

Finding Perfect Opportunities in an Imperfect Market

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As the days and weeks pass, it becomes ever clearer that pioneering new funding structures and partnerships to keep projects viable will be one of the more important challenges facing the affordable housing and community development communities. An exceptional example of creating change in order to cope with it can be found on Page 1 of this month's *Housing Bond Report*.

Pooled Bonds

There it is reported that Maryland, like many of the nation's localities, finds itself beset with dwindling federal aid and an aging housing stock. Tackling this problem, the state's local public housing authorities are finding relief through the issuance of an innovative, pooled tax-exempt bond financing. When final approval is received from the U.S. Department of Housing and Urban Development (HUD), the Community Development Administration (CDA) - Maryland's housing finance agency - will issue pooled tax-exempt bond financing to raise \$90 million for local public housing authorities (PHAs).

Modeling its initiative on Chicago's success with its new bond financing structure, Maryland's plan has gained immediate popularity - its sponsors say it will be the first deal that combines a capital fund with a pooled group. In another trend-setting transaction last year, the District of Columbia Housing Finance Agency collateralized a \$4.14 million multifamily revenue bond issue using public capital housing funds as collateral. The \$4.14 million will always be contained and available to pay debt service until the bonds mature or are called.

With its new financing tool, Maryland PHAs can pool their capital funds with CDA issuing bonds that will be repaid from future federal funding, providing immediate funds for more than 18,000 housing units in need of rehabilitation.

Private Equity Funds

Their mission statements talk of a double bottom line of profit and social good. By investing capital in low-income communities, community development equity funds not only reap financial rewards for stakeholders but also create jobs and foster economic development.

Responding to societal concepts of what is fair, and to their founders' and stakeholders' belief that for long-run sustainability of the business and society the bottom line must be measured on more than profitability, smart growth funds like the Bay Area Family of Funds, Genesis LA, Mass Capital, San Diego Capital Collaborative and Nehemiah Sacramento Valley Fund represent today's prototype for building market-rate funds sponsored by regional, not-for-profit private-public partnerships managed by world-class managers.

To learn more about private equity funds, save time in your busy schedule to attend "Community Based Investing: Using Private Equity for Local Development," a conference to be held September 15 and 16 in San Francisco. Private equity investing is also a panel topic at "Revitalization: An Affordable Housing Conference" being held July 17-18 at the Renaissance Chicago Hotel in Chicago, Ill. For more information, go to www.taxcredithousing.com. ❖

Upcoming Events

JULY 17-18, 2003

**REVITALIZATION: AN AFFORDABLE HOUSING CONFERENCE
Renaissance Chicago Hotel, Chicago, Ill.**

SEPTEMBER 15-16, 2003

**COMMUNITY BASED INVESTING: USING PRIVATE EQUITY FOR LOCAL DEVELOPMENT
The Argent Hotel, San Francisco, Calif.**

SEPTEMBER 18-19, 2003

**10TH ANNUAL AFFORDABLE HOUSING CONFERENCE
The Argent Hotel, San Francisco, Calif.**