

2. **Threshold** question for participation in the survey:

Does your organization's mission/goals/strategic plan include housing development?

Yes No

If not, do not continue the survey. Simply submit this form to Wendy now.

Organization Profile: *These questions are for the purpose of being able to report, generally, on the nature of the organizations that respond to the survey.*

3. Which of the following best identifies your organization?

CDC (or CDC affiliate) supportive housing provider

other (specify) _____

Is housing development your primary mission? Yes No

4. Are you a citywide organization? Yes No

5. If you are neighborhood-based, what is/are the name(s) of the neighborhood(s) you serve?

_____ Neighborhood _____ Borough _____ Community District # _____

6. What is the size of your organization's operating budget? *If you are a subsidiary corporation, please use the budget of the parent corporation to respond to this question; do not include building operations.*

\$250,000-\$499,000 \$500,000-\$999,000

\$1,000,000-\$4,999,000 \$5,000,000+

APPENDIX 3 CONT.

7. **How many** total staff are employed by the parent corporation? _____
8. **How many** total units/buildings has your (parent) organization developed since it was founded?
_____units/ _____buildings _____date founded
9. What is the total project cost of all the projects your organization has developed to date? \$_____
10. Of the total number of housing units developed by your organization, **how many** are:
 rental housing homeownership
11. Of the total number of housing units developed by your organization, **how many** currently serve (number should add up to total number of units your organization has created):
 low or very low income moderate or middle income
How many serve?
 seniors special needs formerly homeless other
12. In **how many** residential units does your organization or its affiliates have an ownership interest? _____
Of those, how many are managed by your organization (or subsidiary)? _____
By another managing agent? _____
13. Do you manage other properties that you do not own? Yes No
If so, **how many** units? _____
14. **How many** units/buildings has your organization developed (completed) in the last five years?
_____units/ _____buildings

HOUSING DEVELOPMENT PLANS

15. How many units are currently in your organization's production pipeline?
16. **How many units do you project** your organization will develop or renovate by December 2007 (including those units currently in the production pipeline)?
17. Approximately **how many** of these units will be for people earning:
 Below 50% 50-60% -AMI
 61-80% AMI 81-100%
 101-120% AMI 121% AMI or greater
18. Approximately **how many** of these units will be for:
 special needs seniors
 formerly homeless other
19. Have you identified New Marketplace and/or other city financing programs/subsidies that you will be using in your housing development projects? Yes No
If yes, which program(s) would you expect to use? **(check all that apply)**.
- a. New Marketplace Programs**
 New Ventures Incentive Program (New VIP)
 New Partners
 LAMP
 New Housing Opportunities Program ((New HOP)

- Supportive Housing
- Mixed Income Rental
- Formerly Homeless Homeownership Pilots

b. Other development programs

- Low Income Housing Tax Credit
- Article 8A Loan Program
- Participation Loan Program
- Tenant Interim Lease Program
- Tenant Ownership Program
- New Foundations
- Homeworks or Storeworks
- Neighborhood Homes Program (homeownership)
- Neighborhood Redevelopment Program
- NYCHA
- Third party transfer
- Other, please specify: _____

20. Do your plans include development that will NOT use city financing?

- Yes No

If so, what sources of funds will you use?

- Federal 202
- McKinney
- HOPWA
- Homes for Working Families
- DHCR Housing Trust Fund
- DHCR LIHTC
- HFA
- Other (please specify) _____

21. Have you identified specific sites for future development? Yes No

How many of those sites are:

- | | |
|--|---|
| <input type="checkbox"/> Occupied, privately-owned buildings | <input type="checkbox"/> Occupied, publicly-owned buildings |
| <input type="checkbox"/> Vacant, privately-owned buildings | <input type="checkbox"/> Vacant, publicly-owned buildings |
| <input type="checkbox"/> Vacant land that is privately-owned | <input type="checkbox"/> Vacant land that is publicly-owned |

22. For how many of these sites do you have site control at the time of this survey?

23. Are you planning to expand your organization's target area in order to cover areas with more development opportunities than your traditional catchment area? Yes No

If yes, into what neighborhood(s) might you expand? _____

24. What are the three greatest obstacles to accomplishing your housing development objectives over the next four years (e.g., lack of available land or buildings, lack of project financing, lack of in-house expertise, lack of pre-development funds, lack of funds for tenant services, or other, please specify).

1. _____
2. _____
3. _____

Real Estate Development Capacity

25. What is the current fiscal year operating budget (not including building operations) of the real estate development department or subsidiary? \$ _____
26. How many staff positions in your organization are currently dedicated to real estate development? ____
27. Please list all the titles below along with the approximate number of years of experience in the field of the person holding each title:
- | | |
|--------------------------------|---------------------------------|
| Title: Director of Development | Years of development experience |
| Title Project Manager | Years of development experience |
| Title | Years of development experience |
| Title | Years of development experience |
| Title | Years of development experience |
| Title | Years of development experience |
28. Do limited operating funds constrain your ability to hire appropriate staff to conduct development?
 Yes No
If yes, **how many** additional staff lines would be optimal? _____
What level of additional funds do you estimate you would require as part of your annual budget to achieve optimal capacity? \$ _____
29. Have you used development consultants to package financing and or run projects through completion?
 Yes No. If not, why not? _____

30. Are you able to find development consultants that provide quality service at reasonable prices?
 Yes No
31. Does your organization have experience with relocation of occupied properties in development?
 Yes No
32. Does your organization have experience acquiring privately-owned properties?
 Yes No
33. If you manage properties, are management operations profitable? Yes No
Does management support or hinder your development? Support Hinder
Why? _____

34. What do you consider to be the three greatest strengths in your organization's current capacity to conduct housing development. (E.g., track record, contacts, community support, site control, financing in place, staff expertise, other, specify)
1. _____
 2. _____
 3. _____

35. What do you consider to be the three greatest weaknesses in your organization's capacity to conduct housing development? (E.g., building management problems, lack of reliable operating support for staff, lack of experienced development staff, lack of funds for predevelopment/acquisition, lack of technological capacity, financial instability, lack of community support for projects, slow turn-around time by organizational decision-makers, other (specify)).

1. _____
2. _____
3. _____

36. What are the three most important strategies to remedy these problems? (e.g., train existing staff? Hire new staff? Hire new or different consultants? Increase salaries? Raise new funds? Other?)

1. _____
2. _____
3. _____

Board/Organizational Capacity

37. Which of the following areas of real estate development expertise are represented on your board of

- | | |
|--|---|
| <input type="checkbox"/> directors (check all that apply)? | <input type="checkbox"/> architectural |
| <input type="checkbox"/> engineering | <input type="checkbox"/> financial |
| <input type="checkbox"/> legal | <input type="checkbox"/> project management |
| <input type="checkbox"/> developers | <input type="checkbox"/> environmental |
| <input type="checkbox"/> other _____ | |

38. In what areas would it be helpful to recruit additional real estate development expertise?

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> architectural | <input type="checkbox"/> engineering |
| <input type="checkbox"/> financial | <input type="checkbox"/> legal |
| <input type="checkbox"/> environmental | <input type="checkbox"/> other _____ |

39. Rate your organization's willingness to take risks related to real estate development:

- Risk averse Accept minimal risk Accept moderate risk Aggressive

Program Requirements

40. Does your organization have access to funds for equity for site acquisition?

- Yes No

How much? \$_____

And/or through what institution? _____

41. Does your organization have access to sufficient funds to support predevelopment activities?

- Yes No

42. Through what institution? _____

43. Is there a gap in loans for predevelopment? Yes No

44. Is there a gap in grants for predevelopment? Yes No

45. On your average project what are your predevelopment costs? \$_____
46. If there are gaps, how much funding would be needed to fill the gaps? \$_____
47. What is your organization's (parent organization's) fund balance?
 \$_____Restricted? \$_____Unrestricted?
48. Has your organization done any new construction projects? Yes No
49. Does your organization have access to a line of credit? Yes No
 Through what institution? _____
50. Has your organization ever tried to get a line of credit or a letter of credit and not been successful?
 Yes No
 Why was the attempt unsuccessful?_____
- _____
51. Are there projects that your organization is unable to undertake because of limited resources?
 Yes No If yes, what resources would address these gaps?_____
- _____
52. Would partnering with organizations with more experience/expertise in real estate development improve your ability to accomplish your development objectives? Yes No
53. Would partnering with organizations that have more development opportunities in their catchment area improve your ability to accomplish your development objectives? Yes No

TA/Advocacy Input

54. What kinds of **training** would your staff be most likely to attend? For each topic, **rate each on a scale of 1-4 with 1 being the least interest to you and 4 representing the greatest interest to you.**
- | | |
|--|---|
| <input type="checkbox"/> Improving negotiating capacity | <input type="checkbox"/> zoning |
| <input type="checkbox"/> environmental | <input type="checkbox"/> funding/financing options |
| <input type="checkbox"/> predevelopment process | <input type="checkbox"/> overall project management |
| <input type="checkbox"/> managing consultants | <input type="checkbox"/> construction management/monitoring |
| <input type="checkbox"/> managing multiple development projects simultaneously | <input type="checkbox"/> acquisition of public sites |
| <input type="checkbox"/> acquisition of private sites | <input type="checkbox"/> forestalling NIMBY/gaining community support |
| <input type="checkbox"/> asset management | <input type="checkbox"/> How to joint venture on development projects |
| <input type="checkbox"/> How to make a return on development projects | <input type="checkbox"/> Other (specify)_____ |
55. What kinds of assistance would most help your organization to accomplish your housing development agenda? **Rate each on a scale of 1-4 with 1 being least important and 4 being most important to you.**
- _____Create new sources of funds for predevelopment/equity/acquisition
- _____Broker partnerships with existing sources of predevelopment funds
- _____Help recruit staff with development expertise to member organizations
- _____Brokers partnerships with public and private lenders

- ____ Brokers partnerships with nonprofit developers
- ____ Brokers partnerships with for-profit developers
- ____ Brokers partnerships with development consultants
- ____ Provides intensive training on real estate development/ project management
- ____ Raises funds to support members' development activities (specify)
- ____ Hire staff at ANHD or other intermediary with development expertise to support members through development projects
- ____ Advocates for changes in city programs/policy
- ____ Other (specify)
- ____ Other (specify)

It has been suggested it would be helpful to nonprofits to provide seminars for nonprofits with development consultants that look at real sites and projects of the nonprofits and study the deal from start to finish. Rate the utility of this type of training to your organization on a scale of 1-4.

____1 ____2 ____3 ____4

56. Have you participated in ANHD/CHAMP training in the past? Yes No

On a scale of one to four, with 1 being weakest and 4 being strongest, rate the utility of the training you have attended.

Ranking____ Training_____

Ranking____ Training_____

Ranking____ Training_____

57. Does the New Housing Marketplace support your organization's strategic plan for the neighborhood? E.g., by providing tools, programs you can use? Yes No

58. In what ways does the new plan NOT support your organization's goals? What are the problems (e.g., unable to reach low income population, not relevant to your neighborhood, program requirements for equity or predevelopment funds are too high? other.)?

59. What are the most important advocacy issues for ANHD to take on related to the New Housing Marketplace programs and/or housing development, more generally? (e.g., advocate for nonprofits to get development fees, cash flow, construction guidelines in parity with for-profit developers; negotiate new programs for sites and populations targeted by members, negotiate program requirements of existing programs (specify), other (specify).

60. What specific roles do you see for ANHD to help members accomplish their development objectives? Be as specific as possible.

¹ The New Housing Marketplace: Creating Housing for the Next Generation; Progress Report 2003. NYC Department of Housing Preservation and Development.

² In addition four of the 55 said they are not planning to do additional development. In all, 44 replied, a response rate of about 80%.

³ Hevesi, Dennis. Transforming City's Housing: Act 2, New York Times Real Estate, Sunday, May 2, 2004, section 11, page 1.

⁴ The numbers of organizations in the subcategories do not add up to 40 because two organizations did not respond to the question about how many units are in their pipeline.

⁵ Seven respondents said they are not profitable and six did not respond to that question; it may be that some organizations do not know if their management operations are profitable.

⁶ ANHD, 2003 Compensation and Benefits Survey, June 2003.

⁷ When the Mayor's plan was issued, ANHD membership and supporters began a planning process.

ANHD membership and supporters created a strategy that responded to the Mayor's plan. The policy and advocacy priorities were: push for housing that is permanently affordable; make sure that a majority of the housing developed with public subsidy is for very low to low income families; make sure that communities – not simply developers acting in the market place- can set an agenda for development which meets neighborhood priorities; call more attention to the preservation of privately-owned, distressed and expiring use multi-family housing; find better ways to integrate homeless housing with other kinds of housing; ensure a strong role for not-for-profit community-based developers in developing and preserving affordable housing in New York City.



ASSOCIATION FOR
NEIGHBORHOOD &
HOUSING
DEVELOPMENT, INC.

50 Broad Street
Suite 1125
New York, NY 10004-2376
Tel: 212-747-1117
Fax: 212-747-1114
www.anhd.org