

National Affordable Housing Trust (NAHT) is a specialized financial intermediary and consulting firm that provides Low Income Housing Tax Credit (LIHTC) equity, development and asset management consulting services, financial advisory services, and grants and loans for the purpose of developing affordable housing. The organization, which is sponsored by and affiliated with five of the nation's largest non-profit affordable housing owners and developers, is comprised of five "Member" organizations revered as leaders in the creation and preservation of affordable housing. These members include Retirement Housing Foundation, National Church Residences, Volunteers of America, Mercy Housing, and the Evangelical Lutheran Good Samaritan Society. NAHT is a non-profit organization governed by a 10-member board of trustees comprised of representatives from its Members, including the CEOs of four of the Member organizations.

NAHT has created a niche in the affordable housing industry because of its unique relationship with its Members. NAHT members are the only non-profit owners/developers that directly sponsor a "captive" financial intermediary and development consulting firm, with the sole purpose of providing the sponsoring Members with capital and development expertise to support their affordable housing mission.

### NAHT and its Members' Accomplishments



NAHT was founded in 1986 by Retirement Housing Foundation (RHF) and National Church Residences (NCR) with additional financial support from the Ford Foundation. In 1996, Volunteers of America (VOA) became a member, followed by the Evangelical Lutheran Good Samaritan Society in 2006, and Mercy Housing in 2007.

Since its inception, NAHT has assisted in the creation and preservation of over 150 rental housing developments, encompassing more than 13,000 affordable apartments and homes. These properties, located in 36 states, represent approximately \$2 billion of total development costs financed with over \$490 million in LIHTC equity secured from over 14 different investors.

### NAHT's Mission: Creation and Preservation of Affordable Housing

NAHT's mission is to be a reliable source of capital and development expertise for affordable housing. To that end, they have developed and fostered business relationships with numerous commercial banks, insurance companies, and other LIHTC equity investors, and recruited and retained highly skilled individuals throughout the country who are experts in affordable housing.

NAHT stands alone as a LIHTC syndicator, in that a majority of the revenue earned through the placement of LIHTC equity is reinvested directly into its Members' affordable housing development efforts. This reinvestment includes providing consulting services at a deeply discounted rate on a contingent basis, and providing low interest rate loans and charitable grants directly to its Members or

specific housing developments. Since 1999, NAHT has provided over \$5.0 million in direct grants to its Member organizations.

NAHT's work with VOA is an example of how the organization has helped expand VOA's production of affordable housing. Since joining NAHT in 1996, VOA has progressively increased their production and preservation of affordable housing, enabling NAHT to provide VOA with development consulting and equity syndication on 18 affordable housing development properties. In 2007, NAHT originated and commenced project managing the development of a 40-unit supportive housing project in Toledo, Ohio, as well as a 44-unit property in Milford, Delaware. As part of its efforts, NAHT secured over \$9.5 million of LIHTC equity awards for these projects as well as \$4.75 million of "gap" funding.



### NAHT's Strategic Partnership with its Members

NAHT's strategic partnership with its Members has been instrumental in increasing those organizations' production of affordable housing. In addition to providing a consistent source of LIHTC equity and low-cost loans and grants to support affordable housing development, NAHT development and financial consultants provide additional capacity or "bench strength" to each Member's development department. This added value is particularly apparent when the Member's development staff is thinly stretched due to high workloads or employee turnover. In an effort to provide an even greater level of service, in 2001, NAHT began offering "enhanced" development services to its Members, which include seeking and developing new housing opportunities, and managing the development of projects. "Outsourcing" these services to NAHT enables the Members to better leverage their internal development staff resources, by capitalizing on NAHT's limited turnover, stable staff capacity, and breadth of industry expertise and institutional memory.

NAHT's influence on the affordable housing industry extends far beyond employee development, financial expertise, and investment relationships. Working with the Members and other industry organizations, NAHT has advocated for and influenced housing policy at federal, state, and local levels. Examples of such influence include the recently enacted HR. 3221, input into various State LIHTC "Qualified Allocation Plans," and the creation of the City of Columbus Affordable Housing Trust Fund.

### LIHTC Equity Investors

As part of its mission, NAHT ensures ready access to equity – even in difficult markets -- for its Members' affordable housing development projects by securing LIHTC equity from a variety of institutional investors and collaborating with other non-profit syndicators who recognize both the quality of Members' developments and their financial strength. NAHT has been successful in balancing low cost capital and flexible terms with investors' needs to protect as well as earn a satisfactory return on their investments. By facilitating equity capital from institutional investors, while ensuring regulatory

and compliance requirements by the Member, NAHT has struck a unique balance that is mutually beneficial for both developer and investor. Furthermore, NAHT prides itself on employing creative problem solving, proactive thinking, and strong customer service, thereby garnering confidence from its investors and development partners.

In an increasingly risk-adverse investment market, NAHT is responding to investors' changing needs by creating tailor-made choices for investing in affordable housing with single-investor proprietary funds and multi-investor funds. The former gives the investor complete discretion over which projects an investment is made, while the latter gives the investor less exposure to any one property. NAHT's investor funds are benefiting by the "flight to quality" in the LIHTC market that began in 2008.

NAHT's first institutional fund included four investors: Eli Lilly, USAA Insurance, Kansas City Power & Light, and Duquesne Power & Light. Since this initial fund, an additional 23 funds have been established, and include equity placed with Washington Mutual, Wells Fargo, Fifth Third Bank, Nationwide Insurance, National City Bank, Huntington National Bank, and MassMutual (Babson Capital/CM Life Insurance) and, more recently, JP Morgan Chase, Sun Trust and Comerica. At this time, NAHT is in the midst of closing its 27<sup>th</sup> fund with commitments from Wells Fargo Bank, Comerica Bank and others.

NAHT also has collaborated on equity placements with National Equity Fund and Enterprise Community Investments, and continues to seek partnerships within the investment community that will support the future development efforts.

## Other Partners

In 2006, NAHT and Enterprise Community Investments ("Enterprise") entered into a three-year agreement whereby Enterprise would invest \$1,000,000 in NAHT, for the opportunity to include select NAHT Member properties in their LIHTC investment funds. The result is a mutually beneficial relationship that has provided NAHT with an increase in working capital and an additional outlet for its growing supply of affordable housing equity, while Enterprise gains direct access to the quality affordable housing product produced by NAHT and its Members. Since that time, NAHT and Enterprise also have started to collaborate on other initiatives, including energy conservation and green housing developments.

NAHT also is a member of Stewards of Affordable Housing for the Future (SAHF), a network of eight national nonprofits who provide high quality, affordable rental homes for 80,000 households in 49 states and the District of Columbia. SAHF is a think tank, policy voice, and coordinator for NAHT and its other Members on affordable housing topics, including preservation, strengthening of social enterprise nonprofits so they can expand their impact, energy conservation, and transportation policy.

## Summary

NAHT's partnership with its Members brings the full weight of the combined organizations' expertise and entrepreneurial approach to bear on the task of taking nonprofit housing preservation and development to scale. NAHT's 20 plus years of experience is an example of how a social business enterprise can produce meaningful results through innovation, collaboration and hard work.