



# NASLEF NEWS

The Newsletter of the National  
Association of State & Local  
Equity Funds

FALL 2001 -- Volume VI, No. 3

## NASLEF'S EIGHTH ANNUAL CONFERENCE CANCELLED

After consultation with numerous NASLEF members, a decision was made to cancel the Eighth Annual Conference originally scheduled for September 12 - 14, 2001 in Oakland, California. Efforts to reschedule the conference were complicated by the grounding of all U.S. airlines after the September 11th terrorist attacks, finding a conference venue with available dates, and by the difficulty of finding dates that would work for a majority of conference moderators, speakers and participants. In addition, although it was theoretically possible to reschedule, the resulting conference would have had to be restructured in a few weeks, and the result would not have been of the quality that NASLEF members have come to expect.

All conference registration fees have been returned to the individuals or organizations that issued registration checks less a \$25 administrative fee per person. Guest event fees (the Beach Blanket Babylon performance) were returned in full. If you have not received your refund, please contact Julie Sonntag Newquist at (510) 986-1350.

The 2001 Conference Program Book and Membership Directory was produced and distributed to all conference participants ensuring that all advertisements placed in the publication reached their intended audience. Conference underwriters were acknowledged in the Program Book and were given the option of having their contributions returned or redirected to underwrite NASLEF's 2002 Asset Management Conference in Portland, Oregon.

The NASLEF board of directors, the conference host, Merritt Capital, and the conference planning committee, would like to express their sincere thanks to everyone who assisted in the preparation of the 2001 Annual Conference--from the conference underwriters and advertisers, to the conference speakers, moderators, and registered participants. While we are all disappointed that the conference did not take place, we appreciate your understanding and continued interest in the mission and goals of the National Association of State and Local Equity Funds.



## 2002 ANNUAL CONFERENCE TO BE HELD IN CINCINNATI

NASLEF's Ninth Annual Conference will be held September 11 - 13, 2002 in Cincinnati, Ohio. The conference will be hosted by the Ohio Capital Corporation for Housing and it will be held at The Westin Cincinnati, 21 East 5th Street, overlooking historic Fountain Square in the heart of downtown. Check future issues of the NASLEF News for more detailed information.

## NEW NASLEF BOARD AND OFFICERS ELECTED

At a conference call meeting held on October 24, 2001, the following individuals were elected to the NASLEF board of directors. **Deborah Saweuyer-Parks**, President and CEO of Homestead Capital was selected as NASLEF's new President, succeeding **Mark McDaniel** of Michigan Capital Fund for Housing. **John Anton**,

*continued on page 4*

# DEVELOPMENT *Profile*

## HAWAII INVESTORS FOR AFFORDABLE HOUSING, INC.

### The Senior Residence at Kaneohe, Kaneohe, Hawaii

The Senior Resident at Kaneohe is a true public-private partnership and unique in its financing which creatively combines six different public and private financing programs to fund a single project that provides affordable rental housing for low and very low income elderly households.



**The project's two wings are connected by a walkway with sitting areas.**

The complex consists of a four-story, hollow-tile structure with 74 one-bedroom units, 48 parking stalls and a community center for residents. The units are approximately 430 square feet and contain one bedroom, a bathroom, kitchen and living/dining room. A common laundry facility and storage lockers are available on the first floor. A landscaped interior courtyard on the first floor provides a peaceful garden vista and pleasant area for residents to sit or visit with guests. Sitting areas are also provided on each floor in the walkways connecting the two wings of the development. A two-bedroom unit and office is reserved for the resident manager. An emergency call system in each unit and a sophisticated, state of the art fire alarm system are also part of the development.

The total cost of creating the Senior Residence at Kaneohe is approximately \$11.1 million and is being financed with loans and grants from the city and county of Honolulu under the Community Development Block Grant and HOME programs; the state of Hawaii under the Rental Housing Trust Fund and Rental Assistance Revolving Fund programs; the U.S. Department of Housing & Urban Development under the Section 202 Supportive Housing for the Elderly program; and Hawaii Investors for Affordable Housing, Inc. under the Low Income Housing Tax Credit program. To utilize all six financing programs, the project was established as a two-unit condominium with

two separate "owners" but it will be operated as a single rental project. Apartment "A" contains 45 units and it is owned and operated by Pacific Housing Oahu Corporation, a Hawaii nonprofit established in accordance with HUD Section 202 requirements. Apartment "B" contains the remaining 30 units in the building and it is owned and operated by the Kaneohe Elderly housing Project Limited Partnership

(Limited Partnership).

The 44 one-bedroom units in Apartment "A" are targeted to 50 percent of the Area Median Income. The income

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NASLEF President:

NASLEF  
Deborah Saweuyer-Parks

NASLEF NEWS Editor:

Mark Baldwin,  
Merritt Community  
Capital Corporation

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limit for one person occupying the unit is currently \$22,600. The income limit for two people is \$25,850. Rents in Apartment "A" will be set at 30 percent of the resident's adjusted gross income. Units in Apartment "B" are targeted to 60 percent of the Area Median Income. The income limit for one person occupying these units is \$27,120. The income limit for two people is \$31,020. Rents for Apartment "B" units are \$595 per month.

The land on which the development was built is owned by the city of Honolulu and it will be leased to both "owners" for 55 years at \$1 per year.



**Above: A close-up of the project's interior courtyard.**

## Project Sponsor

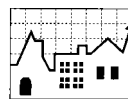
### *Pacific Housing Assistance Corporation*

The project is sponsored by Pacific Housing Assistance Corporation, a Hawaii nonprofit. Over its 21-year history, Pacific Housing has developed or assisted other nonprofit organizations develop nearly 1,100 housing units statewide valued at over \$19 million. The Kaneohe Elderly Housing Project Limited Partnership, a Hawaii limited partnership, and Pacific Housing Oahu Corporation Elderly Residence, also a Hawaii nonprofit corporation, were both newly formed by Pacific Housing specifically to develop, own and operate the Senior Residence at Kaneohe.

# EQUITY FUND Updates...



In October 2001, the Delaware Community Investment Corporation (DCIC) formed its fifth and largest equity fund to date. Thirteen member banks are providing \$52.5 million for investment in affordable housing developments using an allocation of nine percent tax credits, federal and state historic credits, and/or four percent tax credits generated through tax exempt bonds. It is estimated that the Fund will invest in approximately 17 developments over the next three years.



Michigan Capital Fund for  
**HOUSING**

For the third consecutive year, Michigan Capital Fund for Housing (MCFH) honored organizations and individuals who have made an impact on affordable housing at its Annual Partners Luncheon and Awards

Ceremony held on October 3, 2001. Over 160 guests attended the event which included presentation of the Peterson Awards--named after Jeanne Peterson, current Executive Director of the California Tax Credit Allocation Committee and former Director of Legal Affairs with the Michigan State Housing Development Authority. Peterson Award recipients were City Christian Federation, LarC Properties, and United Streets Networking and Planning: Building A Community. Each award came with a \$10,000 contribution in recognition of their commitment and dedication to furthering affordable housing, economic development and neighborhood revitalization. MCFH also presented "Humanitarian" awards to three individuals who have made a significant contribution to helping those in need, particularly low income or homeless individuals. Recipients were Reverend Ann Johnson of Eastside Emergency Shelter in Detroit; John Peterson, formerly with Allegan County Community Mental Health, and Steve Stylianous, former owner of the Athena Restaurant and Cafe in Lansing, Michigan.



Merritt Community Capital Corporation reports that it has closed its seventh equity partnership fund, Fund VII LP, with a record \$29 million in capital. Merritt's Fund VIII, LP is open for subscription with a target of raising \$35 million for affordable housing development in Northern and Central California.

## NEW NASLEF BOARD AND OFFICERS ELECTED

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President of the Maine/New Hampshire Housing Investment Fund was named Vice President. **Barney Deasy**, President of Merritt Community Capital Corporation was selected Treasurer, succeeding **Doris Schneider**, Delaware Community Investment Corporation, who held that office for four years. **Joseph Selzer**, Executive Director of Garden State Affordable Housing, Inc. was elected to another term as NASLEF's Secretary. Joining NASLEF's board of directors are: **Ralph Nodine**, President & CEO of Virginia Community Development Corporation; **Edwina Carrington**, Chief Executive Officer of the Texas Housing Finance Corporation and former NASLEF board President; and **Tim Barry**, President, St. Louis Equity Fund, Inc. Remaining on the board are **Hal Keller**, President, Ohio Capital Corporation for Housing and **Mark McDaniel**, President, Michigan Capital Fund for Housing, NASLEF's Immediate Past President. Board officers serve one-year terms, while board members serve staggered terms.



## ASSET MANAGEMENT CONFERENCE TO BE HELD IN PORTLAND

NASLEF's fourth annual Asset Management conference will be held in Portland, Oregon in Spring 2002. The conference is being hosted by Homestead Capital and it will be partially underwritten from proceeds from NASLEF's 8th Annual Conference that was cancelled. The date and location will be listed in the next issue of the NASLEF News.

## Equity Fund Formed in Indiana

The Michigan Capital Fund for Housing announces the formation of a new equity fund--the Indiana Capital Fund for Housing (ICFH). ICFH resulted from a partnership formed between Michigan Capital Fund for Housing and Enterprise Social Investment Corporation in July 2001 known as Midwest Advisory Services (MAS) which offers consultation services, technical assistance and referrals for loans and capital investments to nonprofit organizations and developers interested in affordable housing developments utilizing the Low Income Housing Tax Credit program in Indiana, Wisconsin, Kentucky, Minnesota and Memphis, Tennessee. Since its inception, MAS received commitments of projects for \$24 million of equity. MAS was created as a result of potential investors' desire to invest in Indiana, and it has been determined that sufficient support exists to form a specific fund for Indiana based on the Michigan model. During the initial years of start-up operations, MCFH will provide ICFH with fund accounting, underwriting, asset management and investor relations.

## Venture Capital Business Fund Formed

Intrust USA and GSA Management have announced that they have implemented a prototype social venture capital fund. Intrust has transferred the assets and operational systems of its "Delaware Economic Opportunity Fund" (DEOF) to the new fund. Formerly known as Intrust Venture Partners of Delaware, DEOF is an equity fund targeted primarily at women and minority owned businesses. GSA will manage DEOF, which currently has financial commitments of approximately \$5 million of equity capital, having received its initial capital from a \$2 million investment by MBNA America. Other investors include Advanta, Banker's Trust Delaware, Citibank and Discover Bank.

Intrust has been developing the prototype model fund over the past two years with a long term objective of

*continued on next page*

replicating its model in other markets in the United States. The unique feature of the model stresses the blending of traditional venture capital underwriting processes with active community involvement. Intrust is a Community Development Financial Institution (CDFI) whose mission is accountable under the U.S. Treasury's CDFI program. GSA manages GS Capital, LP, a Small Business Investment Corporation (SBIC) licensed by the Small Business Administration.

Intrust and GSA have previously collaborated on other investments in Delaware. According to Richard Gessner, a founding partner of GSA, "The new model will allow GS Capital to expand from its SBIC activities while also enhancing its ability to perform community development finance activities, including Low Income Housing Tax Credit transactions through the use of Intrust's Housing Opportunity Fund model."

With the implementation of the DEOF model, Intrust is focusing its full energies on the National Economic Opportunity Fund (NEOF), a social venture "fund of funds" cosponsored by the National Congress for Community Economic Development, a CDFI created to increase equity capital in specially targeted U.S. markets. NEOF is expected to raise \$100 million for the initiative over the next three years.



## **Board President's Report**

by  
***Deborah Saweuyer-Parks***

### **Good Business Prevails In Economic Uncertainty**

What a privilege to be elected President of NASLEF. I begin my tenure with a high degree of optimism for our industry and NASLEF member organizations. While there is consensus that our nation is in a recession, and our members have witnessed this condition in graphic ways, numerous economic indicators point to a recovery. I am hopeful that the economy will begin to reverse by the second quarter of next year. My optimism stems from a fundamental belief that everyone should be housed and Low Income Housing Tax Credits (LIHTC) are an out-

standing vehicle to this goal. NASLEF members are unique because of our commitment to community and to the properties in which we invest. We care differently! Yet it is critical that our business practices continue to meet and exceed industry standards.

During these times of uncertainty we should not waste energy panicking about the future but rather we should concentrate on the core components of our industry – asset management, acquisition, and investment diversification. At Homestead Capital in Portland, Oregon there are several specific areas upon which we focus:

1. Expanding our investor base through nontraditional sources such as our independent community bank initiative. We have found that a diverse investment base provides greater flexibility and security in a recession.
2. Sharing our experiences and support of other member organizations. NASLEF is a valuable network of experts who can provide insights, solutions, and resources particularly to new entities like the Kansas Equity Fund. I want us all to vigorously support the younger funds and impart information like we did in the early days.
3. Improving internal and external communications between our stakeholders, even our departments within our respective organizations. We all want to increase efficiency and ensure that we as a group depict the highest industry standards.
4. Increasing involvement in the community. Every organization has expertise and resources that can impact the lives of its tenants, employees, and neighbors. Seek out opportunities to contribute towards the myriad needs of your community.
5. Staying involved in the national debate about affordable housing. While we are currently distracted by issues of terrorism and war, the American public's need for affordable housing is not diminishing. Our advocacy and participation is critical.

Personally, I have never been more committed to the work that we do. So let's keep the dialogue open and tell the board how we can better serve the members. Sharing our visions, expertise, and support multiplies our resources and ultimately builds better housing for individuals and families in need. I look forward to serving the NASLEF membership, please let me know how I might be helpful.

Wishing you a prosperous and peaceful New Year.

Deborah Saweuyer-Parks  
President and Chief Executive Officer  
Homestead Capital



## ANOTHER LIFE LESSON LEARNED

by  
**Mark McDaniel**

This is my last newsletter message as outgoing President of NASLEF and, in keeping with most of my experience as a NASLEF member, it will be a bit different. First, I want to thank everyone on the board for their support through the year. We upheld our commitment to expand the marketing of NASLEF to give the organization more prominence on the national scene. We also tried to find business opportunities for our members, which moved the organization to see opportunities to work in all of our best interests even in a competitive situation. I also want to recognize and thank Julie Sonntag Newquist for her wonderful and competent oversight of the management of NASLEF. It makes the board's job even more enjoyable and productive. Now to my message.

We all have those moments in life that change us or teach us something about others and ourselves. Moments that force us to focus on not taking things for granted. On August 13<sup>th</sup> at 1:30 in the morning my family and I had a life lesson brought to us. It was not a subtle, kind, or an easy lesson. It began when my wife woke me to check on why the garage door was opening and shutting. When I went downstairs I found the backdoor into the garage burning. It didn't really register as a big deal, so I proceeded to try and beat it out with a towel. As I heard things falling in the garage and the roar of something much bigger, I started screaming for everyone to get out. As we ran out, we turned to see flames in our bedroom and our garage fully engulfed in flames. The car exploded. As I stood there in my underwear with my family and neighbors gathered around watching everything burn I wondered how are we ever going to come back from this? It was at that moment that I came to know the real meaning of community.

Every day as we raise money and work in our cities and villages we use the word "community." As I found from this experience, I haven't really understood its real meaning. While the house was still burning the Red Cross arrived with assistance. Our kids' school principals were there the next morning. The neighbors came in force all week with meals, comfort, clothes, and help to sift through

the remains. The fire and police personnel came everyday to offer assistance going through the remains. The City building department offered support in working with the insurance company. Our immediate neighbors provided around the clock comfort with meals and clothing. One of the most symbolic offers was early that morning as I was still standing barefoot, one of the neighbors came to me and offered me his brand new sneakers. I wore those shoes everyday for the next five weeks. If this sign of community wasn't humbling enough the care and support that came from people in the community development and housing family, which includes all of the NASLEF members, I have become associated with for the last twenty years made it even more special and emotional. The response was overwhelming and touched my family deeply. We came to realize how fortunate we are to understand what real community is. It involves the government, police, fire, the schools, people that care about their neighbors, and the people in your work life.

The most important lesson learned is to realize how precious and important your family is. We all get caught up with our work and everyday stresses. But when you are seconds away from losing all or part of your family it makes you aware that there should be nothing more important in your life. You should all go home tonight and let everyone in your family know how much you love them and care about them. There should be hugs everyday because it can be gone so quickly.

My family and I want to thank all of you who overwhelmed us with love, prayers and acts of kindness. We are still trying to get all of our personal notes of thanks out to everyone. We have not forgotten or ignored your thoughtfulness if you haven't heard from us yet. We still have a long road ahead of us with many issues and decisions to be made and there doesn't seem to be enough time in the day anymore. Please bear with us; your kindness has not gone unappreciated.

There are three more lessons learned that I hope all of you might take from me so you don't have to learn them first hand. Number One: Do not leave any rags or brushes in your garage or house that you used with oil based stains or paint. The only safe way to dispose of these items is to put them all in a bucket of water with a lid on it. IT IS THE ONLY WAY. Leaving them out to dry is like throwing an old stick of dynamite in your house--it might go off, it might not. Number Two: Take a complete inventory of everything in your house in written form and by video. Keep all copies in a safe deposit box or out of the house. Update this every year. Try to keep files with all of your receipts for major purchases. As you might guess, we did not. When there is nothing to look at, trying to create an accurate inventory is nearly impossible. It can mean thousands of lost dollars. Number Three: Check your insurance coverages. Replacement cost is not what you think it is. Replacement cost will only cover the market value of your home in your neighborhood, **not the construction cost to rebuild.** You need a rider to

cover additional costs related to the rebuild. Read the fine print regarding demolition coverage versus debris removal. Read the fine print regarding content coverage. There are limits on electronics such as computers, jewelry and collectibles. The one thing we have come to realize is that you will never be financially whole replacing everything.

I have one last thought to leave you with. We have been very fortunate in the fact that we have a community of neighbors and friends to support us. We had insurance. A neighbor gave us his house to live in until we rebuild. But how do less fortunate people cope with a similar loss? The people in the communities the Fund and many of you work in everyday. How do they cope? What happens to them? Where do they go for help? I think we all know the answer. Homelessness is the result. Broken families are the result. A further decline in the neighborhood results. It is a thought I haven't been able to shake. It is why the concept of creating community is so important. Even with community it is difficult for someone to recover. Without community it is almost a hopeless effort.



## A Key West Valentine

NASLEF's midwinter meeting for equity fund Presidents/Executive Directors will be held from February 14 - 15, 2001 in Key West, Florida at the Wyndham Reach Resort. If you plan on attending, you need to contact the resort directly to make your room reservations. Call the resort at 1-800-442-3727 or 1-305-296-3535. You must mention that you are attending the NASLEF conference to get the reduced room rate which is \$265 for a regular room or \$305 for a room with an ocean view. For more information on the conference, contact Julie Sonntag Newquist at (510) 986-1350, or e-mail her at [sunday@NASLEF.org](mailto:sunday@NASLEF.org).



## NASLEF PEOPLE

**Faith Rodriguez** has been promoted to Administrative Assistant at **Michigan Capital Fund for Housing**. She joined MCFH in December 2000 through a Co-Op Program and performs all administrative functions at MCFH's Lansing office and assists staff members with daily projects. Rodriguez graduated from Everett High School in Lansing, Michigan.

**Denise Smith** has been hired as an Administrative Assistant at **Merritt Community Capital Corporation**. She has nine years professional experience as an office manager and administrative assistant. Her duties at Merritt include preparing correspondence, serving as receptionist, coordinating mailings, maintaining supplies, coordinating travel arrangements, registering participants for NASLEF conferences and updating the NASLEF membership directory. She can be reached at 510-444-7870, or at [DSmith@merrittcap.org](mailto:DSmith@merrittcap.org).

## NASLEF

National Association of State & Local  
Equity Funds  
c/o Merritt Community Capital Corp.  
Julie Sonntag Newquist, Administrator  
1736 Franklin Street, #600  
Oakland, CA 94612  
(510) 986-1350  
(510) 986-1353 (fax)  
[www.NASLEF.org](http://www.NASLEF.org)

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Michigan Capital Fund for Housing

## NATIONAL ASSOCIATION OF STATE AND LOCAL EQUITY FUNDS

c/o Merritt Community Capital Corporation  
1736 Franklin Street, Suite 600  
Oakland, CA 94612

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