

# AFFORDABLE HOUSING FINANCE

JUNE 2017  
HOUSINGFINANCE.COM  
VOL. 25, NO. 4

## COMING HOME

Through an array of housing initiatives, **Rob Curry's** CHN is making dreams come true for Cleveland's low-income families



FEATURED ARTICLES



DREAM BUILDER

**32** Rob Curry (above), executive director of Cleveland Housing Network, takes in the firm’s new Hough Heritage property. Designed by RDL Architects, the 60-unit affordable housing development aims to help seniors age in place. In addition, CHN hit a milestone last year, marking the sale of the organization’s 1,000th home under its pioneering lease-to-own program. Across the country, in San Francisco, Habitat for Humanity has undertaken a similar effort to bring home-buying opportunities to households for whom such aspirations were once out of reach. Programs like these in Ohio and California are proving that low-income families can succeed, and thrive, as homeowners.

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COMING NEXT MONTH

**The 2016–17 Readers’ Choice Awards**

We’ll feature the finalists of the 13th annual rendition of AHF’s popular program and, later this summer, ask you to choose the winners.

COVER AND ABOVE: ERIC MULL



Cleveland Housing Network's Rob Curry visits Hough Heritage, a new, 60-unit seniors community in Cleveland. The property is one of the nonprofit's latest multifamily projects.



**Cleveland Housing Network**  
has sold 1,000 houses under  
its model lease–purchase  
program, giving low-income  
families the chance to finally  
have a home of their own

by  
**DONNA KIMURA**  
photo by  
**ERIC MULL**

# dream



# BUILDER





**S**HIRWANDA ODOM is about to take a giant step. She's in the process of buying the Cleveland home she's been renting for 15 years. It's the house she moved into with her son after they'd been living with her mother. It's where she began and established a career as a patient discharge support coordinator at University Hospitals. While living in the home, she married her husband of 10 years. It's where holidays and birthdays have been celebrated.

"Buying this house means a lot," Odom says. "It was the first place me and my son came back to to re-establish our home. It's the first home my immediate family has owned. We've had a lot of gatherings and happy times here."

The single-family house was developed by Cleveland Housing Network (CHN), an organization widely recognized as the first to establish a lease-to-purchase program using the low-income housing tax credit (LIHTC).

CHN hit a milestone last year when it sold its 1,000th home under the program, which was launched in 1987.

"Think about 1,000 families taking title to their single-family homes," says Rob Curry, CHN executive director. "We only began hitting year 16 in 2002 or 2003."

The federal housing credit is largely a rental housing program, helping finance the creation of affordable apartments that serve individuals and families earning no more than 60% of the area median income (AMI). Under CHN's model,



Cleveland Housing Network has developed about 2,200 homes under its pioneering lease-purchase program and has an 85% to 90% track record in selling homes to residents.



## CLEVELAND HOUSING NETWORK

**Founded:** 1981

**Number of full-time employees:** 171

**Total affordable housing units developed:** 6,000

**Lease-purchase homes developed:** 2,200 since 1987

**Lease-purchase homes sold to former renters:** 1,000+

**Annual number of home energy-conservation jobs completed:** 8,000

**Total households served each year:** 30,000

“Low-income families can succeed as homeowners, provided they can afford it.”

—Kate Monter Durban, assistant director, CHN

households rent for 15 years and then have the opportunity to buy their homes.

Dating to 1981, the group began as a coalition of neighborhood organizations to tackle the problem of vacant housing. With that history as its compass, CHN began working on the idea of a lease-purchase model for low-income families even before the LIHTC was born five years later. It was experimenting using Community Development Block Grants, but the scale was small, and the group built only about 20 or 30 homes a year.

CHN was able to eventually ramp up the program by regularly earning LIHTC reservations from the Ohio Housing Finance Agency to work on approximately 50 to 100 scattered-site developments each year. So far, the organization has developed about 2,200 homes under the program.

“Cleveland is very much a town of single-family homes,” says Kate Monter Durban, CHN assistant director. “We found this product to be highly desired among people who are raising a family. They want a yard. They want the opportunity to own their own home.”

The typical resident is a single mother with a couple of children and an income below 50% of the AMI, according to CHN leaders, who stress that the transition to homeownership doesn’t happen overnight. Instead, the organization prepares residents years in advance of buying their home.

### HELPING FAMILIES SUCCEED

Under the group’s Family Success Initiative, CHN tracks the results of individual financial counseling provided twice a year to all lease-purchase residents who are within five years of buying their home. Right now, that’s more than 400 households receiving targeted financial and homeownership counseling.

Odom, for example, has participated over the past few years in individual counseling, as well as a series of courses

on money management and the homeownership process, to prepare her for the big step.

In year 16, the home is sold for the outstanding debt. The median sales price is \$19,750. CHN has seen about 85% to 90% of its families transition to take title to their homes.

“What we believe, and our track record demonstrates, is that low-income families can succeed as homeowners, provided they can afford it,” says Durban. “We have coined something called ‘the equivalency principle,’ which says that if a low-income family has been successful in paying their rent every month, they’ll succeed as a homeowner, provided that their costs as a homeowner are the same as or less than what they’ve been paying in rent.”

The average monthly rent is about \$550. Mortgage payments are about \$275 a month, but the homeowners are now responsible for other costs, too, such as utilities, insurance, and taxes, so the total amount of housing expenses tend to be comparable when everything is factored in, according to CHN.

The organization tracks families for five years after they take title to their homes, so at any time CHN is monitoring about 500 new homeowners. So far, the results are impressive. The most recent snapshot found 98% of the families still living in their homes and only one out of 500 losing their home. The rest of the remaining 2% went through a regular market sale, according to Curry.

“What you’re seeing is stable, affordable housing, which is the platform for everything else people do in their lives,” he says.

CHN has acquired many of its sites from the city and county land banks, and its primary LIHTC partners have been Enterprise Community Investment, KeyBank, and Ohio Capital Corporation for Housing (OCCH).

“CHN has used the LIHTC program in a systematic, scalable, and strategic way to stabilize and revitalize Cleveland neighborhoods as they build assets for low-income families,” says Hal Keller,



OCCH president. “Several of OCCH’s other partners have used the single-family lease–purchase model throughout Ohio with mixed success. What makes CHN so successful in the execution of their approach is their effective property management, the work with individual households around the needs of each family, and the innovative and flexible financing CHN has designed.

“CHN is truly a national leader in demonstrating the power of the LIHTC program and the partnerships that are created in the delivery of affordable housing,” Keller adds.

For a developer, the lease–purchase model comes with unique challenges. “You’ve got to develop an expertise in mastering a large number of small transactions,” says Curry.

Unlike on a large multifamily housing project, CHN is overseeing multiple construction sites. And when the homes are built, it means managing all the individual properties. When it comes time to pay for water and sewer or real estate taxes, CHN will receive more than a thousand bills.

For CHN, the program has been a labor of love, a way to make the American dream come true for low-income families.

## HOUSING FIRST

The lease–purchase initiative is CHN’s flagship program, but it’s only part of the group’s work. The organization has hit 6,000 total units developed, both single-family and multifamily.

The lead developer in Cuyahoga County’s Housing First Initiative, CHN has assembled financing for 700 units of permanent supportive housing in operation or under development in nine properties. Its partners in the initiative to end chronic homelessness are Cuyahoga County’s Office of Homeless Services, EDEN (Emerald Development and Economic Network), FrontLine Service, and Enterprise Community Partners.

# BREAKING GROUND

**Habitat for Humanity  
Greater San Francisco**

looks to inventive approaches  
for affordable homeownership

by  
CHRISTINE SERLIN



## ➤ IN THE HIGH-COST SAN FRANCISCO

Bay Area, homeownership is out of reach for many households. However, the local Habitat for Humanity affiliate is striving to increase its impact in the region to help families achieve the American dream of owning a home.

Habitat for Humanity Greater San Francisco has helped build 248 homes over its 28-year history and continues to look for inventive ways to provide homeownership for households earning between 40% and 80% of the area median income (AMI). "Our engine here is

this focus on generational impact and the benefit of homeownership for people," says Maureen Sedonaen, CEO of the affiliate. "It's a wealth-building strategy for low- and moderate-income families. Every dollar they put in, if they sell, they get back. In perpetuity, these homes will remain affordable housing."

Its most recent development, Habitat Terrace (pictured), highlights the affiliate's inventive approaches to creating homeownership opportunities. Completed in January, the 28 single-family home development brings new life to a vacant lot in

San Francisco's Ocean View neighborhood, which has been one of the lowest-ranking districts in the city for new affordable housing.

Habitat identified and purchased the underutilized, 1-acre lot at the bottom of the housing market in 2012. This was a new move for the affiliate, since it previously acquired land through partnerships with redevelopment agencies, which were eliminated in early 2012 in an effort to reduce the state's budget deficit.

What also made the development a reality was the in-lieu fees paid for by a for-profit developer of a nearby high-rise condo project for its affordable housing requirement.

Habitat Terrace received over 420 applications for one of its 11 three-story homes—the most applications the affiliate has received in its history. The 11 homes were sold to qualified homeowners earning between 40% and 60% of the AMI (an average of \$53,000 a year for a family of four) through the traditional Habitat model of a 0% interest loan, zero down payment, and 500 hours of sweat equity.

"There's a lot of demand for affordable homeownership opportunities," says Sedonaen.

The project's remaining 17 homes are below market rate and will be sold to households earning up to 90% of the AMI, which is \$96,000 for a family of four, through the San Francisco Mayor's Office of Housing and Community



## HABITAT FOR HUMANITY GREATER SAN FRANCISCO

**Founded:** 1989

**Total homes built to date:** 248

**Total neighborhood revitalization projects completed to date:** 188

**The average number of volunteers annually:** 6,000

**Hours of labor required of homeowners:** 500

Development (MOHCD) via a lottery.

Almost half of the \$11.5 million development cost for Habitat Terrace came from the San Francisco MOHCD. Additional financing was provided from a private developer partnership, donor commitments, and a small percentage of state and federal funding.

Philanthropic partners for Habitat Terrace included PG&E, Wells Fargo, Salesforce, Solid Rock Foundation, and Oracle. In addition, more than 234,000 volunteer hours were logged.

"It really was a public-private partnership that made Habitat Terrace what it is today," says Sedonaen. "Habitat Terrace is a great model for other cities."



PAGE GREEN PHOTOGRAPHY



“We see ourselves as the  
housing stability people.”

—Rob Curry, executive director, CHN



Cleveland Housing Network's \$8.9 million Maple Park Place helps meet the needs of low-income seniors in Cuyahoga County by providing 48 affordable homes.

As part of the effort, CHN recently completed the \$11.5 million Commons at West Village project in Cleveland's Detroit Shoreway neighborhood. Financed mainly with LIHTCs, the development provides 66 one-bedroom apartments and supportive services for some of the city's most vulnerable residents.

CHN, which has 171 full-time employees, has also carved out another niche working with different partners to preserve Sec. 202 seniors housing developments. The group is working on the final phase of renovations at the 492-unit Westerly Apartments, Ohio's first Sec. 202 property, with owner Lakewood Senior Citizens. Two of the development's three buildings have been rehabbed, and renovations are scheduled to begin on the third building this year.

Overall, CHN plans to start construction on four developments this

year with 311 units, including its 10th supportive-housing community and a new LIHTC lease-purchase project with 37 homes.

In its mission to create housing affordability and stability, CHN serves a total of 30,000 households a year through an array of housing solutions. As an example, the organization works to help families conserve water and energy and reduce their utility bills. Each year, CHN performs 8,000 energy-conservation services, free of charge, for low-income families, including 2,100 home insulation and furnace replacement jobs that save an average of 33% in heating costs.

It's work that goes beyond CHN's pioneering lease-purchase program, but it's all part of the Network's mission. "We see ourselves as the housing stability people," Curry says. **AHF**