

# Private Sector Funding Initiatives

*Combating Homelessness Track – Session Two*



Arizona  
Department  
of Housing

## **Moderator:**

Deputy Director Cindy Stotler

## **Speakers:**

Howard Epstein, *Bank of America*

Minnie Andrade, *Molina Complete Care*

James Stover, *Arizona Complete Health*

Matthew Leber, *LISC*

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# Howard Epstein

*Bank of America*



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JOIN THE MISSION TO END HOMELESSNESS  
BY BUILDING MORE AFFORDABLE HOUSING.



*Funding a Place to Call Home.*

Please visit [www.arizonahousingfund.org](http://www.arizonahousingfund.org).

Follow us on    

AZHF is a component fund at the Arizona Community Foundation  
ACF manages the fund and grants proposal process

2201 E. Camelback Rd. #405B | Phoenix, AZ 85016 | 602.381.1400 | [azfoundation.org](http://azfoundation.org) | Tax ID: 86-0348306

# HOW BAD IS OUR PROBLEM?

Arizona has the third most severe housing shortage in the country. For every 100 extremely low-income people in the state, there are only 25 potential places they could live.

*"National Low Income Housing Coalition (NLIHC)"*

We have an estimated 10,007 people experiencing homelessness on any given day in Arizona.

*"Continuums of Care to the U.S. Department of Housing and Urban Development (HUD) "*

37% of our homeless are families.

*"Phoenix Rescue Mission"*

24,770 Arizona Public School students experienced homelessness in 2018.

*"U.S. Department of Housing and Urban Development (HUD)"*

500 homeless people died in metro Phoenix in the first 9 months of 2020.

*"Jessica Boehm, Arizona Republic"*

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*"This fund gives us one of the best tools to fight homelessness."*

Mike Trailor - Native American Connections

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# PERSPECTIVE



# WHY DOES ARIZONA HAVE A GROWING HOMELESS PROBLEM?

- ❑ Number of people facing homelessness in AZ is at an all-time high and growing because of the impact of Covid and rising housing costs.
  - Elderly
  - Mentally Ill
  - People In Crisis
  - Minimum/Low Wage Workers
  - Veterans
  - Disabled
  - Those Experiencing Addiction
  - People Escaping Violence
- ❑ Emergency, Temporary and Transitional Shelters are full.
- ❑ AZ has a severe shortage of affordable, supportive and low-income housing.

*"The Arizona Housing Fund is an innovative partnership that will help thousands of people find homes. The City of Phoenix proudly supports this statewide initiative and thanks the business, nonprofit, and government leaders who are working together to identify a unique solution to a complex issue."*

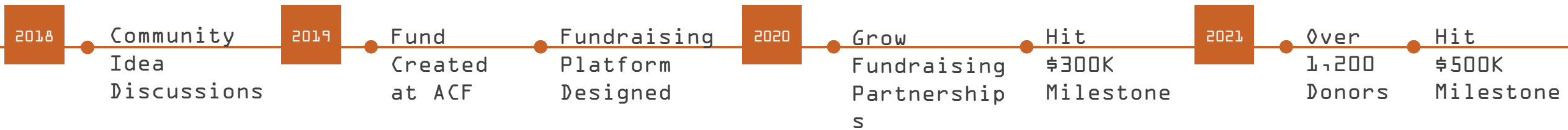
Kate Gallego, Phoenix Mayor

# WHAT IS THE ARIZONA HOUSING FUND?

*THE SOLUTION TO CREATE MORE SUPPORTIVE AFFORDABLE HOUSING STATEWIDE.*

ARIZONA HOUSING FUND is a nonprofit fundraising platform to raise money for Arizona nonprofit agencies to build and operate more Permanent Supportive, Low-Income and Working Poor Housing.

EQUITY GRANTS will enable more housing units to be constructed to meet the growing needs of our communities in Arizona with the goal of reducing homelessness.



*“Our State needs this kind of effort. There is urgency and we think now is the time for the Arizona Housing Fund.”*

Joan Serviss, Executive Director - Arizona Housing Coalition

# What is PERMANENT SUPPORTIVE HOUSING?

An intervention that combines affordable housing assistance with voluntary support services \* to address the needs of chronically homeless people.

\*The services are designed to build independent living and tenancy skills and connect people with community-based health care, treatment and employment services.

Investments in permanent supportive housing have **helped decrease** the number of chronically homeless individuals **by 20% since 2007**.

*National Alliance to End Homelessness*

## **Permanent Supportive Housing:**

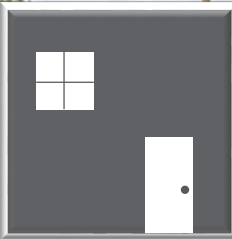
- Looks like any other apartment building
- All tenants sign leases, pay rent and follow rental rules
  - Increases housing stability and improves health
- Lowers public costs associated with the use of crisis services *such as shelters, hospitals, jails and prisons.*



# Who are the Arizona nonprofit agencies who might benefit from the **Arizona Housing Fund**?

A NEW LEAF  
*The Valley*

TOWNSITE  
COMMUNITY  
LAND  
TRUST  
*Flagstaff*



HOUSING  
FOR HOPE,  
CATHOLIC  
CHARITIES  
*Statewide*

HOUSING  
SOLUTIONS  
OF  
NORTHERN  
ARIZONA  
*Flagstaff*

CPLC  
CHICANOS  
POR LA  
CAUSA  
*Statewide*

ARIZONA  
HOUSING  
INC.  
*The Valley*

PIMA  
COUNTY  
COMMUNITY  
LAND TRUST  
*Pima County*

FLORENCE  
CRITTENDEN  
*The Valley*

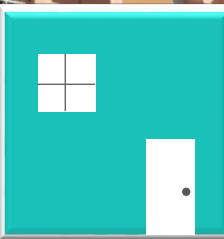
FAMILY  
HOUSING  
RESOURCES  
*Tucson*

FOUNDATION  
FOR SENIOR  
LIVING  
*Statewide*

MERCY  
HOUSING  
*Statewide*

COALITION FOR  
COMPASSION  
AND JUSTICE  
*Yavapai County*

OLD  
PUEBLO  
COMMUNITY  
SERVICES  
*Tucson*



SALVATION  
ARMY  
*Statewide*

SAVE THE  
FAMILY  
*The Valley*

ST. VINCENT  
DE PAUL  
*The Valley &  
Tucson*

UMOM NEW  
DAY  
CENTERS  
*The Valley*

U.S.  
VETERANS  
INITIATIVE  
*Statewide*

NATIVE  
AMERICAN  
CONNECTIONS  
*The Valley*

# HOW DOES THE FUND GENERATE DONATION REVENUE?

In addition to traditional directed donations from individuals, families, foundations and government, revenue is generated through voluntary donation programs.

\$25  
RESIDENTIAL  
ESCROW  
DONATION  
PROGRAM

\$100  
COMMERCIAL  
ESCROW  
DONATION  
PROGRAM

RENTAL  
COMMUNITY  
DONATION  
PROGRAM

# ESCROW DONATION PROGRAM



- At the close of escrow, everyone involved (*buyers, sellers, REALTORS®*, *builders, mortgage and title companies*) in the transaction is given the opportunity to donate \$25 or more to the Arizona Housing Fund.
- A simple one-page ESCROW DONATION FORM (*part of the sales and escrow package at closing*) directs the Escrow Company to collect and distribute the donation to the Arizona Housing Fund at the Arizona Community Foundation.

*“The Arizona Association of Realtors is excited to support the Arizona Housing Fund. We believe our membership of over 50,000 Realtors can directly impact homelessness in our state by promoting the Fund’s Escrow Donation Program. We are proud to be associated with the Arizona Housing Fund.”*

Michelle Lind, CEO-Arizona Association of Realtors

# WHERE IS THE FUND MANAGED?

The Arizona Housing Fund is a component fund at the



ARIZONA  
COMMUNITY  
FOUNDATION

ACF manages the Arizona Housing Fund and its grants proposal process.

*"A public-private-philanthropic solution that could impact our community for decades. We are very excited to be a partner in the Arizona Housing Fund."*  
Steve Seleznow, President and CEO - Arizona Community Foundation

# WHO DECIDES WHERE & HOW THE MONEY IS GRANTED?

1. During the grant cycle, nonprofit agencies that meet the grant criteria are invited to submit proposals to the Arizona Community Foundation.
2. The Advisory Committee reviews the proposals and recommends grants to Arizona Community Foundation.

**AZHF has no overhead costs. All expenses are paid for by generous donors.**

**100% of every dollar goes to the nonprofits to build and operate affordable housing units.**

## Advisory Committee:

- Howard Epstein, *National Executive* - Bank of America
- Lisa Urias, *Chief Program and Community Engagement Officer* - Arizona Community Foundation
- Steven Hilton, *Executive Chairman* - Meritage Homes Corporations
- Michelle Lind, *Chief Executive Officer* - Arizona Association of REALTORS
- Tim Sprague, *Principal* - Habitat Metro, LLC
- Michael Traylor, *Chief Strategy Officer & Executive Leadership Team Member* - Native American Connections

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*"This is a very smart and creative solution. This fund will bring permanent supportive housing inventory to our communities and it is something we should all get behind."*

Mark Holleran, CEO - Arizona Housing Inc.

# WHAT MIGHT A TYPICAL EQUITY GRANT LOOK LIKE?

- ❑ Arizona nonprofit submits a grant proposal for a new project to build 80 units of supportive family housing.
- ❑ Project cost is \$10M.
- ❑ Nonprofit has raised \$2M in private donations and secured a \$7M below market interest loan.
- ❑ They need an additional \$1M to complete the funding package and begin construction.
- ❑ Arizona Housing Fund provides a \$1M equity grant.

*"This is the game changer our state needs."*

Steve Hilton, Chairman and CEO - Meritage Homes

# HOW MUCH MONEY CAN THE ARIZONA HOUSING FUND RAISE?

*OUR BOLD GOAL IS TO RAISE \$100 MILLION  
OVER THE NEXT 10-15 YEARS*

Embedding the donation programs in the community will allow the caring citizens across our state to donate to the Arizona Housing Fund and help improve the outcomes of Arizonans experiencing homelessness.

*THERE IS POWER IN NUMBERS*

Example: PetSmart Charities has raised and distributed \$400 million to various pet charities through their cash register donation program.

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*Join the Arizona Housing Fund to raise money to fund a place to call home for all Arizonans*

# ARIZONA IS THE ONLY STATE WITH THIS GROUNDBREAKING FUNDRAISING PLATFORM.

- ✓ Private sector helping to solve the challenge of housing and homelessness
- ✓ Voluntary giving through donations
- ✓ Tangible results by bringing new affordable supportive housing inventory to our state



LEARN

MORE AT

[arizonahousingfund.org](http://arizonahousingfund.org)

*"We're focused on ensuring all Arizonans have access to resources that help them thrive and grow," said Governor Doug Ducey. "The Arizona Housing Fund in partnership with the Arizona Community Foundation supports nonprofits that provide permanent low-income housing to help reduce homelessness, building on Arizona's commitment to support those in need. My sincere thanks to the supporters of this Fund and all who work to help fellow Arizonans."*

Doug Ducey - Arizona State Governor



# THANK YOU to Our Community Partners

ABI Multifamily  
Academy Mortgage  
American Title  
Arizona Community Foundation  
Arizona Housing Inc.  
Arizona Multihousing Association  
Arizona Preservation Foundation  
Arizona Association of Realtors  
Arizona Downtown Alliance  
Arizona Housing Coalition  
Avilla Homes  
Belfiore Real Estate Consulting  
BMO Harris Bank  
Bank of America  
Boulders Realty Advisors  
Brokers Hub Realty

Brookfield Residential  
The Brokery  
Carefree Title  
CASS  
Choice One Properties  
Circle the City  
City of Phoenix  
Clear Title  
Coalition for Compassion &  
Justice  
Coldwell Banker Mabery RE  
Cushman Wakefield | PICOR  
Desert Sage Seminars  
DMB  
Downtown Phoenix Inc.  
Elaina V. Public Relations  
Everest Holdings

Fairway Mortgage  
Gammage & Burnham  
Grand Canyon Title Agency  
Habitat Metro  
HBACA  
HKS  
Holualoa Companies  
Homeowners Financial  
Group  
Home Smart  
Human Services Campus  
Kiterocket  
Knoodle  
Land Advisors Organization  
LISC Phoenix  
Locality Real Estate

**ARIZONA HOUSING FUND**

# THANK YOU to Our Community Partners

Marley Park  
MEB Management Services  
Meritage Homes  
Merrill Lynch  
Moderne Living  
Mountain Park Health Center  
NAI Horizon  
Native American Connections  
Nexmetro Communities  
North & Co.  
PB Bell  
Phoenix Association of Realtors  
Phoenix Community Alliance

Pilcher ETAL  
Pioneer Title company  
Prisma  
Realty One Group  
RE/MAX Excalibur  
RISE Events & Consulting  
ROI Properties  
Russ Lyon/Sotheby's  
SMS Financial  
Snell & Wilmer  
The Society of St. Vincent De Paul  
Sunbelt Holdings

Sustainable Communities Collaborative  
T Developments Startup Studio  
Trust Realty Advisors  
United Brokers Group  
United Healthcare Community Plan  
Urban Land Institute Arizona  
UMOM  
Valley of the Sun United Way  
Versant Capital Management  
Vitalyst Health Foundation  
Wetta Ventures

# Minnie Andrade

*Molina Complete Care*



# James Stover

*Arizona Complete Health*



*A public-private partnership that achieves results*





***The Arizona MCOs build partnerships to tackle our most pressing health care issues, which means Arizonans:***

- ⊕ **Manage their own health**
- ⊕ **Stay out of more costly settings** like emergency departments
- ⊕ **Pay less** for quality care
- ⊕ Support a robust network for health care providers – **80,000 strong**







# Innovation: A Look at the Role Housing Plays in Health Care



**3,040 members** in PSH Programs 

**\$5,563** average **per member per month** savings

**\$82.5m** reduction in **behavioral health residential**

-  **31%** reduction in **emergency department visits**
-  **44%** reduction in **inpatient admissions**
-  **89%** reduction in **behavioral health residential facility admissions**
-  **31%** reduction in **total cost of care**



HOME IS MORE THAN HOUSING

# What is Home Matters?

Home Matters® is a national movement uniting America around Home.

Our mission is to build awareness and raise funds for more affordable homes and thriving communities across the nation. We have a coalition of over 350 partner organizations – corporations, government agencies and nonprofits – working together on ambitious, but necessary goals over the next decade to make the New American Dream a reality for all.

For more information visit [www.HomeMattersAmerica.com](http://www.HomeMattersAmerica.com)

HOME  
Matters.

HOME IS MORE THAN HOUSING

# Our Vision and Principles

HOME MATTERS:

For Individual Success

People who live freely and recharge at home do better at work and are more engaged with the world around them.

For Education

Children in stable homes learn and achieve more in school. Home helps level the playing field.

For Health

Healthy habits are more accessible when you live in a stable, affordable home. Children get the healthy start they deserve, and seniors live with dignity.

For Public Safety

When people can count on their home, a stronger sense of community keeps streets, neighborhoods and towns safer.

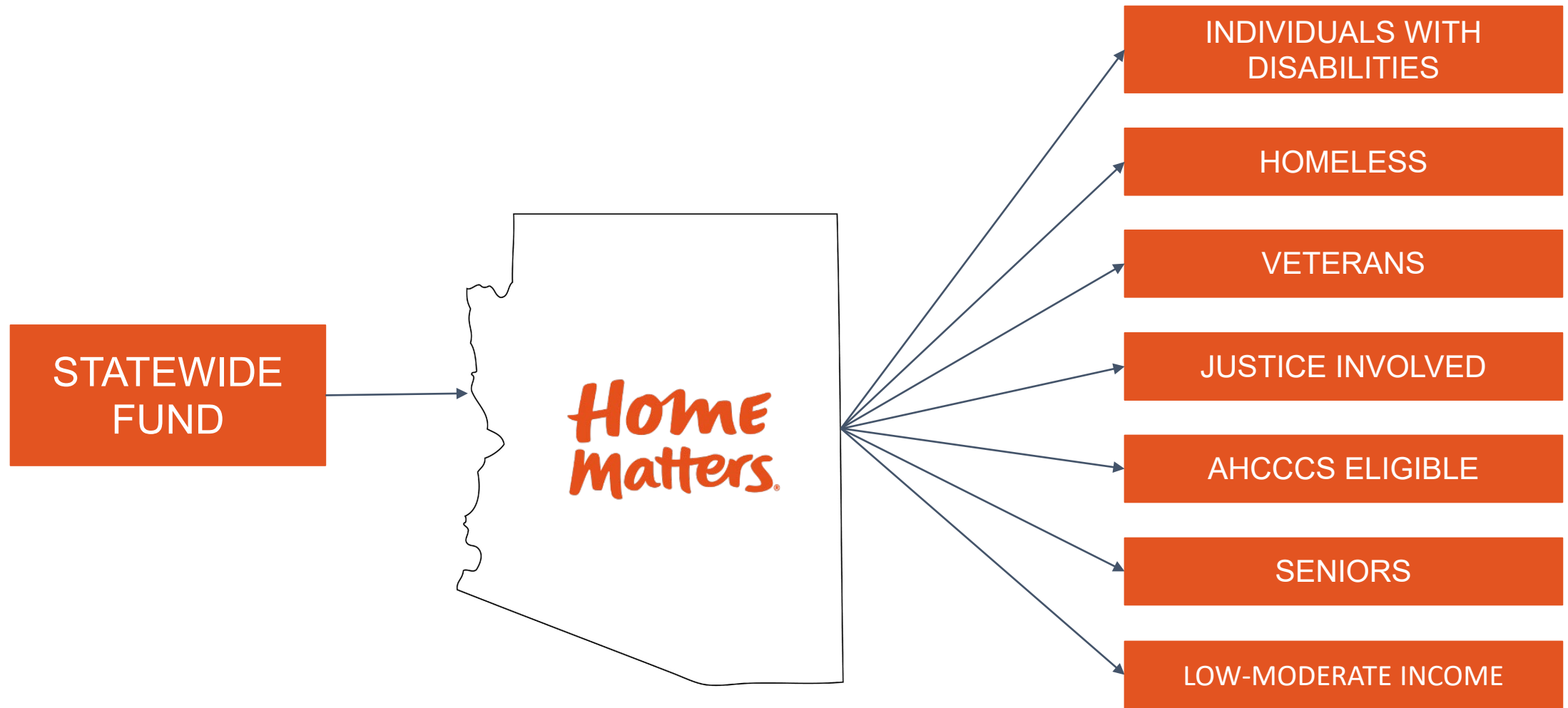
For a Strong Economy

At all income levels, people living in homes they can afford have more to spend. Local job growth and a strong economy start at home.

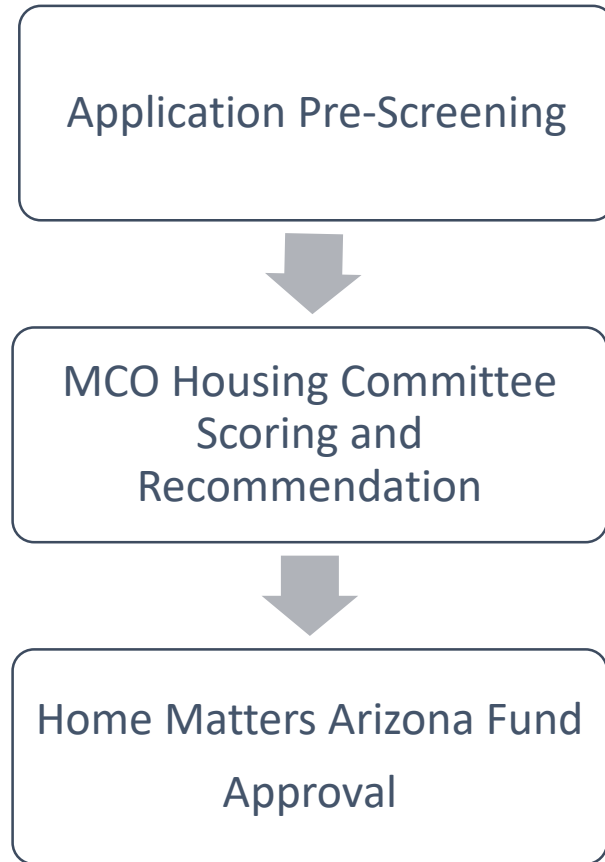




# Connecting Member: Who we all serve



# Application Process: Connecting to Home Matters Values





# Project: Center of Hope Apartments

- *The “Center of Hope Apartments” Project is to be located within the “Center of Opportunity” campus being developed by the HS Lopez Family Foundation, which includes three phases, as follows:*
  - *Phase I: a 150-bed shelter by Gospel Rescue Mission;*
  - *Phase II: a medical clinic, multi-agency use office building for supportive services, a job training center, and a small park;*
  - *Phase III: Center of Hope Apartments Permanent Supportive Housing to be developed by La Frontera Partners, Inc.*
- *The Center of Hope Apartments will consist of 100 Permanent Supportive Housing Units all of which will be made available to “qualifying families” receiving supportive services as defined in the Pima County’s Administrative Plan for the Housing Choice Voucher Program.*
- *The Center of Hope Apartments project, which is to be financed with tax exempt bonds from Pima County IDA, 4% Low Income Housing Tax Credits, ADOH Gap HTF Funds, HOME funds from Pima County, AHP funds, SMI Housing Trust Funds and other sources, the subject of this request. The Project has includes forty (40) Project Based Section 8 Vouchers from the Pima County.*
- *88 Units will be referred through Pima County Housing Choice vouchers (Section8) and the other 12 units will be set aside for the RBHA SMI Population. Theses referrals will come from the ABC/HOM INC group when a unit becomes available for rent.*







# Matthew Leber

*LISC*





# Housing Fund Success

An Overview

08.2021



# A Fund can solve for multiple problems, but it's not a panacea.

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A fund exists to do something that doesn't fit the conventional financing toolbox, or that allows us to stretch the existing toolbox (i.e. blended interest rate, higher LTV).

A well-designed fund is *very narrowly focused* to serve a definable problem in the local market and structured to address a particular market need.

A fund can have the most impact when it takes a cross-sector approach, bringing together corporate, philanthropic, nonprofit and government.

# Examples of LISC Fund Experience

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## ETODAF

### Boston's Equitable TOD Accelerator Fund

A \$25M fund created by LISC, government, and local foundations to provide streamlined capital for advancing preservation and encourage a pattern of smart growth and equity in TOD housing.

## CHOIF

### Charlotte Housing Opportunity Investment Fund

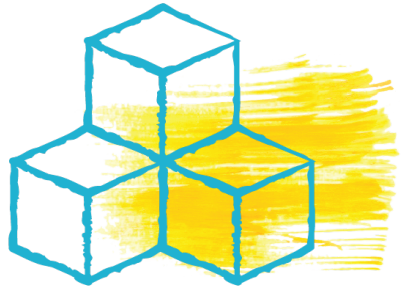
LISC has received over \$50 million in debt, equity, and grants from investors to support an off-balance sheet Fund-CHOIF. The fund product— low-cost equity—is designed by LISC Housing to be additive in the market, make below market rate investments in NOAHs and new construction rental housing. LISC serves as Fund Manager.

## DC Preservation

### Affordable Housing Leverage Fund

DC Housing Strike Force recommended the creation of a private-public preservation fund as one of six critical strategies to preserve affordable rental housing in the District. Mayor Muriel Bowser invested \$10 million in local funds for the Housing Preservation Fund in Department of Housing and Community Development (DHCD) FY17 and FY18 Budget, and selected LISC to be a Fund Manager for the District's Affordable Housing Preservation Fund.

# Boston's Equitable TOD Accelerator Fund



## WHAT?

A \$25M fund created by LISC, government, and local foundations to provide streamlined capital for advancing strategic priorities along transit corridors.



## WHY?

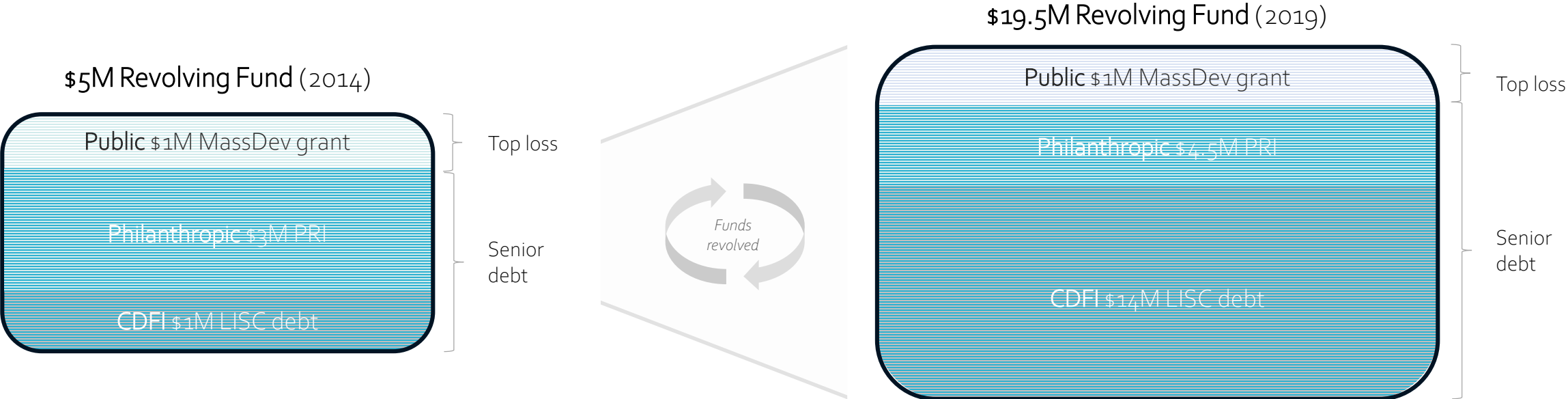
The Fund is intended to preserve and encourage a pattern of smart growth and equity in TOD housing in and around Boston.



## AND SO?

The fund has supported the development of 774 housing units, leveraging approximately \$227 million in total development funds.

# Boston Equitable-Transit Oriented Development Accelerator Fund (ETODAF)



*Original \$5M fund leveraged recapitalization of revolving fund*

### Fund Outcomes

19 projects | 1,264 units created | 67% of units affordable | 108,000 SF of commercial space  
 \$432 million Total Development Cost | No Losses to Date



## The Equitable Transit Oriented Development Accelerator Fund - (ETODAF)



ETODAF, originally capitalized at \$5 million, has been effective at seeding a pipeline of transit-oriented affordable housing projects.

19 projects

1,264 units created

67% of units affordable

108,000 SF of  
commercial space

\$432 million

Total Development Cost

No Losses to Date

But its impact is limited by its size, and the slow process for obtaining state subsidies.

# Syndication Funds - “CHOIF” (Charlotte Housing Opportunity Investment Fund)



## WHAT?

LISC has received over \$50 million in debt, equity, and grants from investors to support an off-balance sheet Fund-CHOIF. The fund product— low-cost equity—is designed by LISC Housing to be additive in the market, make below market rate investments in NOAHs and new construction rental housing. LISC serves as Fund Manager.




## WHY?

The Fund has lower rates of return on investment in order to meet the mission of producing more affordable housing to reach families 30-120% of AMI in areas of opportunity , many of which will be without LIHTC.



## AND SO?

By combining a below market return pool with conventional bank debt, this Fund can produce ~1500 mixed-income units in conjunction with a voucher set aside for properties located in areas of opportunity with the developer receiving a maximum payment standard at 50% AMI.



Maximizing Public & Private Dollars To

Reach Deeply Affordable Housing Targets

**\$53 M**

Fundraise

**\$10.6M**

Recommended  
Investment in  
Round One

**\$10.2M**

HTF leveraged in  
Round One

**20%**

Units at  
30% AMI or  
Lower

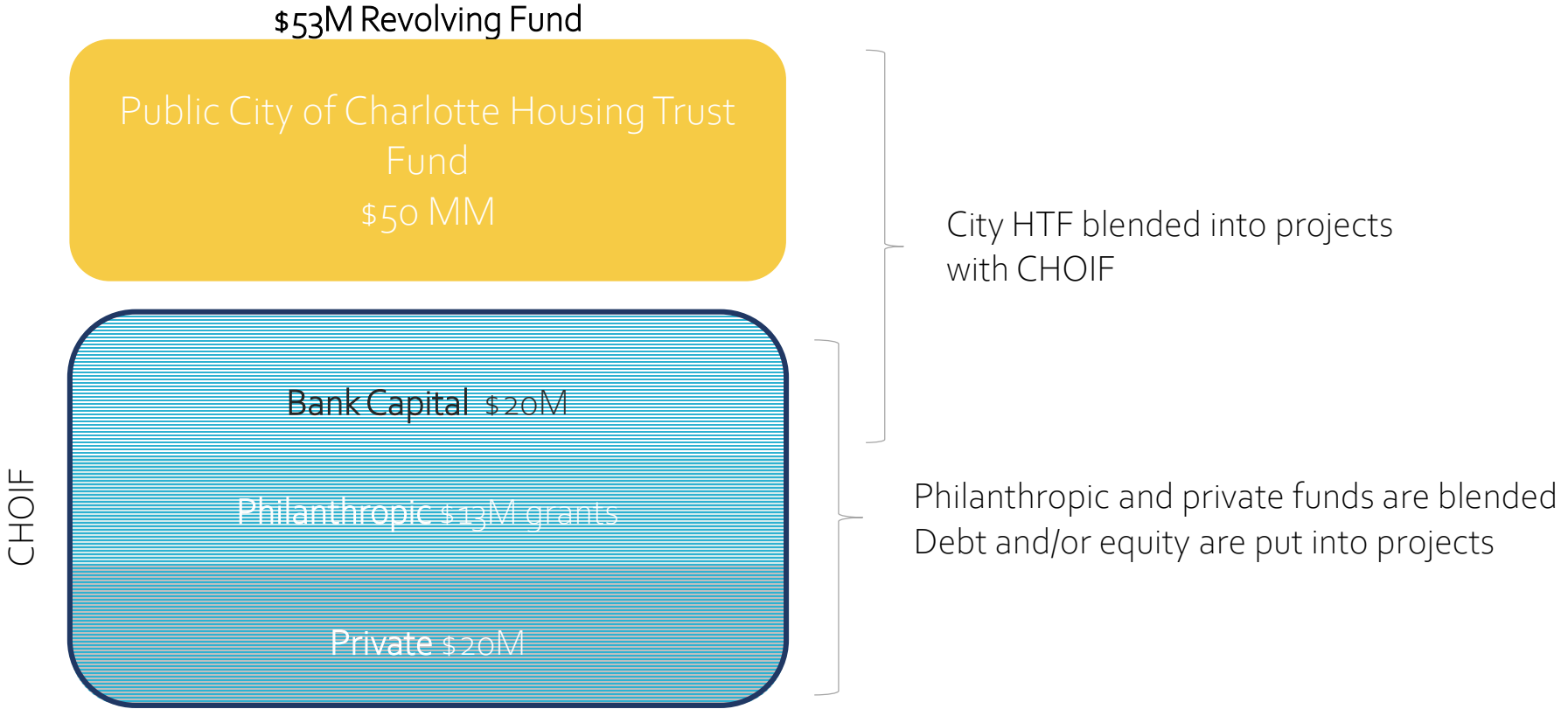
**87%**

Units at  
80% AMI or  
Lower

**1,669**

Total Affordable  
Units Requested in  
Round One

# Charlotte Housing Opportunity Investment Fund (CHOIF)

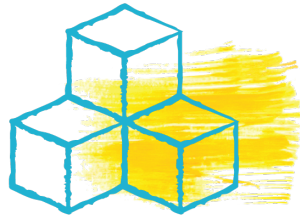


## Fund Outcomes

~1,500 units | 20% of units produced available to families at 30% AMI | NOAH and New Construction  
Targeting investments in areas of demonstrated economic mobility



# DC Preservation Fund



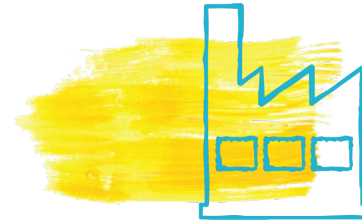
## WHAT?

The fund uses a \$9.5M government grant to provide flexible and low-cost predevelopment, acquisition, and critical repair financing for developers and tenant associations of eligible properties in DC.



## WHY?

LISC won a grant from DC's Dept of Housing and Community Development after an RFP was issued for a fund manager to help preserve the affordability of DC's existing multi-family housing stock.



## AND SO?

LISC has deployed \$34 million over the 12 months since it received its initial Preservation Fund allocation, preserving nearly 500 affordable homes for families living in Wards 1, 3, 4, 7, and 8.

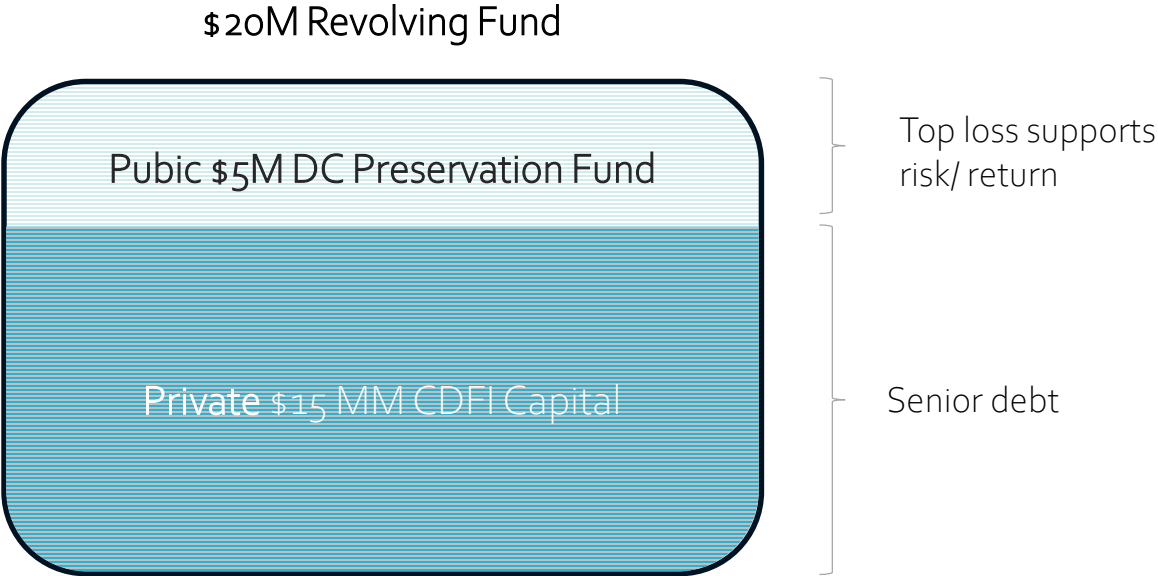
# DC Preservation Fund



The goal of the preservation fund is to aid in achieving the policy objective of the [DC Housing Preservation Strike Force](#): preserving the affordability of 100% of the District's existing federally and city-assisted affordable rental homes. It offers eligible borrowers short-term financing for the pre-development and acquisition of occupied multi-family properties with more than five (5) housing units and half of the households earning up to \$77,600 for a family of four.

Along with other private and philanthropic investments, the \$10 million will be used to grow the fund to approximately \$30 million—or a combined total of \$80 million. These monies will quickly provide short-term bridge acquisition and pre-development financing to eligible borrowers. Properties targeted for fund investments are occupied multi-family housing of over five units, in which at least 50 percent of units are currently affordable to households earning up to 80 percent of the median family income (MFI)

# DC Preservation Fund



## Fund Outcomes

Public -Private Preservation Fund | Short-term bridge funding | Preserved nearly 500 affordable homes

Projects in Wards 1, 3, 4, 7, and 8 | LISC serves as Fund Manager

# 2021 Arizona Housing Forum



*Let's make this event an example of how to be safe in our new normal - No need to ask, just mask.*