



# NASLEF NEWS

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

Spring 2002 -- Volume VII, No. 1

## ASSET MANAGEMENT CONFERENCE TO BE HELD APRIL 18-19, 2002



NASLEF's Fourth Annual Asset Management Conference will be held in Portland, Oregon from April 18 - 19, 2002 at the Portland Marriott City Center. The conference is hosted by Homestead Capital and it will be partially underwritten from proceeds from NASLEF's 8th Annual Conference that was cancelled.

A reduced room rate of \$99 per night for single or double occupancy is available at the Portland Marriott. Reservations must be made by March 27, 2002 and you need to indicate that you are attending the NASLEF conference to secure the reduced rate. To register call the Marriott at 1-800-228-9290.

The expanded conference will include Roundtable discussions on Transitioning Projects from Acquisition to Asset Management, Assessing the Capacity of a Property Management Company, Determining Portfolio Watchlists, Managing the Manager, Challenges of Service-Enriched Housing, 8825 Audit Guide, Fair Housing and Year 15 Issues. See page 6 for complete session descriptions.

Registration fee for NASLEF members is \$145 until 3/20/02; after that it is \$160. Non-member registration fee is

\$185 until 3/20/02. The price rises to \$200 for non-members after that date.

Registration information is provided on page 7 of the newsletter. For additional information contact Julie Sonntag Newquist at (510) 986-1350 or e-mail her at [sunday@NASLEF.org](mailto:sunday@NASLEF.org).

## NASLEF EDs CHART FUTURE AT MID-WINTER MEETING

by  
Barney Deasy, NASLEF Treasurer



The NASLEF winter meeting was held in Key West this year, as the Executive Directors and Presidents of 14 state and local equity funds pushed farther south in search of the perfect venue for the annual event. We were not disappointed as the weather and the accommodations were on the mark! The meeting agenda was full due to the cancellation of the annual meeting last September.

The group assembled on Wednesday evening for a kick off dinner at Shula's Restaurant, named for the legendary coach of the Miami Dolphins. The food was great and the

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# DEVELOPMENT *Profile*

## MASSACHUSETTS HOUSING INVESTMENT CORPORATION

### *Florence Chafetz Home*

In November of 2001 construction got underway in Chelsea, Massachusetts, on the Florence Chafetz Home, a 36-bed assisted living facility for Alzheimer's sufferers. The Massachusetts Housing Investment Corporation (MHIC) purchased the low income housing tax credits for \$2,809,058. Twenty-seven of the units will be affordable to residents with incomes below 60% of the area median income. Twenty-two of those will be affordable to residents with incomes below 50% of the area median income, and nine of those residents are expected to be subsidized by SSI-G/GAFC, and will have incomes below \$11,832. SSI-G, Enhanced Supplemental Security Income, is a Massachusetts program that increases the level of SSI to \$986/month for elderly living in assisted living facilities. The remainder of the units will be rented at market rate. This is the first Alzheimer's facility in Massachusetts financed with the 9% tax credit.

The project's sponsor, the Chelsea Jewish Nursing Home, opened a 69-bed traditional assisted living facility, Florence Cohen Levine Estates, in 1996, also with an LIHTC investment from MHIC. That facility is half affordable and half market-rate. The new facility is being built adjacent to the earlier facility, and the two will be connected so that services including food preparation, nursing, daily living activities, and maintenance can be shared.

The idea for adding the Alzheimer's facility came from Barry Berman, Executive Director of the Chelsea Jewish Nursing Home. Mr. Berman is an energetic and passionate advocate for the needs of the elderly, and the growing need for specialized care for residents with Alzheimer's disease indicated the logical next step for his organization. The new facility has been designed with careful thought to providing for the special security needs for these residents, and to create a comfortable and efficient unit that minimizes the stresses often encountered by these residents in carrying out routine daily tasks.

According to Andrea Daskalakis, the MHIC acquisitions officer who handled the transaction, "Barry Berman and his consultants developed a financing plan for the Florence Chafetz Home for Specialized Care that not only reutilized the same subsidy structure of the initial facility, but also capitalized on the human and physical plant resources of



**The Florence Chafetz Home is the first Assisted Living Facility dedicated to the care of Alzheimer's patients in Massachusetts.**

the initial phase to make the new facility feasible. This operating plan also provided the added benefit of improved operating efficiency of the initial phase. While the high level of affordability created the challenge of underwriting an exceedingly high operating ratio, we were able to appropriately mitigate this risk by

obtaining a substantial operating deficit guaranty from the sponsor."

In addition to the financing complexities, the project also had to confront the legal difficulties of joining two separate facilities owned by two different partnerships. The Massachusetts Housing Finance Agency is the first mortgage holder on the earlier facility and its concerns about combining the two facilities, both physically and in terms of service provision, were ultimately assuaged by the sponsor rewriting its operating guaranty for the first facility. The operating deficit guarantee for both facilities is now unlimited for the life of the partnerships. The backstop for this guarantee is the Chelsea Jewish Nursing Home Foundation, which has a long track record of raising

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#### **NASLEF NEWS**

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NASLEF NEWS Editor:	Mark Baldwin, Merritt Community Capital Corporation

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The site of the Florence Chafetz Home (upper right hand corner) is adjacent to the 69-bed Florence Cohen Levine Estates. Both projects were funded by equity investments from the Massachusetts Housing Investment Corporation and sponsored by the Chelsea Jewish Nursing Home.

millions of dollars annually to support its facilities.

Other project financing in addition to the equity syndication, includes a \$500,000 first mortgage from a local credit union, \$1,150,000 in state and local HOME funds, a \$500,000 grant from the Commonwealth of Massachusetts's Housing Innovation Fund, a \$350,000 Elder Care grant from the Commonwealth's Division of Health Care and Policy, an Affordable Housing Program grant of \$400,000 from the Federal Home Loan Bank, (each of these last two is a grant to the sponsor and then loaned by the sponsor to the partnership) and a direct sponsor loan of \$250,000.

Construction on Florence Chafetz Home is expected to be completed in September 2002, and all of the units are expected to be occupied by the end of October 2002.

## EQUITY FUND Updates...



Ohio Capital Corporation for Housing announces that it set a new record in investments for Ohio Equity Fund XI, closing at \$90 million. This amount eclipses OCCH's previous fund (Fund X) by \$20 million. This was achieved by fostering relationships with current investors, rather than securing new investors to the Fund.

OCCH, the Greater Linden Community Development Corporation and the Columbus Metropolitan housing Authority have joined forces to build seven new homes in

the Greater Linden neighborhood, a community in the northeast side of Columbus. OCCH's subsidiary nonprofit corporation, Capital Development Corporation for Housing (CDCH) is spearheading this effort. The three-bedroom, two-bath homes are available for purchase and play a significant role in rebuilding this urban community.

Since 1997, the Ohio Capital Corporation for Housing has provided nonprofit partners of its tax credit developments with grants of up to \$30,000 to support projects to enrich the lives of residents. The Resident Development Fund has awarded 50 grants providing a total of over \$1 million since the beginning of the program. In 2002, OCCH is introducing a mini-grant program for mature projects that have a one-time need that will address a resident identified amenity for their property. The maximum grant amount is \$5,000.



Merritt Community Capital Corporation announces that it has closed its seventh equity partnership, Fund VII, LP with a total of \$29 million in capital. This amount was raised with the assistance of four first-time investors.

They are Washington Mutual Bank, Downey Savings and Loan Association, Westamerica Bank and Silicon Valley Bank.

Through a special arrangement with the publishers of Affordable Housing Finance, (Alexander & Edwards) Merritt Capital has distributed a supply of the company's newest publication, the **Journal of Tax Credit Investing** to all NASLEF members. Members were encouraged to share this publication with their own investors. Merritt still has a limited supply of the premiere issue, so if you would like a few extra copies, please contact Mark Baldwin at (510) 444-7870. Subscriptions to the Journal are free. To subscribe directly call (800) 989-7255 extension 320. For more information visit the publisher's web site at [www.housingfinance.com](http://www.housingfinance.com).



# MID-WINTER MEETING

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stories were tall. After cigars and cognac, it was off to bed and last minute preparations for the Thursday agenda.

Association President Deborah Saweuyer-Parks opened Thursday's meeting at 8:30 sharp. We began with a quick personal update from each member. Saweuyer-Parks and NASLEF Administrator Julie Sonntag Newquist briefed the group on the status of the Asset Management Conference to be held in April in Portland, Oregon. John Anton and Karen Dresser presented information on the annual meeting to be held in September in Cincinnati and Treasurer Barney Deasy reported on the financial condition of the Association. Tim Barry provided an update on the Tax Credit Manager database system. The group had an extensive discussion on the status of the NASLEF web site and concurred to allocate money to hire a web consultant to redesign the home page and implement specific enhancements to the web site. Julie Sonntag Newquist will take the lead in developing a scope of services and cost estimate for a range of potential enhancements. The group also approved the formation of a Federal Advocacy Committee under the Chairmanship of Joe Selzer of New Jersey. Mark McDaniel of Michigan will explore the potential for a NASLEF Warehouse Line-of-Credit with the National Methodist Endowment Fund.

Following lunch, members reviewed their operations for the group. Generally, all members indicated a consistent approach to deal structure, current market yields and pricing. Two funds that are expanding operations into neighboring states announced name changes. Oregon Corporation for Affordable Housing changed its name to Homestead Capital. The Equity Fund of Nebraska will now be known as the Midwest Housing Equity Group with operations in Iowa, Kansas and Nebraska. Several funds indicated that they had retained consultants to review specific aspects of their internal operations. Specifically, John Mackey of Ziner, Kennedy & Lehan had been retained to review due diligence procedures and others were secured to analyze upper tier fund models. After each Fund brought the group up to date, we adjourned for a quick swim, a peek at the famous Key West sunset and dinner.

On Friday, we began with a report from the St. Louis Equity Fund and Merritt Capital on the new Bank of America-ESIC investor team. Tim Barry plans to meet with BofA staff in Washington to suggest improvements in the process. Also, the group decided to arrange a meeting in the Washington D.C. area in May to receive a detailed briefing on the New Markets Tax Credit program, conduct our annual meeting with Fannie Mae and Freddie Mac and meet with representatives of the National Council of State Housing Agencies. There is a growing concern with the rapid expansion of the "Compliance" industry and it was

*continued in next column*

determined that we need to review with NCSHA staff the growing use of forms and reports now "required" by state allocating agencies.

Tim Barry also walked us through a doomsday scenario that St. Louis uses to analyze the impact on asset management operations assuming no new incoming equity. While such a worst-case scenario is unlikely, most Funds include a similar analysis as a part of their annual budget review to stress test the long-term viability of each organization. Joe Henefield of Massachusetts covered modifications to the NASLEF "Best Practices" for Asset Management and Compliance. Sonntag Newquist reported on a Human Resources - Compensation study proposal from Ernst & Young. Members also expressed interest in the potential for a NASLEF- Fannie Mae deal. We all agreed to review an LLC structure with the hope that we could agree on a standard set of investor documents for Fannie Mae that would greatly simplify our process and bring Fannie Mae into each Fund on an accelerated basis.

The final order of business was the location of next year's meeting with San Diego getting the nod. Also, the NCSHA tax credit conference will be held in San Francisco in June and the 2003 NASLEF annual meeting will be held in Oakland.



## CINCINNATI BECKONS

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.

A committee to plan the conference's agenda is in the initial stages of formation. To suggest a topic or to provide any other suggestions please contact John Anton, NASLEF Vice President and Conference Chair at (207) 772-8255, [johna@maine.rr.com](mailto:johna@maine.rr.com), or Julie Sonntag Newquist, NASLEF Administrator at (510) 986-1350, [sunday@NASLEF.org](mailto:sunday@NASLEF.org).



## Board President's Report

by

***Deborah Saweuyer-Parks***

The first quarter of the year usually brings out the "best" in each NASLEF member. For many Funds, these are trying times given the massive invasion of auditors. Yet, the performance of our Funds and assets under management are critical to our on-going success, so who are we to scoff...let's get those good results and report this information to our investors.

The one thing that the collapse of Enron has done is force all syndicators to focus more on adequate and substantive financial reporting. Our industry has not had to worry about partnership accounting methodology and other matters in the past, but this is a new day. We will all have to bear the burden of increased scrutiny going forward. There is a silver lining for this auditing inconvenience. NASLEF members have always taken our Funds and the business of running them seriously. We are well prepared for renewed attention to our accounting practices. Let's march forward and not dwell on last year's adverse economic conditions or the business practices that have resulted in cries for accounting reform. Let's just continue to embrace the spirit and intention of Section 42 and let our affordable housing impact on communities large and small reflect our capacity.

The second quarter of this year focuses on yet another critical component of our business—Asset Management. Homestead Capital will host the Fourth Annual Conference in Portland, Oregon. As NASLEF members grow portfolios and expand into new markets, compliance and asset management issues require skillful and competent attention. Kudos to those staff members who have put together an excellent agenda and we, here in Oregon, look forward to a gathering of industry peers. What a great way to share or impart information and explore issues that affect each Fund and their properties. So do plan to attend.

These are dynamic times for our industry and association. Let's remember that NASLEF was started because of our unique position in the market and commitment to the real intent of the credit. Many of us are challenged by the large for-profit syndicators who look only to buy product, but NASLEF's special niche is our commitment to communi-

ties within which our projects reside and especially to those who call these places home. For me, the resolve is to remain focused on the prize, and to exhibit excellence in all phases of the business. I have to trust that our collective results will speak volumes to our stakeholders.

A final note...Congratulations to Edwina Carrington, the new Director of the Texas Department of Housing and Community Affairs. We wish you well. You will be missed.

## TAX CREDIT MANAGER DATABASE UPDATE

Tax Credit Manager ("TCM"), a Housing Tax Credit Database, now has six NASLEF licensees/users in the system. They are the Equity Fund of Nebraska, Merritt Community Capital Corporation, Michigan Capital Fund for Housing, St. Louis Equity Fund, Inc., Texas Housing Finance Corporation and the Virginia Community Development Corporation.

In 2001, several modifications were made to TCM at no additional cost to licensees. These modifications include the ability to see year-to-date information while entering a status report and the ability to track mortgage information (per AHIC criteria). They also include the ability to track all reserve information, significant changes in printed status reports and the added ability to track money in a Fund (Investor Commitment, Project Commitment, Administrative Costs, Remainder in Fund to Invest).

The TCM administrator is now in the process of collecting suggestions for the first set of modifications in 2002. Examples of suggestions made include expanding the project insurance information, adding a project/general partner "notes" field, expanding general partner user capacity, and adding a Section 42 Compliance tracking and document retention module. These potential changes have not been priced and have not yet been brought to Tax Credit Manager users for approval.

As of June 1, 2002, the price to become a licensee of Tax Credit Manager will be \$25,000. If you have any questions about Tax Credit Manager, please call Suzanne Furay or John Kennedy at the St. Louis Equity Fund, Inc., at (314) 436-7810.

### **NASLEF**

**National Association of State & Local  
Equity Funds**

**c/o Merritt Community Capital Corp.**

**Julie Sonntag Newquist, Administrator**

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## NASLEF PEOPLE

Ohio Capital Corporation for Housing reports that **John Kircher** has been promoted to the newly created position of Development Director. **Kelly Joe Marks** has left her full-time position at OCCH in order to start her own company, KJM Public Relations, but will continue to consult with OCCH for public relations needs. **Kelly Boyer** has joined Ohio Capital as an Asset Manager. She has more than 10 years experience in the area of nonprofit management and operations, most recently working with the Franklin County Department of Jobs and Family Services. **Brian Langmeyer** joined OCCH as Vice President of Development after working for almost nine years for Bank One, most recently at Banc One Community Development Corporation. **Ryan Landi** joins the development staff in the position of Program Support. He came to OCCH from the Ohio Department of Development Office of Housing and Community Partnerships. **William Shelby** is a new staff accountant in the Operations Department. He previously worked at National Church Residences as a Financial Manager. **Rhonda VanHouten** is OCCH's new receptionist. She worked for five years at Voca Corporation.

The Equity Fund of Nebraska announces that **Laurie Stephenson** was promoted to the position of Compliance Manager and **Mary Lash** was promoted to the position of Director of Compliance. Mary, who became engaged at last year's NASLEF Asset Management Conference in Boston, was married February 23, 2002. Congratulations. **Shellie Vandeman** was hired by EFN as a Compliance Assistant/Database Manager and **Cathy Smith** was hired as Financial Specialist.

Carle, Mackie, Power & Ross reports that it has hired **David Cohen** as an Associate at their law firm. Cohen has four years of affordable housing experience at Holleb and Coff in Chicago, where he represented investors and developers.

## Asset Management Conference Roundtable Descriptions

**Acquisition to Asset Management:** A review of various Fund practices regarding the interaction and information exchange between the acquisition and asset management functions. It will cover procedures in place for communication between these functions regarding pre-approval, post-approval and project completion.

**Assessing Property Management Firms:** A description of how Funds evaluate property management firms for specific project applications.

**Financial Review - Watch Lists and Workouts:** A discussion of how financial reporting and review helps Funds to monitor overall portfolio health. Fund representatives will address how and if their collection methods adequately answer the questions regarding portfolio management.

**Managing the Manager:** A discussion of the education process used by Funds to ensure the property manager/management company understand the Fund tenant qualification and reporting requirements as well as physical asset management.

**Challenges of Service Enriched Housing:** A discussion of issues involved in monitoring service enriched housing. It will discuss the definition of service enriched housing, housing for general and special needs populations and assisted living facilities.

**Fair Housing:** A discussion of protected classes, reasonable accommodations, design considerations, steering, Section 504 and elderly housing versus family housing.

**Audit Guide Overview:** A discussion with the IRS about its 8823 Audit Guide and its impact on Asset Management Best Practices.

**Defensible Space:** Information on how Funds can help existing properties overcome problems related to crime issues through services, design and cooperation with local public safety agencies.

**Year 15 Issues:** A discussion of exit strategies, capital needs assessments, reserve funds and an assessment of current situations versus LP expectations.

**Current Risk Trends:** A session covering risk trends within the industry including utility cost allowances, private water quality testing costs, and determining the appropriate criteria for coverage and new requirements for insuring projects.

# NASLEF'S 2002 ASSET MANAGEMENT CONFERENCE

**April 18 -19, 2002**

**Portland Marriott City Center**  
 520 SW Broadway  
 Portland, OR 97205  
 1-800-228-9290  
 1-503-226-6300

**Transportation**

**Gray Line Airport Express**  
 \$15/person from airport  
 (cash or travelers checks only)  
 plus \$10 off coupon for re-  
 turn trip. Pickup is outside  
 with other public transit.

**Light Rail**

\$2/person each way. Airport  
 to Pioneer Square on the Max  
 Red Line, then two blocks to  
 hotel.



**Portland, Oregon**

**Roundtable Topics**

- \* Acquisition to Asset Management
- \* Assessing Property Management Firms
- \* Watch Lists & Workouts
- \* Managing the Manager
- \* Challenges of Service Enriched Housing
- \* Fair Housing
- \* Audit Guide Overview
- \* Defensible Space
- \* Year 15 Issues
- \* Current Risk Trends

**Hosted by Homestead Capital**

**See preceding page for a more detailed description**

## NASLEF ASSET MANAGEMENT CONFERENCE REGISTRATION FORM

Name: \_\_\_\_\_  
 Organization: \_\_\_\_\_  
 Street Address: \_\_\_\_\_ City: \_\_\_\_\_  
 State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ Telephone: \_\_\_\_\_  
 Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_

**Registration Fees**

<b>Payment Postmarked:</b>	<b>By 3/20</b>	<b>After 3/20</b>
NASLEF Member	____ \$145	____ \$160
Non-Member	____ \$185	____ \$200

\*In order to qualify for Early Registration, the form(s) and full payment must be postmarked by March 20, 2002.

Make checks payable to **NASLEF**. No credit cards accepted. There is no refund for cancellation.

Return Registration Form To:

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

**Roundtable Sessions Attending**

(Please Indicate)

Acquisition to Asset Mgt	_____
Property Mgmt Assess	_____
Financial Review	_____
Managing the Manager	_____
Service-Enriched Housing	_____
Fair Housing	_____
Audit Guide	_____
Defensible Space	_____
Year 15 Issues	_____
Current Risk Trends	_____

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## NATIONAL ASSOCIATION OF STATE AND LOCAL EQUITY FUNDS

c/o Merritt Community Capital Corporation  
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