



NASLEF NEWS

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

Winter 2001 -- Volume VI, No. 1



NASLEF'S 8TH ANNUAL CONFERENCE TO BE HELD AT CLAREMONT RESORT IN OAKLAND, CALIFORNIA

The National Association of State and Local Equity Fund's Eighth Annual Conference will be held September 12 - 14, 2001, in Oakland, California at The Claremont Resort & Spa in the Oakland/Berkeley Hills.

As the host for NASLEF's Annual Conference, Merritt Community Capital Corporation has negotiated a reduced room rate at The Claremont. You must make reservations by August 10, 2001 in order to receive the special rate of \$195 per night for single/double occupancy for a standard room, or \$210 per night single/double for a superior room. Room rates are net, noncommissionable and subject to all applicable state and local taxes.

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MHIC TO HOST ASSET MANAGEMENT CONFERENCE IN BOSTON

The Massachusetts Housing Investment Corporation is hosting NASLEF's Third Annual Asset Management Conference from April 26 -27, 2001 at the Wyndham Boston Hotel. Reservations must be made by March 23, 2001, and you must mention that you are attending the NASLEF conference in order to receive the special room rate of \$229 per night for single/double occupancy. Room rates are net, noncommissionable and subject to all applicable state and local taxes.

To register for the Asset Management Conference, fill out the form on page 7 and return it to the NASLEF Administrative office by March 16, 2001.

To make your room reservation contact the Wyndham Boston Hotel by calling (617) 556-0006. The hotel's mailing address is 89 Broad Street, Boston, MA 02110, and its Internet website is www.wyndham.com/Boston.

If you are interested in participating on the Asset Management Conference Planning Committee, please contact Julie Sonntag, the NASLEF Administrator at (510) 986-1350, or e-mail her at sunday@NASLEF.org.

see conference registration form on page 7

DEVELOPMENT *Profile*

MAINE/NEW HAMPSHIRE HOUSING INVESTMENT FUNDS

Norton Street Neighborhood Revitalization, South Berwick, Maine



Before and after photos of the Maine/New Hampshire Housing Fund's Norton Street Revitalization project building at 50 Norton Street.

Settled in 1630, South Berwick, Maine is a town of 7,000 people with a long history as a self-sufficient manufacturing community. Located 15 miles upstream from the nearby seaport of Portsmouth, New Hampshire, many folks were once employed in local mills that relied on the Salmon Falls River as a source of power. Like so many mill towns in northern New England, South Berwick had experienced significant decline during the twentieth century as the mills closed.

In recent years, South Berwick has shared indirectly in the economic boom along the Seacoast region of Maine and New Hampshire by becoming a bedroom community for Portsmouth, Portland, Maine and even Boston, as illustrated by the town's population growth of 50% over the last twenty years.

But South Berwick remains a community with strong ties to its past as a mill town. No place illustrates this better than Norton Street, located one block from Main Street in the center of town. Norton Street is dominated by the former Duchess Mill, a three-story vacant brick shoe mill. The remainder of the street is characterized by four- and six-unit wood-frame apartment buildings that had been built as mill worker housing. Much of this housing stock was in substandard condition, vacant or occupied by tenants engaged in illicit activity.

In 1995, the Town of South Berwick began the transformation of Norton Street by acquiring the seven-acre site of the former Duchess Mill and constructing a Community Center on the site, which also includes the Fire Station, Rescue Services, and elderly services program serving the

entire Village of South Berwick.

In 1997, The Housing Partnership (THP), a local non-profit community development corporation that already owned one building on Norton St., proposed to rehabilitate the remaining substandard housing stock on the street. With the Maine/New Hampshire Housing Investment Fund providing encouragement and timely Technical

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Before and after photos of 40 Norton Street
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Assistance, THP formed Norton Street Neighborhood Revitalization Limited Partnership to complete the turnaround. Four buildings totaling 16 units were acquired and renovated. The development plan called for the four existing buildings to be stripped down to the studs and rebuilt, and a four-unit townhouse building to be constructed on a vacant lot adjacent to two of the rehabilitated buildings.

Working closely with the Maine/New Hampshire Housing Investment Fund, THP cobbled together the myriad financing sources needed to secure an allocation of tax credits in 1999 and make the project a reality. A \$40,000 predevelopment loan from Maine State Housing Authority got the ball rolling. Fleet Bank quickly stepped up to act as the construction lender and sponsor of the project's Federal Home Loan Bank of Boston Affordable Housing Program application. Final project funding included tax credit equity from the Maine/New Hampshire Housing Investment Fund, state subsidy dollars from Maine State Housing Authority, Affordable Housing Program (AHP) funds from the Federal Home Loan Bank of Boston and a first mortgage from the Maine Community Reinvestment Corporation, a 13-bank statewide loan consortium.

As demolition got underway, unanticipated structural problems were discovered in two of the four buildings, and one ended up being fully rebuilt. Despite these construction issues, the project was completed on time and on budget through the creative and cooperative efforts of the contractor, the architect and the technical services department of Maine State Housing Authority. All 20 units were leased prior to construction completion and the development was fully occupied within a month of completion. Rents for the units are for the most part equal to or lower than the rents charged by the previous owners of the properties when they had been slum dwellings.

Like many targeted neighborhood revitalization projects, The Housing Partnership's work has inspired its neighbors. Many have taken it upon themselves to make improvements to their own homes.

The most impressive "spillover" effect of the Norton Street project has been the historic renovation of the long vacant Duchess Mill by a for-profit into 48 market-rate apartments. These new units are another step to alleviate the housing crises in the Seacoast region, where virtually no new apartments had been added to the supply in the past fifteen years.



The Housing Partnership

The Housing Partnership started as an outgrowth of the Affordable Housing Task Force sponsored by the Seacoast United Way. Since its incorporation in 1988, The Housing Partnership has purchased and rehabilitated or newly constructed twenty-two multifamily properties containing 224 units of rental housing.

To fulfill its mission, The Housing Partnership engages in a wide range of activities including, but not limited to:

- Development and management of multifamily rental housing
- Neighborhood revitalization
- Asset management
- Homeownership education and counseling
- Resident support and empowerment
- Information and referral on housing related questions
- Collaboration with social service agencies or special interest groups (e.g. artist housing, employer assisted housing) to house special populations. Currently provide Transitional Housing for Homeless Families Program (12 units) and housing for people with HIV/AIDS (4 units).
- Technical assistance and support to the nonprofit housing community
- Advocacy and public education to promote public policy supporting affordable housing

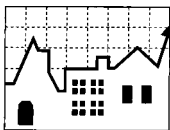
Special Thanks to Nancy Bennett (MHIF) for submitting the profile on the Norton Street project and the information on The Housing Partnership.

EQUITY FUND Updates...



At the end of December 2000, Ohio Capital Corporation for Housing closed Ohio Equity Fund for Housing X, with \$70 million of investor equity. The fund is the largest that OCCH has closed during its past 11 years.

OCCH partnered with the Ohio Housing Finance Agency for the second joint Housing Conference in November, 2000. The two-day conference attracted over 600 participants from Ohio and nationwide. Keynote speakers included Charles Edson from Nixon Peabody, LLC., and former Indianapolis Mayor William Hudnut. The conference highlight included opening remarks from Ohio Governor Bob Taft. During his remarks, Governor Taft presented OCCH President Hal Keller with the first ever Governor's Award for Excellence in Affordable Housing.



Michigan Capital Fund for HOUSING

President, had the special honor of introducing Captain Alan Bean, Apollo 12 astronaut, and fourth man in history to walk on the moon.

Michigan Capital Fund is proud to serve as the Platinum Sponsor for the 2001 Michigan Conference on Affordable Housing for the second consecutive year. The conference, which will be held on April 30-May 2, 2001 in Lansing, is one of the top conferences in the Midwest that addresses affordable housing and community economic development issues. The Capital Fund's \$10,000 sponsorship will provide scholarships and educational assistance to non-profit organizations attending the conference. With over 950 participants in attendance at last year's conference, projections for this year are estimated at 1,200 attendees.

Michigan Capital Fund, in conjunction with Enterprise Mortgage Investments, will host a series of winter meetings in February for developers, contractors, and other professionals interested in creating affordable housing. The schedule of events is as follows: February 20th, dinner meeting in Grand Rapids; and February 21st, luncheon meeting in Lansing and hors d'oeuvre reception in Detroit.

Michigan Capital Fund for Housing cosponsored a Tax Credit Workshop with Boston Capital on February 5, 2001

in Lansing, Michigan. Participants learned the tax credit development process using the Case Study method, as well as financing and syndication basics. An optional session, Tax Credits 101, was scheduled prior to the workshop which provided participants with the basics of how the Low Income Housing Tax Credit program works. MCFH has conducted this workshop twice a year before each tax credit application deadline for the past four years.

All proceeds were donated to Loaves and Fishes Ministries of Lansing, a local nonprofit, and were matched by the Capital Fund.

On November 12-15, 2000, the Enterprise Foundation held its 19th Annual Conference in Atlanta, Georgia at the Atlanta Hilton and Towers. More than 1600 practitioners dedicated to the advancement of low-income housing programs and community development were in attendance. MCFH, along with the Enterprise Social Investment Corporation (ESIC), sponsored 11 organizations from Michigan, Indiana, Wisconsin, and Minnesota.

Methodist Loan Program

In early December 2000, MCFH, in partnership with the General Board of Pension and Health Benefits of the United Methodist Church, initiated a commercial mortgage origination program which will provide for affordable housing and community development. The minimum loan size will be \$200,000 and the maximum loan size will be no greater than \$2 million, with no three loans totaling more than \$5 million to one organization to minimize credit risk. All loans will be certified by MCFH on a quarterly basis.

Loans will be acceptable under the following guidelines:

- (1) Investments that support low and moderate income housing are to be structured as follows:

Housing of this kind must meet the government criteria for Community Development Block Grant (CDBG) programs, which requires 70% of residents to have income no higher than 80% of the area median income.

The housing must fill a special purpose need, such as single-room occupancy, transitional housing, abuse recovery or senior housing.

- (2) Investments that support economic and community development should clearly demonstrate investment in underserved neighborhoods as part of a recognized effort to redevelop and revitalize communities through investments in retail, commercial and industrial facilities, education and job training programs, or child and senior care facilities.

NASLEF'S 8TH ANNUAL CONFERENCE

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To make reservations, contact the Claremont Resort and Spa at:

Claremont Resort and Spa
41 Tunnel Road
Berkeley, CA 94705
(510) 443-3000

The Thursday evening special event will be a family style dinner in the North Beach area of San Francisco followed by the zany musical spoof of pop culture, Beach Blanket Babylon, at Club Fugazi. The show boasts extravagant costumes, outrageously huge hats, and 25 years of sold-out performances.



NASLEF PEOPLE...

The Michigan Capital Fund for Housing announces three new appointments. **Rose Ourlian** is the Development Assistant for MCFH's Detroit office. She holds a Masters degree in Urban Planning and a Bachelor of Arts degree in Economics,

both from the University of Michigan. Prior to coming to the Fund, Ourlian worked as a Grant Review Consultant for the McGregor Fund and for the Community Foundation for Southeastern Michigan, and as a Program Manager for the Detroit Community Development Funders' Collaborative. **Donald J. Klump** joined MCFH as an Asset Manager. He has extensive experience in customer relations, account maintenance and servicing, auditing, and loan contract acquisition. Prior to coming to the Fund, Klump worked as a Senior Customer Service Representative. He holds a Bachelor's degree in Business Administration from Central Michigan University and an Associate of Arts degree from Delta College. **William H. Doxie, Jr.** has been named as the new Development Coordinator for the MCFH Lansing office. He has experience in underwriting, debt calculation and asset management, having previously worked as a financial analyst for a development company in Ann Arbor and for Comerica Bank in Detroit. In addition, he worked as a credit underwriter for a Michigan-based mortgage company. Doxie has a Master's and Bachelor's degree in Business Administration from Eastern Michigan University.

The Ohio Capital Corporation for Housing welcomed several new members to its permanent staff. They are **Bobby Thompson**, Construction Manger; **Mary Rogers**, Program Specialist; **Lori Tillis**, Asset Manager; **George Mattei**, Program Support; **Roberta Weirather**, Receptionist.

The Oregon Corporation for Affordable Housing reports that **Rick Thornton** joined their organization as Vice President of Finance and Accounting in November 2000. Thornton has over 13 years of experience as a financial officer in the commercial real estate and property management business. At OCAH, he is responsible for general financial management, and specifically for financial reporting, accounting, cash management, staff supervision and budgeting for the business unit and upper and lower tier partnerships for Section 42 housing projects. Thornton also served as vice president and controller or assistant controller for both US Bancorp and the Bank of Oregon. Mr. Thornton received his CPA certification while working with Touche Ross. He is a member of the American Institute of CPA's, and the Oregon Society of CPA's. Thorton holds a B.S. degree in Business Administration from Portland State University.

Merritt Community Capital Corporation reports that **Kristy Ball** was recently appointed as Program Assistant in the Asset Management & Acquisitions departments.



BOARD PRESIDENT'S REPORT

by
Mark McDaniel

Boy, what a great way to start the real new century!! The passage of the cap increases for the Low Income Housing Tax Credit and state bonding levels. If that wasn't exciting enough for those in our field Congress added in important changes to the Sec. 42 regulations that will allow more effective use of the credit program. Then came the whip cream and cherry, the New Markets Program, the vehicle that was driven to get these increases through. We had all but given up the chance to see these initiatives pass after the crazy election process. But with housing interest organizations like NCSHA and many others including our members bulldogging this right up to the eleventh hour, we were met with a surprising success.

There are many possible opportunities for NASLEF members to become involved in the New Markets Tax Credit program. The Michigan Capital Fund for Housing expects to apply for our CDE status through the CDFI program to utilize this new tool. We are all trying to figure out the market for this program and what investors might be drawn to it. But there are very few existing groups better suited to participate in this program than NASLEF members. Most of us need to look at ourselves as being more than affordable housing investors and realize we really are maturing into a major financial resource for community and economic development in our states. We should not be getting complacent and rely on the housing tax credit as our only program to offer. If we do, the future will be bleak for those members that don't grow and diversify into wider areas of financial services. Our organizations are in the best position of any in the country to make an effective difference in the revitalization of our communities. Not only revitalization, but also we can truly make a difference in the lives of the poor and people with special needs.

As our advertisement in the *Affordable Housing Finance* magazine points out NASLEF members are different than others in this business. We are LOCAL. We are right in the BACKYARD of the people that need our services. Most of our staffs were born and grew up in the state that each of our organizations serves. We know the markets, the local politics, the lenders, the builders, and the community based



You won't have to look very far to find us. The National Association of State and Local Equity Funds (NASLEF) is easily within reach, firmly established in 19 states.

As a national consortium of equity funds, our members are experienced in working with tax credit developers, providing you with debt and equity financing, asset management, and technical assistance for your affordable housing developments.

NASLEF members--providing local levels of expertise across the country. That's what we're all about.

www.NASLEF.org  510-986-1350

Active Members

Atlanta Neighborhood Development Corporation
Chicago Equity Fund, Inc./Illinois Equity Fund
Delaware Community Investment Corporation
Equity Fund of Nebraska, Inc.
Garden State Affordable Housing, Inc.
Hawaii Investors for Affordable Housing
Housing Vermont
Maine/New Hampshire Housing Investment Fund
Massachusetts Housing Investment Corporation
Merritt Community Capital Corporation
Michigan Capital Fund for Housing
Ohio Capital Corporation for Housing
Oregon Corporation for Affordable Housing
St. Louis Equity Fund, Inc.
Texas Housing Finance Corporation
Virginia Community Development Corporation

organizations because we are living with them everyday. NASLEF and its members need to highlight the unique position we hold in representing the best interests of our investors, our developers, and ultimately the residents of the developments and communities we support.

The more we mature, the prouder we should be for what we have all accomplished in a very short time. We are local, in your backyard, and have a lot of heart. Best wishes for this exciting New Year.

LIHTC & Bond Legislative Summary

- * Increases LIHTC funding to \$1.50 per capita in 2001 and \$1.75 per capita in 2002.
- * Provides a minimum of \$2 million in annual LIHTC funding in states with small populations.
- * Raises limits for state tax-exempt private activity bonds to the greater of \$62.50 per resident or \$187 million in 2001 and \$75 per resident or \$225 million in 2002.

NASLEF'S 2001 ASSET MANAGEMENT CONFERENCE

April 26 - 27, 2001
Wyndham Boston Hotel
Boston, MA

Roundtable Session
Topics will include:

Fair Housing Act

Investor/Partner Reporting

Acquisition/Rehabilitation Projects

Property Management - Evaluation and Selection



Section 42 Compliance-Problems, Trends and New Regulations

Project Workouts and General Partner Replacements

Section 42 Compliance-Tax and Audit Perspective

Asset Management Departments

Establishing and Maintaining Database Information

Hosted by Massachusetts Housing Investment Corporation & Maine/New Hampshire Housing Investment Fund

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Complete one registration form for each attendee. Please copy as needed for additional participants

Name: _____
Organization: _____
Street Address: _____
City: _____ State: _____
Zip: _____ Phone: _____
Fax: _____ E-Mail: _____

Hotel Reservations

Reservations must be made by March 23, 2001, and you must mention that you are attending the NASLEF conference in order to receive the special room rate of \$229 per night for single/double occupancy. Room rates are net, noncommissionable and subject to all applicable state and local taxes.

For more information, please check the News & Events section of the NASLEF website at: www.NASLEF.org

REGISTRATION FEES

Payment postmarked by March 16, 2001
[] \$145 - NASLEF Member

After March 16, 2001
[] \$160 - NASLEF Member

Spouse/Guest Dinner Only in Boston's North End at [] \$40

In order to qualify for early registration, the form(s) and full payment must be postmarked by March 16, 2001. Make checks payable to NASLEF. No credit cards accepted. There is no refund for cancellation.

RETURN REGISTRATION FORM(S) TO:

NASLEF

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

For additional information contact Julie Sonntag, NASLEF Administrator at (510) 986-1350, or e-mail her at sunday@NASLEF.org

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Active Members

Atlanta Neighborhood Development Corporation
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Equity Fund of Nebraska, Inc.
Garden State Affordable Housing, Inc.
Hawaii Investors for Affordable Housing
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