



❖ Dedicated to breathing new life into economically distressed neighborhoods.

❖ Creating workforce housing opportunities, jobs, and small business prospects for low- and moderate-income persons.



➤ NSP 2 Program

○ Half the dwellings are 50% AMI and half 120% AMI

▪ AMI Family of four - \$34,350 vs. \$82,440

▪ Most of the 50% units breakeven, except for tenants with subsidies

➤ NRI plan is to use NSP2 program to generate fee income to sustain staffing levels with broad skills and depth of knowledge.

○ Plans to take in-house management group into third-party management for non-profits and investors.

○ Unique skills =

▪ tenant selection, income certification, reporting to governmental entities, compliance. Scattered site experience and systems to meet the challenges.

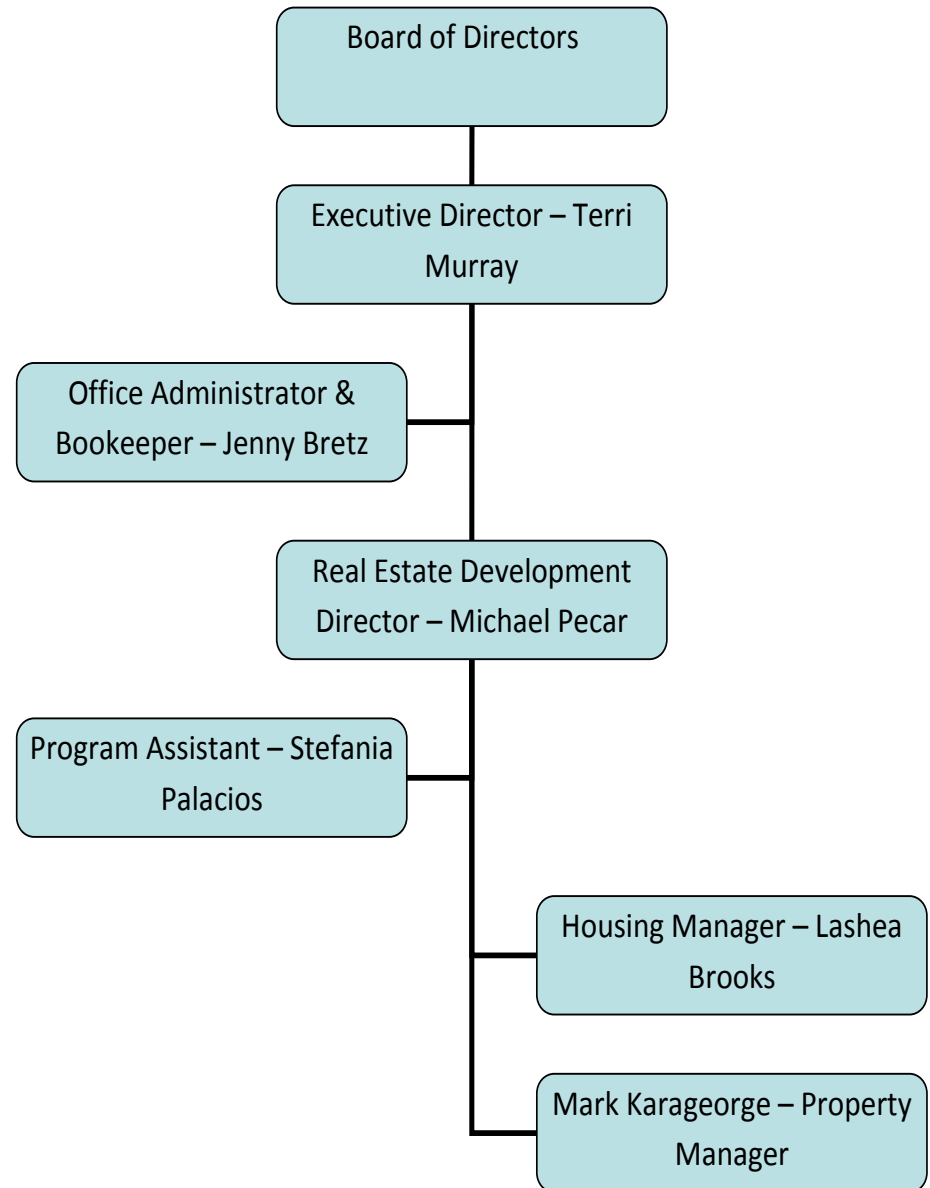
▪ Certifications/Education of the organization and the individuals

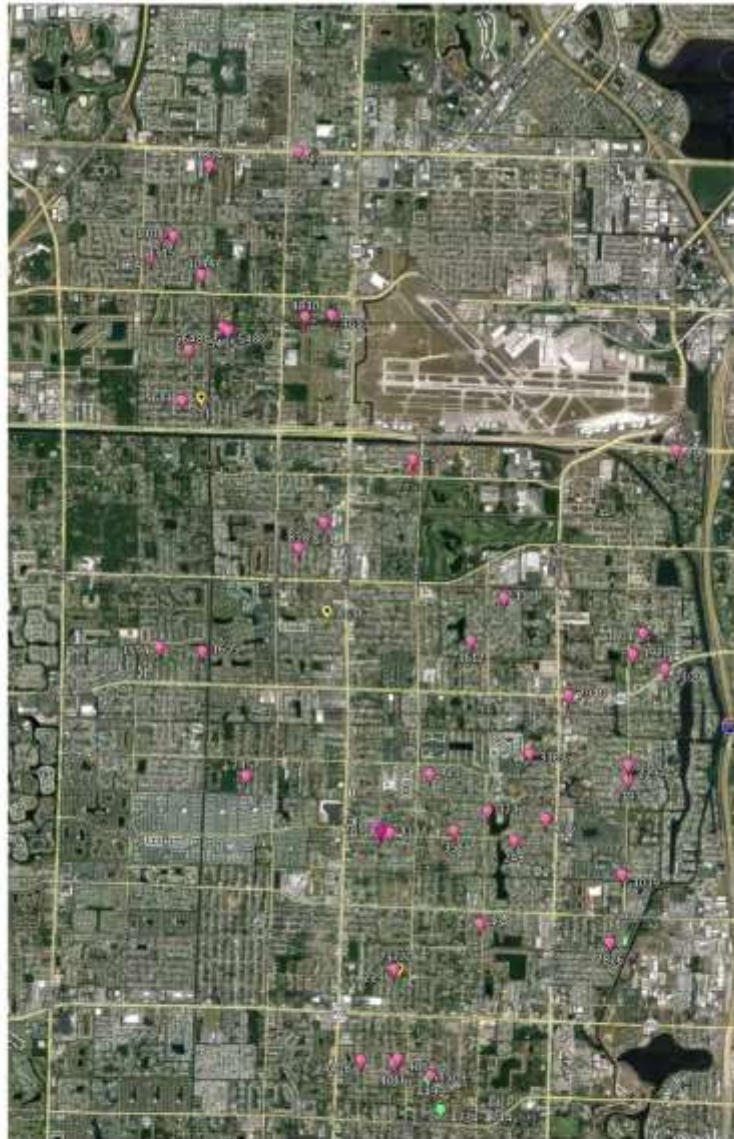
○ Currently have 77 units and it's a good start

➤ Permanent staffing is platform to compete for new development



Organizational Chart





Neighborhood Renaissance

Diverse Communities – Strong Economies

Program Development Costs

Program included 53 Properties with 70 dwelling units

Description	Total	Per Dwelling Unit
Acquisition	\$5,484,000	\$78,300
Rehab/Construction	\$5,484,600	\$78,350
Carry Costs and Consultant	\$1,263,980	\$ 18,060
Administration	\$ 488,180	\$ 6,975
Total Project Cost	\$12,720,760	\$181,685

Estimate Market Value Per Dwelling Unit \$151,000*

* Based upon sales and recent appraisals (range \$135,000 to \$170,000)

Compare to New Construction (Scattered site 13 homes)

Total development costs per unit: \$213,300 / DWELLING

Direct construction costs per unit: \$158,200 / DWELLING

Program Revenues-NSP2

Revenues, projected 2013-2014	\$854,000
Expenses incl. reserves	\$710,300
Net Program Income	\$143,700

❖ Development Manger

- Assemble and procure the Team
- Review write ups and plans for each property
- Mangle the bid and award process
- Conduct progress inspections
- Process pay applications
- Resolve and approve change orders
- Administer contract with the GC's and the County (40 contracts,15 GC's)

❖ Tasks delegated to Architect (we used licensed professionals)

- Prepare rehab scopes
- Address technical and engineering problems that arise
- Weekly inspections and on site meetings

❖ Lesson learned –

- Keep consultants to the work plan and avoid creating bottlenecks
- Hire third party staff to keep on top of the Team
- Address problem general contractors early

TOOLS – run it like a BIG job

- ❖ Use a spreadsheet for each contract/property to track payments to AIA G702 and G703
- ❖ Store files on hard drive or in the Cloud by property – section for plans, bidding, contract and pay apps/change orders
- ❖ Spreadsheet to track of dates plans, bidding, permit, reconcile CO's to final contract sum and record certificate of occupancy date
- ❖ Weekly progress meetings

OTHER CONSIDERATIONS

- ❖ Meetings with building officials early on. Make aware of the workload and find out what they will be looking at
- ❖ Consider a Line of Credit to assure GC's are paid timely
- ❖ Pre-purchase major items if needed or economical
 - Does not work out as expected – warranties, storage fees, inventory control
- ❖ When is a property ready for leasing? Keep housing staff informed.
- ❖ Lead and Asbestos abatement – what standard to use?

Rehab Scope of Work

Our goal for rehabilitation is to provide a quality home for the occupant and the neighborhood AND to minimize operating costs over a planned ownership of 5-30 years. This scope is over and beyond a typical investor!

- ❖ Use a standardized minimum scope to design a competitive consistent product
- ❖ Average age of property purchased is 42 years old. Due to scope of work, building code required mandatory upgrades to:
 - electrical systems
 - bedroom egress
 - Illegal modifications made legal
- ❖ Replace any major system (roof, HVAC, electrical) with less than 5 years life
- ❖ Modernize or replace appliances, kitchens and baths
- ❖ Hurricane protection for all properties (impact doors and windows or accordion shutters)
- ❖ Illegal structures; remove or get permitted
- ❖ Ceramic tile only
- ❖ Paint inside and out
- ❖ Energy Star appliances, lighting and ceiling fans, R-32 insulation, window coverings, high SEER AC. Get your rebates.
- ❖ Lead and Asbestos abatement
- ❖ Sound attenuation if in airport noise zone

Landscaping-remove or upgrade plantings, add sod. All homes have irrigation systems with rain sensors

Management Issues of Scattered Site Housing

- Have a Policy and Procedure for everything. Finalize prior to the first tenant move in.
- Everything must be assigned to a staff person and monitor responsibility.
Coverage in case of illnesses
- Accounting and Budgeting
 - Determine program income by the rules
 - Audit by CPA
 - Operating and Replacement Reserves – sufficiency
 - Checks and balances in an organization with a few employees is challenging (rent paid by check or money order only)
 - Bank and escrow reconciliations every month
 - Lease up and carrying costs – be realistic of timing

- Leases and Marketing

- Develop your own lease, do not use State Attorney approved form.
- Follow Tenant Landlord Law and keep up to date
- Be diligent about enforcing your lease for legal purposes and to train home ownership
- Dealing with tenants – must be 100% objective and 100% consistent
- Income certification and recertification
- Do put on ground breakings and ribbon cuttings (public officials love it and renter's inquires will increase)
- Maintain a waiting list

- Asset and Risk Management
 - Insurance - one policy for each home
 - Budgeting and cash management
 - Financing? What can leverage do?
 - Operating line of credit to pay insurance and real estate taxes – especially the first year
 - Equity for new acquisitions?
 - Emergency Policy and procedures
 - Flood / Hurricane
 - Other perils
- Maintenance
 - Maintain a log, determine time frame (life or health threatened?) and note resolution. Put a separate “ticket” in tenant file.
 - Preventive maintenance – pest control, HVAC
 - Capital improvement programs
 - Contract or in-house? Cost effectiveness and ability to monitor

REPLACEMENT RESERVE ANALYSIS

Property ID number:		1315 Wynnewood Dr. West Palm Beach, FL 33417							
Year Built/Remodeled		3/31/2013	0 =age of home						
Quantity	Item	Date Installed	Remain Life	Replaceme nt Cost	Annual Reserve	Replaceme nt Year	As if all new	Useful Life	
1	Refrigerator	Jan-13	14	\$ 900	\$ 64	2026		14	
1	Range	Jan-13	17	\$ 600	\$ 35	2029		17	
1	Microwave Hood	Jan-13	9	\$ 225	\$ 25	2021		9	
1	Dishwasher	Jan. 13	13	\$ 400	\$ 31	2025		13	
1	Disposal	Jan. 13	12	\$ 200	\$ 17	2024		12	
1	Washer	Jan.13	14	\$ 500	\$ 36	2026		14	
1	Dryer	Jan. 13	13	\$ 450	\$ 35	2025		13	
1	Water Heater	Jan-13	12	\$ 700	\$ 58	2024		12	
1	HVAC System	Jan. 13	15	\$ 4,000	\$ 267	2027		15	
1	Kitchen cabinets	Jan-13	20	\$ 4,300	\$ 215	2032		20	
2	Bath Vanities	Jan-13	15	\$ 600	\$ 80	2027		15	
6	Ceiling Fans	Jan.13	15	\$ 700	\$ 280	2027		15	
9	Window Coverings	Jan-13	7	\$ 600	\$ 771	2019		7	
1	Paint - Exterior	Jan-13	6	\$ 3,000	\$ 500	2018		6	
1	Paint - Interior Wall	Jan-13	5	\$ 2,000	\$ 400	2017		5	
1	Paint - Interior Ceiling	Jan-13	10	\$ 500	\$ 50	2022		10	
1	Paint - Interior Doors and trim	Jan-13	10	\$ 1,000	\$ 100	2022		10	
1	Roof	Jan. 13	25	\$ 8,000	\$ 320	2037		25	
1	Garage Door	Jan-13	25	\$ 1,100	\$ 44	2037		25	
1	Irrigation Pump	Jan. 13	15	\$ 500	\$ 33	2027		15	
0	Pool Equipment		12	\$ 2,000	\$ -	2024		12	
1	Child Barrier	Jan-13	10	\$ 700	\$ 70	2022		10	
1	General Building Systems				\$ 200				
Estimated Reserve					\$ 3,631		\$ 2,839		
Estimate Reserve Monthly					\$ 303				
NOTE: increase reserve each year by CPI									

- All program income reverts to the county so Agency must have sufficient reserves in the bank to replace major components of the properties when needed. (terms of NR's contract with the county)
- Adjust the annual reserve contribution cover the cost of the improvement in the year expenditure is expected. NR uses annual actual CPI.
- Estimated replacement year helps plan capital improvement program for the next year.
- Note difference the needs between a new house and a rehabilitated house.

Scattered Site Challenges

- Time in the field
 - Addressing maintenance
 - Showing available units to prospective tenants
 - Monitoring vendors
- Inspections
 - 4 times per year
 - Go with pest or HVAC vendor
 - Review capital and scheduled maintenance program at same time, 1x per year

- Inventory of homes – each home is unique
 - Be as detailed as necessary - down to # of window coverings and shower doors
 - Document condition at these times
 - Prior to tenant move in - Take pictures or video of everything, inside and outside.
 - At tenant vacating – document any damage and develop realistic cost to make repairs. Send the bill to the tenant within 30 days documenting disposition of security deposit.
- Risk Management
- Tenant relations
 - The tenants we rent to become unstable very easily (30-50%AMI)
 - Be prepared to counsel and work with them
 - Need to reinforce responsibilities of living in a house
- Management fees sufficient to cover staffing. Where is the breakeven point?