



Asset Management 2020 Response and Resilience

A CHAM Webinar Series

Modern Love – Joint Ventures

November 9, 2020

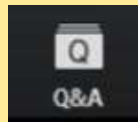
12:00 –1:15 EDT

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Logistics

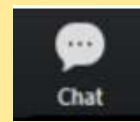
Questions

- Write into the Q&A section



Chat

- For logistics and your ideas



Feedback

- Survey will pop up on your screen when you leave the webinar

Slides and Recording

- Slides are there now
- Recording by Friday

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Moderator:

- Brian Hsu, Partner, Goldstein Hall PLLC
bhsu@goldsteinhall.com

Presenters:

- Steven Kirk, President, Rural Neighborhoods
SteveKirk@ruralneighborhoods.org
- Malcom Punter, Ed.D., President and CEO
Harlem Congregations for Community
Improvement, Inc
mpunter@hcci.org
- Harrison Rayford, Managing Member and Principal,
Lemor Development Group LLC
harrison@lemordev.com

CHAM Host:

- Lisa Deller, Vice President, Asset Management
National Equity Fund
lisadeller@nefinc.org



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Agenda

1. Welcome
2. Introduction to Joint Ventures
3. Two Joint Venture Models
 - Nonprofit with For-Profit: HCCI and Lemor
 - Smaller Year 15 Deals: Rural Neighborhoods
4. Panel Discussion
5. Q&A
6. Wrap Up
7. What's New at CHAM

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Introduction to Joint Venture Partnerships

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Why Would a Not-for-Profit Joint Venture?

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Possible Reasons a Not-for-Profit would Joint Venture

- **For the Not-for-Profit:**
 There may be:
 - Fewer sites available from the government
 - Inadequate experience
 - Inadequate capital
 - Lack of staff
- For-profit entity may facilitate:
 - Access to financing
 - Financial strength / ability to provide guarantees
 - Increase production and results
 - Skill building

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Why Would a For-Profit Developer Joint Venture with a Not-for-Profit?

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Possible Reasons a For-Profit Developer would Joint Venture with a Not-for-Profit

- **For the For-profit:**
 There may be:
 - Access to more sites
 - Access to public subsidies
 - Access to below-market rate debt
 - Greater community or political support
- Not-for-profit entity may facilitate:
 - Access to public subsidies and governmental agencies
 - Tax abatements / exemptions
 - Community relationships

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Legal Considerations When Joint Venturing

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Legal Considerations When Joint Venturing

- Document the Partnership
- Private Inurement
- Charitable purpose
- Unrelated Business Income Tax (“UBIT”)
- Ability to protect and enforce

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Balton Commons
 267 West 126th Street, Harlem NY

Nonprofit & For-Profit

HCCI and Lemor





**VICTORY PLAZA 11 WEST 118TH STREET, NEW YORK, NY
SENIOR AFFORDABLE RENTAL APARTMENT**

135 UNITS



2019



2021



In Considering a Real Estate Deal Remember

Your Ownership in the

REAL ESTATE

IS

100%

BEFORE YOU PARTNER



THE HCCI MODEL FOR REAL ESTATE PARTNERSHIPS

HCCI

Ownership Percentage 51%
 Acquisition Income 100%
 Asset Management 100%
 Cash Flow 50%

JV PARTNER

Ownership Percentage 49%
 Developer Fees 100%
 Property Management 100%
 Cash Flow 50%



MANAGEMENT
 Property
 Management
 Asset
 Management
 Social Services
 Monitoring Fees

EQUITY
 Ownership
 Future Market Value
 Refinancing

**REAL ESTATE
 VALUE**



**CAPITAL
 IMPROVEMENT**
 Construction
 Developer Fees
 Maintenance &
 Operations

OPERATIONS
 Cash Flow
 Depreciation
 Losses

Lemor's Value Add to Partnership

LDG has joint ventured with some of Harlem's prominent community development nonprofit organizations to provide essential services to local communities:

- Harlem Congregations for Community Improvement, Inc. (HCCI)
- The Community League of the Heights (CLOTH)
- Harlem Restoration Project, Inc. (HRP)

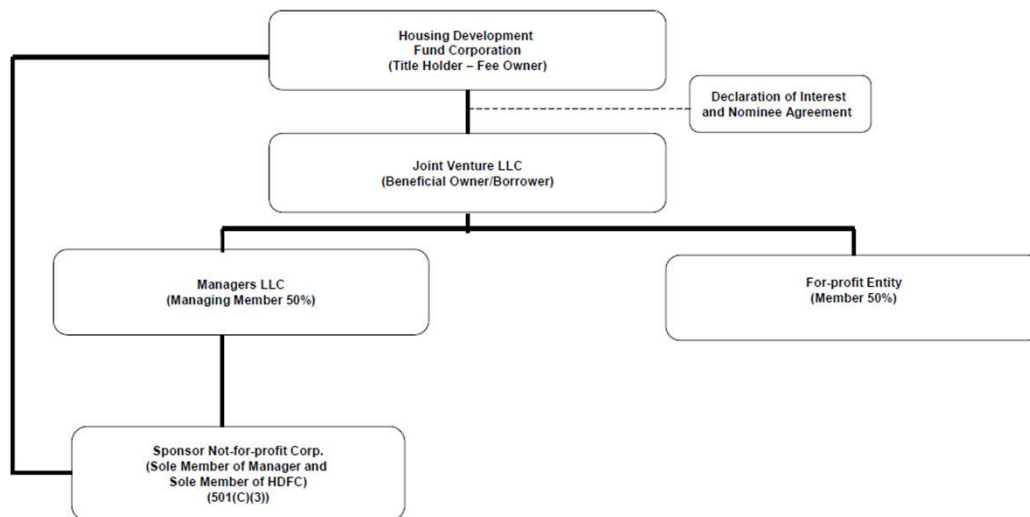
Partnering nonprofits can leverage Lemor Development Group's:

- Experience managing local housing projects
- Staff's ability to execute on all phases of development process
- Established relationships with housing agencies and lenders

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Standard For-Profit and Nonprofit JV Structure



* Source: Goldstein Hall Property Tax Exemptions in Affordable Housing Projects

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RURAL
NEIGHBORHOODS

Smaller Year 15

Rural Neighborhoods

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Not just Rural anymore...

- Senior Housing JV/ Miami-Dade
\$32M



- Senior Housing JV/ Gainesville
\$22M





Rural Neighborhoods Joint Venture Criteria

HISTORIC MODEL

- Shared Developer Fees %
 - Partner retires at Stabilization and RN 100% GP
- 100% GP Cash Flow
 - ROFR

NEW MODEL

- Shared Developer Fees %
 - RN serves as Managing Partner
- Shared Cash Flow
 - ROFR

Rural Neighborhoods Rationale

FINANCIAL & RISK CRITERIA

- Reduce Predevelopment Capital Required
- Increase Staff Capacity
- Balance Sheet and Guarantee Issues

MISSION CRITERIA

- Geographic
- Property Management Efficiencies
- NP Peer-to-Peer Opportunities

Takeovers: A Variation on the Theme

RURAL NEIGHBORHOODS SEEKS “ORPHANED” NONPROFIT PROPERTIES

127 Units 9 acres completed; 175 Units 5, Office and 5 acres in pipeline

- Build portfolio through mergers, dissolutions and assumptions
- Gain advance look w/o time constraints of competitive purchase
 - Extended due diligence



THE HARLEM
TRANSFORMATION
PUBLIC SCHOOL 90



Panel Discussion

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Wrap Up



**JOINT VENTURE
GUIDEBOOK**
A RESOURCE FOR DEVELOPING
AFFORDABLE AND SUPPORTIVE HOUSING



[Joint Venture Guidebook: A Resource for Developing Affordable and Supportive Housing](#)
Enterprise Community Partners, 2018

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New! CHAM's Nuts and Bolts of Asset Management

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**Amp Up Your Career -
Professional Development
Options for Asset and Property
Managers**

Wed Dec 2, 2020
12:00 to 1:15 EST

Plus CHAM Graduation!

**Property Management Oversight
Through an
Asset Management Lens**

Wed Dec 9, 2020
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