



# REPORT TO MEMBERS

*By Tom Bledsoe, President and CEO*

*Fall 2019*

This year, HPN underwent an exercise to establish our organizational values – collaboration, connection, inclusion, respect, and transformation. As I’ve reflected on what HPN members have worked on collectively these past 6 months, the word “transformation” stands out. Housing continues to emerge as a top local, state, and national issue, and HPN members are well positioned to shape creative new solutions in policy and practice at every level. But in order to deliver transformative change in our communities, many members believe that our industry is due for an **evolution** in how we scale up our best shared ideas.

To that end, we’ve begun working with members to dive deeper into peer exchange, sharpen our innovation shop, and develop a bolder policy approach. This work builds on HPN’s previous efforts by bringing on Lisa Alberghini and Kim Dempsey in late summer/early fall as our new Executive Vice Presidents for Peer Engagement and Capital respectively. With the new Executive Team in place we are expanding efforts to share new and innovative program ideas among members; raise capital by identifying emerging trends in funding that respond to member needs; and place HPN members in the spotlight as innovative leaders who are working every day to address the housing crisis.

In the spirit of transformation and new leadership, please join me in welcoming our newest HPN member CEOs: Laura Hall of EAH Housing, Audra Hamernik of Nevada HAND, Peg Moertl of Ohio Capital Corporation for Housing, Bill Grogan at Planning Office for Urban Affairs, Dontae Latson of Rocky Mountain Communities, and Chad Allen of Southwest Minnesota Housing Partnership.

In this brief report, you’ll find updates on how we’re bringing conversations stemming from peer exchanges to life, our policy committee’s work on strengthening our agenda, and exciting progress among our social enterprises.

## PEER EXCHANGE

The asset building plenary at our **Spring Member Meeting** in Baltimore, which featured the work of members POAH, Eden and Community Development Corporation of Brownsville along with the Compass Group, sparked revived energy around the topic of asset building and wealth inequality. This focus on creating opportunities for residents gets us closer to the fundamental issues we’re facing beyond, and yet so intrinsically connected to, housing. During the CEO session, led by Bart Mitchell of The Community Builders, members stated a collective desire for HPN to prioritize deeper peer exchange and innovation in the areas of talent management and capital. To follow up on that we have sessions on the agenda for our upcoming Los Angeles **Fall Member Meeting** for each of these topics, among many others – including a focus on California’s policy solutions around homelessness and housing in general, and the work by other members as well.

This year’s **International Housing Partnership** meeting of 57 organizations from the US, UK, Canada, Australia, and New Zealand convened in San Francisco in September. Members representing California helped to provide a comprehensive context for the state of the housing crisis and innovative solutions in the state and nation. After robust exchanges with our international partners, many of us walked away believing now is the time to strengthen our policy advocacy, promote our model as the best way to address the growing affordable housing crisis affecting all countries, and frame affordable housing as a global asset class to raise capital on more preferred terms.



For example, a presentation on Canada's National Housing Strategy, [A Place to Call Home](#), revealed that the country focuses on removing 530,000 families from housing need, investing in the construction of up to 125,000 new affordable homes and cutting chronic homelessness by 50 percent. Comparatively, in the United States, we lack a cohesive federal platform to support and build on state and local innovations. Without a clearly stated federal commitment to affordable housing in the US, even the best of programs at a state and local level will continue to fall short—the US must implement a strong federal housing policy for these programs and others to be successful.

Finally, over 40 HPN members attended **Strength Matters**, our annual peer exchange focused on financial management in partnership with NeighborWorks and SAHF. In addition to seminars on accounting and operational issues, this year's meeting also featured keynotes on real estate market trends and equitable development. Strength Matters 2020 will be October 26-29.

## POLICY

Many HPN members are working together to transform our approach to policy advocacy as well. While we are still committed to our existing legislative priorities, which are largely defense-oriented in order to save existing programs, a major goal of HPN's Policy Committee for 2020 is to advocate for new and innovative policies that would support members working at greater scale. This calls for a bold and aggressive policy agenda that identifies new initiatives, seeks to address a wide range of housing and resident-related challenges, and focuses on HPN members as a unique delivery system for achieving national affordable housing objectives.

A significant distinguishing characteristic of the Network is that its members are working in multiple areas of housing development and finance, and in creating opportunities for residents, rather than focusing primarily in one arena. Members are doing innovative work in multi-family and single family housing; homelessness and special needs housing; health and housing initiatives; resident services, empowerment and asset building; and many more. This breadth of efforts and experience uniquely positions HPN members to put forward a policy agenda that impacts entire communities, and HPN members have been exploring areas where we can be leaders in this type of proactive policy setting. We began the process of forming the agenda during our policy meeting this summer where we spoke with experts in DC and looked at the existing proposals from presidential candidates to brainstorm ideas. Since then, the committee has continued to work and will seek additional input from members at the upcoming Los Angeles meeting to determine what policy changes would have the biggest impact on our work. One approach will be to build on some very creative work and aggressive ideas playing out at the state and local levels (you'll hear more about that in the L.A. Opening Plenary), and consider what might be taken to the national level.

We will organize our policy priorities around key themes, which are likely to include, among others: strengthening tools and expanding resources for multi-family housing production; renewed focus on single family initiatives, particularly those with innovative approaches to resident asset building and rent-to-own models; resident protections, resources and engagement; and recognition of HPN's members as key to finding and executing on solutions.

In addition to learning about these themes during the meeting in Los Angeles, expect to hear more from the committee in the coming months. Finally, if you're not already receiving the monthly Policy Newsletter and would like to, let [Shannon](#) know.

## R&D and INNOVATION

This spring, we asked member CEOs to identify what they believe are their biggest barriers to growth. The overwhelming response was **capital** and **talent**. As a result, HPN has been collaborating with members on two key R&D initiatives: advancing work on the sector capital vehicle, and focused peer exchange on talent management.

For some time now, HPN has been exploring ways to **help members raise capital at scale**. Our initial focus was on raising enterprise-level equity for members, but we switched our approach to a securitized debt platform, which we believe is a better way to provide members with flexible debt and access to trapped equity in existing projects. The **HPN Conduit** aims to accomplish these objectives by providing a highly efficient process that directly links members' project financing needs to the global capital markets via a specialized Freddie Mac multifamily securitization program.

Working with Systima Capital Management and Freddie Mac, and building on our relationships with foundations, impact investors, and other global partners, we hope to develop and expand the investor marketplace for the Conduit's sponsored securitizations. Our long-term goal is to drive down the cost of capital and develop investor recognition of affordable housing as an asset class on par with utilities and other infrastructure-related public companies.

There will be a dedicated session on the progress we've made on the Conduit thanks to the members who have provided critical project-level information during the R&D phase at the upcoming meeting.

We used the area of **talent management** to devise a more comprehensive strategy for collecting member input on priority issues. Organizing peer exchange into a series of individual meetings and small focus groups, the team captured and analyzed feedback from 24 people at 16 member organizations. With nearly 19,000 employees across HPN's membership, we narrowed down the many possible areas of focus to two: recruitment, with a specific focus on building relationships with the education sector; and training initiatives - each prioritizing diversity, equity and inclusion as key to our collective success.

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### MEMBER SPOTLIGHT

We also learned about an impressive amount of innovation in these and other areas across our members. POAH, along with other property management firms, is building deep relationship with UMASS Boston. They now sponsor a cohort of fellows at their firms for UMass students. To attract more maintenance technicians, CommonBond has implemented an employee referral program, a job training program with Project for Pride in Living, and has an agreement with a temp firm for a reduced rate when the firm brings in maintenance tech temporary workers and CommonBond employs them for a certain amount of time.

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At the talent management session in LA, members will continue peer exchange around examples like those above and other innovative ideas, and provide feedback on two potential collaborative efforts that emerged from this year's R&D exploration.

## SOCIAL ENTERPRISES

As HPN's suite of social enterprises continue to grow and evolve, and there is a lot happening on that front, we're pleased to share some key highlights here from across the businesses.

HPN's CDFI, **Housing Partnership Fund**, continues to increase our lending and value to members, while at the same time experiencing another year of balance sheet growth. Making more loans and delivering more capital and value to members is the key objective of HPF, and HPF expects to be very active in 2020. We will end the year with \$70MM+ assets under management and \$40MM+ loan assets on balance sheet. HPF also received a \$714k CDFI Financial Assistance award. Collectively, HPF and 15 HPN members were granted a total of \$16,693,000 in CDFI Fund awards in the allocations announced in November.

In partnership with our policy team, HPF has also been instrumental in convening CDFIs from across the nation in an effort to raise their visibility among Federal Home Loan Banks. Several CDFIs have already enhanced or established relationships with their local FHLB, and in January, the group will be holding a meeting for CDFI and FHLB representatives to explore more ways to work together.

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### MEMBER SPOTLIGHT

#### Community Asset Preservation Corporation ("CAPC"), a subsidiary of New Jersey Community Capital ("NJCC")

HPF closed a \$950k enterprise loan to CAPC to fund their equity investment into a leveraged capital fund to acquire, rehabilitate, and sell vacant homes from NJCC's ReStart program. This loan leveraged a \$10MM investment from Goldman Sachs and a seller financing note from ReStart. This fund projects to acquire, rehabilitate and sell 130-200 homes over the next 3 years. The flexibility in end use of HPN's enterprise loan product allowed CAPC to leverage their balance sheet and performance track record into an investment in the fund, rather than using their own capital.

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After an extensive search, **Housing Partnership Insurance Exchange** is excited to welcome Brendan Dolan as its new President. Prior to joining HPN, Brendan led the Tangram Insurance's east coast growth focusing on social service, heterogeneous group captive, and other specialty insurance programs. A recent market report by our partners at IMA notes that, "as the insurance market hardens and increases pricing and we see insurance carriers no longer writing multifamily accounts, HPIEx continues to offer competitive pricing with robust coverage offerings to our members". In these conditions, HPIEx is in a position to have even greater impact for its members, and we're looking forward to Brendan's leadership building on HPIEx's success.

**HPN Select's Ecoguide**, funded by JPB Foundation, underwent major developments and will be relaunching as a new site populated with extensive health and sustainability data for a multifamily developer-driven catalogue of products. In partnership with Healthy Building Network, Select Ecoguide is now becoming a go-to partner in the healthy and sustainable building space, spotlighting HPN's practitioner-led model by building on HPN Select's continued member-driven growth.

In early November, **Develop Detroit** closed its first multifamily housing deal for the preservation and rehabilitation of The Village of University Meadows. University Meadows is a 53-unit low-income senior rental community in Detroit that was under threat of conversion until Develop Detroit stepped in and purchased the ownership interests. Over the past two years, Develop Detroit has managed the property while planning a renovation and expansion. This investment will allow current residents to age in place, while promising affordability for current and future residents for decades to come. The development will additionally benefit the Woodbridge neighborhood and the city of Detroit, as it will play an important role in helping to catalyze equitable growth in the community. Last fall, Develop Detroit took its first footsteps into single-family homebuilding through HPN's New Markets Tax Credit program. Nearly a year later, the team has completed 23 homes (new construction and historic rehabilitation) in the North End in Grandmont-Rosedale neighborhoods. A recent 60 Minutes episode featured Sonya Mays and the properties developed in partnership with HPN.

When HPN's newest social enterprise **Launchpad** was conceived in our Housing Counseling Community of Practice, the goal was to develop a tool designed by counseling and advising industry experts to advance their work. Since then, Neighborworks began developing a similar platform called NeighborWorks Compass. Recognizing that Launchpad and Neighborworks Compass had complementary elements, we agreed to sell the Launchpad code to Neighborworks in November to integrate into Compass in order to increase the reach of its innovative design across the industry. When Compass launches in 2020, we'll transition Launchpad users to the new platform.