

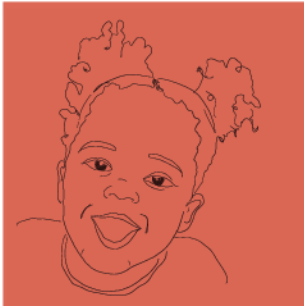
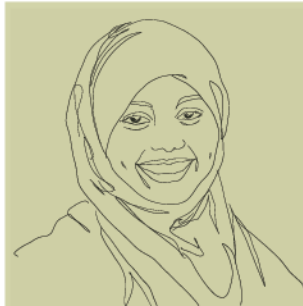
# Naturally Occurring Affordable Housing (NOAH)



**CommonBond**  
COMMUNITIES

Deidre Lal Schmidt  
November 29, 2017

National Housing Conference  
Solutions for  
Affordable Housing 2017



# CommonBond NOAH Case Comparison



## Rainbow Plaza Anoka, MN

- 105 units
- \$9.1m, Freddie & Mercy JP Morgan Chase
- +/- 60% AMI
- Vouchers in great schools (8-10 score)

## Boulder Ridge Apple Valley, MN

- 112 units
- \$18m, FHA & Enterprise Community Loan
- 66% - 77% AMI
- Large family units



## Pine Point Coon Rapids, MN

- 68 units
- \$6.9 m, Freddie & NHT-E
- +/- 60% AMI
- Vouchers in schools w/ strong performance for kids of color



# The Problem



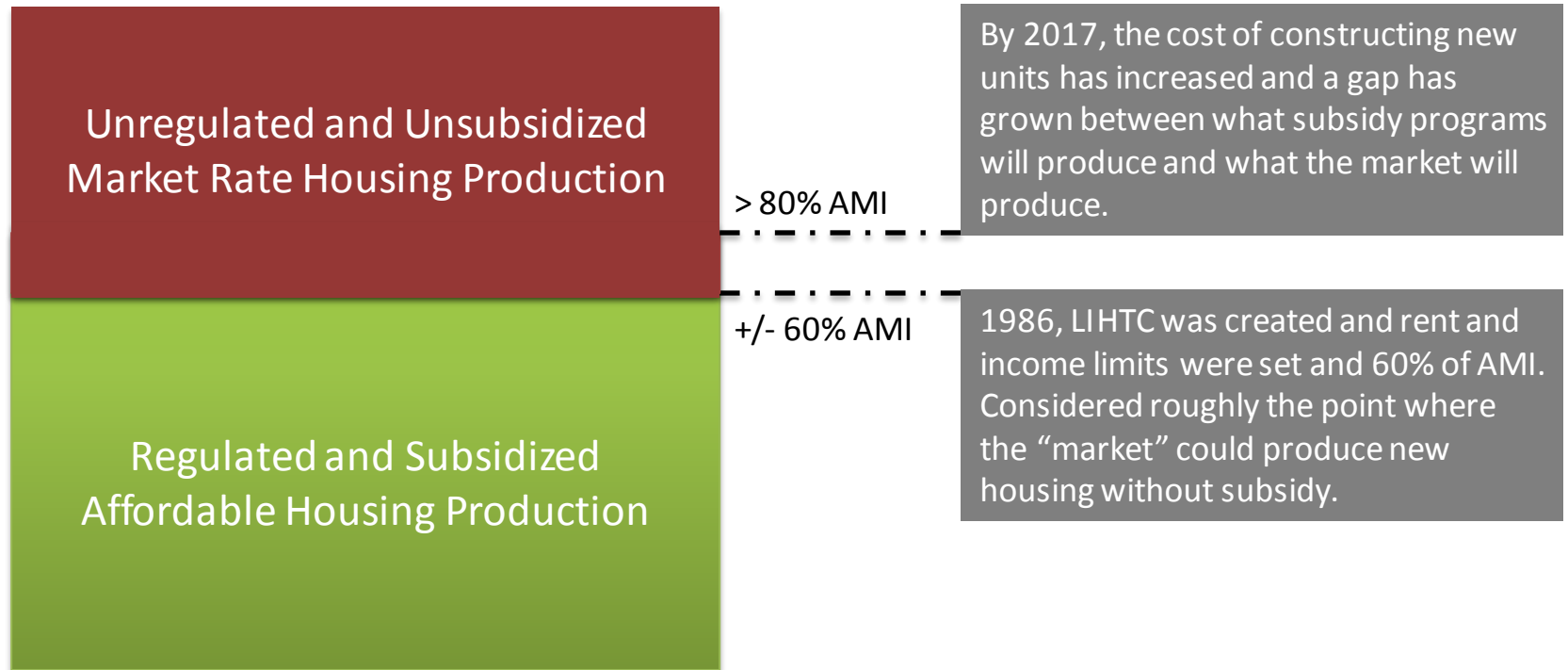
## Housing is Unaffordable for More People

- Demand for rental apartments is increasing at an unprecedented rate
- Supply of workforce housing is aging and shrinking
- High cost of constructing new apartments is driving market rents to skyrocket
- Wages not keeping up with rising housing costs

## *The Perfect Storm:*



# New Production Programs Leave a Gap



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# “The Space Between”

## THE SPACE BETWEEN

Realities and Possibilities in Preserving  
Unsubsidized Affordable Rental Housing



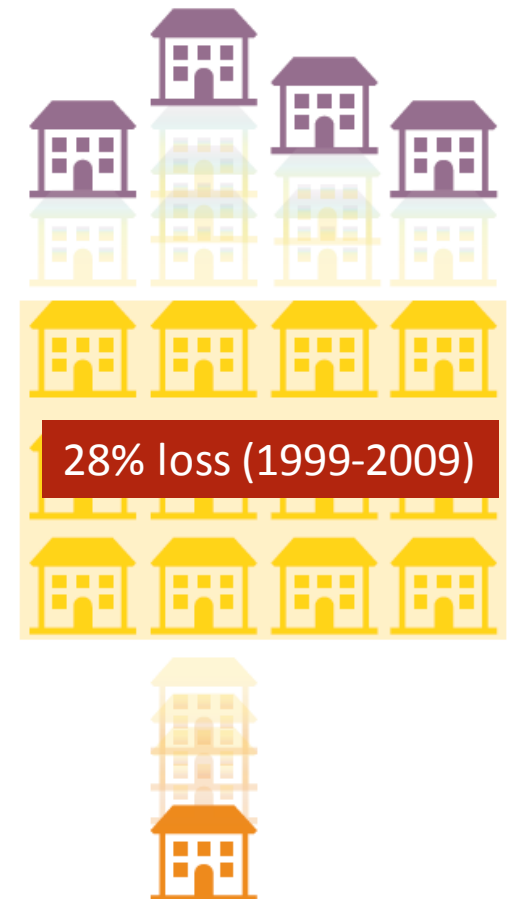
[http://www.fhfund.org/wp-content/uploads/2013/06/Space\\_Between\\_Final\\_June-2013.pdf](http://www.fhfund.org/wp-content/uploads/2013/06/Space_Between_Final_June-2013.pdf)

## The Loss of Affordable Rental Housing

Loss to  
Up-Market

Affordable  
Portion of  
Rental Housing

Loss to  
Deterioration  
& Demolition

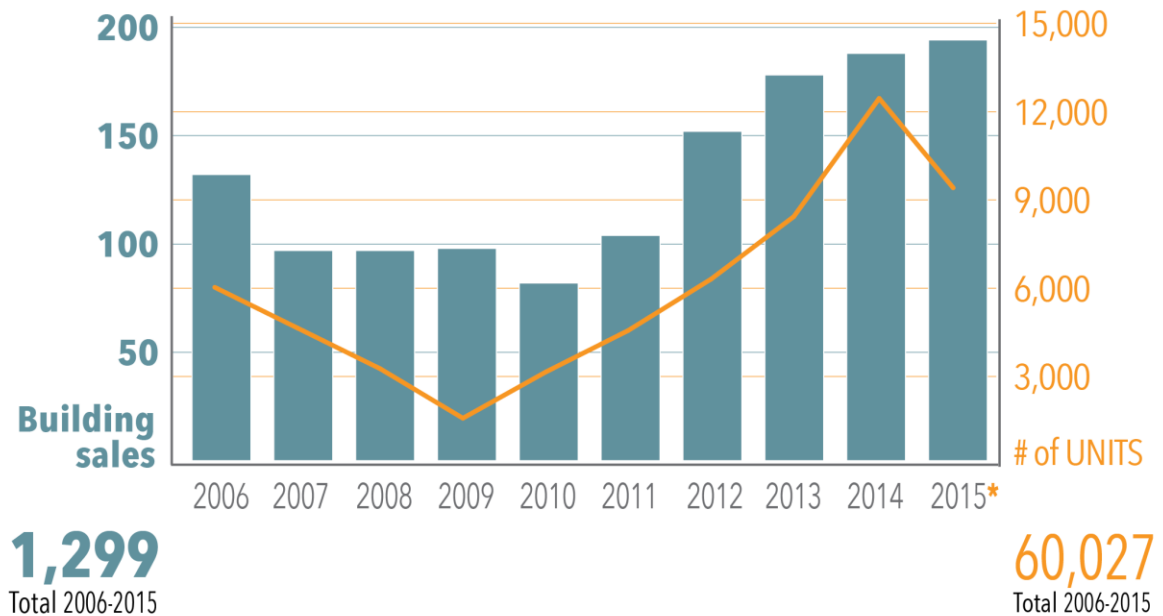


# “Sold Out”



<https://www.mhponline.org/publications/sold-out>

## Number of buildings and units sold per year



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# High Profile Losses



## The Loss of Unregulated Affordable Housing: *A Recent Scenario*

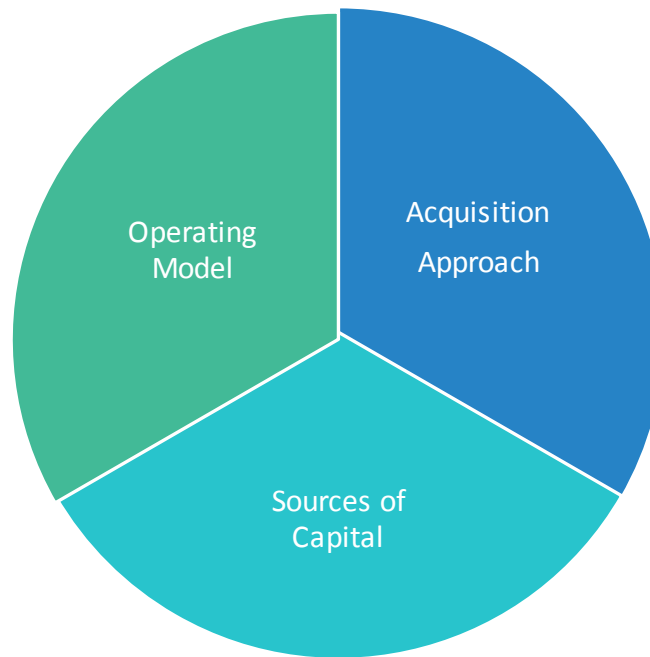
- 698-unit apartment complex in Richfield, MN
- Reasonably priced apartments for 2,300 residents
- 2% vacancy for below-market apartments
- Building was sold and upscaled
- Stopped accepting Section 8 Housing Choice Vouchers
- Raised rents by 40%
- More than 1,000 people displaced



# CommonBond and NOAH

CommonBond has thoughtfully approached unsubsidized affordable rental housing preservation, and built a mission case and a business plan organized around three important factors for success.

Operating this product type will be different than subsidized housing. Understanding and preparing for those differences will help us succeed.



Operating and capital models will deliver results if we are able to acquire properties. We will use networks and creative structures to acquire now and when the market changes.

Purchasing and rehabbing these properties will require the use of different resources, some existing, some that we are developing ourselves.





# Mission-Driven Funding



THE HOUSING GAP IS  
WIDENING...

## YOUR INVESTMENT CAN CLOSE THE GAP.

*Invest in the preservation of affordable  
workforce housing. You'll support our  
economy, our neighborhoods, and our  
diverse cultures through CommonBond  
Communities' Housing Opportunity  
Fund.*

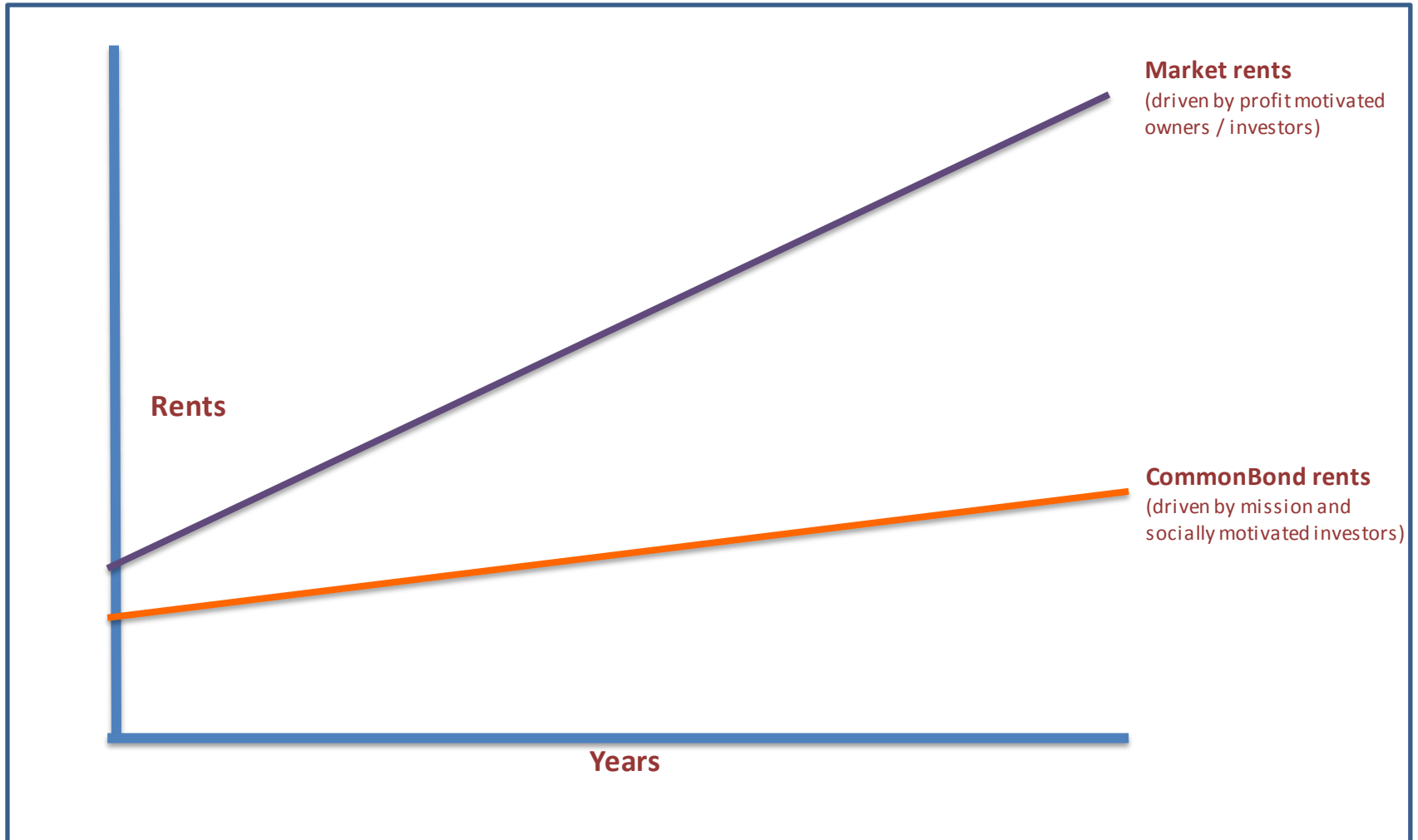


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## HOUSING OPPORTUNITY FUND: AN INVESTMENT WITH A SOCIAL IMPACT



# What success looks like





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- \$18m, FHA & Enterprise Community Loan
- 69% - 74% AMI
- Large family units



## Pine Point Coon Rapids, MN

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# Boulder Ridge

## Apple Valley, MN



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# Rainbow Plaza

Anoka, MN



# Pine Point

Coon Rapids, MN



# CommonBond NOAH Case Comparison



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Uses	Boulder Ridge \$18.0 Million		Rainbow Plaza \$9.1 Million		Pine Point \$6.9 Million	
Acquisition		90%		82%		79.50%
Improvements		5%		14%		15%
Soft Costs		1%		2.5%		3%
Reserves		3%		.5%		.5%
Fees		1%		1%		2%
Sources						
First	HUD	59%	Freddie	64%	Freddie	66%
Equity					NHT - E	25%
Corporate Debt	Enterprise Pohlad	31% 7.5%	Mercy	22%		
GP Equity		2.5%		14%		9%

# Thank you! Stay in touch.



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# Area Median Incomes / Rents



## Twin Cities AMI for Family of Four \$85,800

	Income / annual	Rent / month
<b>1 Person Household –</b>		<b>Efficiency</b>
<b>30%</b>	\$18,030	\$450
<b>60%</b>	\$36,060	\$901
<b>80%</b>	\$46,000	\$1,149
<b>4 Person Household-</b>		<b>3 Bedroom</b>
<b>30%</b>	\$25,740	\$579
<b>60%</b>	\$51,480	\$1,159
<b>80%</b>	\$65,700	\$1,338