



Filling the Gap

Affordable workforce housing in short supply

The United States has a shortage of affordable housing. According to the Harvard University's Joint Center for Housing Studies' 2008 report, *The State of the Nation's Housing*, 17.7 million households pay more than 50 percent of their incomes to housing.

And to make it worse, incomes are not keeping pace with rising housing costs. In 2007, the hourly wage needed to afford rental housing increased to \$17.32—up from \$16.31—which is beyond the means of most low-income renters according to the National Low Income Housing Coalition.

Acknowledging a serious need for safe and affordable housing, the National Housing Partnership, a congressionally chartered corporation, founded The NHP Foundation in 1989. Since then, The NHP Foundation has worked to provide more affordable housing to low-income renters.

It was created to be a preeminent provider and manager of quality affordable low- and moderate-income housing. The organization builds, acquires and rehabilitates affordable housing communities throughout the country. It also uses an innovative mix of public and private financing to accomplish its goals.

Today, The NHP Foundation has 24 properties in 11 states, totaling close to 5,400 units of low- and moderate-income housing—and that

number is growing. An estimated 15,000 residents occupy communities owned and operated by The NHP Foundation.

But the organization's work does not stop there. Combining the best aspects of a real estate developer with a nonprofit organization, The NHP Foundation has programs that empower residents to break the cycle of poverty and become self-sufficient by focusing on education, health and wellness.

To that end, Operation Pathways was created to provide access to services. An onsite Resident Service Coordinator develops and implements programs and services that assist residents. Programs vary by location but include academic assistance for children up to 18 years old, educational programs to move residents into homeownership, activity programs directed at seniors, and athletic and cultural programs aimed at all ages.

REVISITING PROPERTIES

Having spent two decades building, acquiring and rehabbing properties The NHP Foundation has decided to look within its own portfolio for opportunities and has decided to perform a series of upgrades and rehabs on some of its own aging stock.

First in line to see the benefits of the new initiative is Foxwood Manor Apartments in Levittown, Pennsylvania. It has 304 units totaling 253,384 square feet. While it was well-maintained, the aging community was in need of a makeover.

Foxwood Manor features desirable community amenities that include a private entrance, a community center, a playground, a swim-

The NHP Foundation

Joe Wiedorfer | Senior Vice President

Location: Washington, D.C.



Foxwood Manor dining room



Foxwood Manor bathroom

ming pool and on-site laundry facilities. Units are carpeted and offer air conditioning, a gas range, a frost-free refrigerator, a garbage disposal and a dishwasher.

“We’ve owned the property since 1996,” says Joe Wiedorfer, Senior Vice President of The NHP Foundation. However, the building had been built more than 25 years before The NHP Foundation acquired it. The community underwent a minor rehab in 1997, and since that time the property had repairs and maintenance as needed.

“It was an aging HUD 236 property. We have a lot of these properties in our portfolio, and we’d done minimal rehabs when we bought them, but they’re outdated now and are coming to the end of their useful lives—not structurally, but when it comes to the interiors,” says Wiedorfer.

While some facilities have been kept up to date with ongoing replacements—for things like appliances and carpets—The NHP Foundation lacked the resources to overhaul the properties and bring them up to modern standards. Using the Low Income Housing Tax Credit (LIHTC) program, the organization has been able to raise the funds needed to do significant upgrades. This financing was especially attractive because the buildings were already in the portfolio—there was no need for negotiations, waiting periods or due diligence.

Additionally, changing the type of financing gave The NHP Foundation greater flexibility. The LIHTC allows a greater mix of incomes, and studies have shown that having a mix of incomes is good for the community on numerous levels.

And so the work began on Foxwood Manor. The interiors will be where residents see the most dramatic changes. From floors to doors, modern aesthetics will be employed. “Units that already had new cabinets or appliances in the last couple of years probably won’t be getting those specific items, but by the time we are done, every unit will have newer appliances, cabinets, light fixtures, plumbing fixtures and air conditioning,” says Wiedorfer.

As noted, new doors and flooring will also be installed, while kitchens and baths will see major updating. Energy Star-rated appliances were used throughout. Paints and new carpeting will complete the updating. The buildings will also receive fully upgraded mechanical infrastructure, including re-piping gas, HVAC and plumbing. The entire site was converted from central gas to individual unit metering.

One major change is that five percent of the units were renovated to be accessible to those with disabilities, making those units compliant with the Americans with Disabilities Act (ADA) of 1990.

The property also needed drainage work, and crawl spaces under residences were not insulated. Insulation and vapor barriers were added to every crawl space, and the areas were cut off from the units to prevent the units from losing heat or air conditioning. This was particularly important to accomplish for the residents, as the new metering means that utilities will no longer be bundled with rent.

The NHP Foundation had also built in a contingency fund that would cover the cost of unexpected work—it’s built right into the





Foxwood Manor kitchen

“A few years down the road, with turnover, we anticipate that most of the property will be under the new structure. Our last challenge will be changing the perception of the project. It was known as a low-rent HUD property and it’s no longer that.”



Foxwood Manor bedroom

contract that the known scope of work might expand per contingency funding. “We knew we’d find other areas of the property that needed some additional work, and we’ve been able to use the contingency fund to make additional improvements outside that scope of work,” says Wiedorfer. The contingency fund has covered everything from additional work on individual units to fixing problems that affect all residents, such as more extensive site drainage measures.

TENANT-IN-PLACE RENOVATIONS

While renovations are rife with unexpected problems, one challenge has trumped all others. Foxwood Manor is a tenant-in-place renovation. “Nothing is quite as involved as the tenant-in-place process,” says Michael Nemo, Project Executive for Hamel Builders, Inc. of Elkrigde, Maryland, the project’s construction manager. “The entire effort requires a diligent coordination between the contractor and property manager. To ensure the success of the overall plan, a clear line of communication must be maintained with the residents. We started by getting input from them about their concerns and established a spirit of cooperation that we could build upon throughout construction.”

Hamel Builders has experience with tenant-in-place renovations—and they brought a team to Foxwood Manor that could handle the job. “We staff each construction project with an experienced project management team comprised of a project executive, project manager,

superintendent and four assistant superintendents,” explains Nemo. “Our team for Foxwood Manor was fitted for success by assembling individuals that complement one another and are tenured in renovation projects, particularly tenant in place.”

The renovation is expected to be complete in 2010, and thus far there have been minimal disruptions to residents. “We’ve had a few complaints here and there, but we have constant communication, including biweekly meetings with the construction company and the site staff,” says Wiedorfer. Maintaining an open line of communication with residents has proven a worthy effort—The NHP Foundation logs every call to ensure the needs of residents are being met.

Planning for renovation began months before construction commenced. There were many choices to be made and information to gather—and the project team went about their duties with the utmost diligence.

“We selected the entire team, including the architect. We chose a construction management firm that had significant experience with tenant-in-place rehabs,” says Wiedorfer. “We just thought that if any member of the team wasn’t used to dealing with residents in place then it was going to be mess. So when we bid the work out we looked for companies that had that experience, good references and good reputations.” Hamel Builders fit the bill.

Once the team was in place, nuts-and-bolts decisions came to the forefront. “We had to select which units would become ADA-accessible and accommodate residents that work at night and sleep during the day—they had to be moved to other units or to a hotel. Some residents had doctor’s notes because of the impact of drywall work on their health and other concerns,” says Wiedorfer. “We had to move people around and even out of their units for the 25 days it would take from start to finish to do the work on the ADA units. We had to be understanding and flexible and reimburse people as necessary.”

Hamel Builders brought its strengths in preparation and planning to the tight schedule. “It was imperative that the schedule was perfected and developed to the highest level of detail prior to commencing construction,” says Nemo. “All critical milestones were illustrated clearly on the established schedule, and each participating subcontractor has his work activities, and start and finish goals, defined according to the overall team’s goal. During the progression of construction activities, the project schedule has been monitored and updated with scrutiny and regularity.”

Indeed, Hamel Builders provides an updated project schedule with each month’s progress report to The NHP Foundation, and regularly produces and reviews short-term schedules. “These snapshots are coordinated and reviewed by the superintendent on a weekly basis. The snapshots are used to predict potential timing deficiencies, resource allocation problems and possible opportunities for acceleration,” says Nemo. “It is the talent, determination and commitment of the project team in this process that has created a successful project.”

Hamel Builders approaches every project as a collaborative process. “Cooperation and communication in working with the owner, owner’s representative, property management, subcontractors and tenants has been pivotal to the success of this project,” says Nemo.

The NHP Foundation notes that the project is on time, under budget and proceeding smoothly.

MOVING FORWARD

Foxwood Manor is the first property that The NHP Foundation is converting from an old HUD program to the LIHTC program—but it won’t be the last. “I’m working on two others but I think I’m going to be spoiled by this because it’s going better than expected,” says Wiedorfer.

The next two affordable housing developments renovated will be Washington Dodd Apartments in Orange, New Jersey, and St. Luke’s Plaza in St. Louis, Missouri.

However, the work at Foxwood Manor will not end with construction. “The challenge coming up is that we will have to reposition the converted properties,” says Wiedorfer. “That’s something that we’re just beginning.”

Some HUD programs kept rental rates artificially below market rates to accommodate the poorest citizens in need. That created a gap in incentives to create workforce housing and created pockets of poverty that lacked a mix of housing.

The conversion from HUD programs to LIHTC financing means that Foxwood Manor will now be leasing at a higher rate and be in line with workforce housing rates. However, current residents are capped at no more than a five percent rate increase per year. Incoming residents will pay significantly higher.

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Indeed, the renovated Foxwood Manor will serve as an example for future projects for The NHP Foundation. With things going so well with the renovation it may serve as an example for other organizations as well. **DDC**



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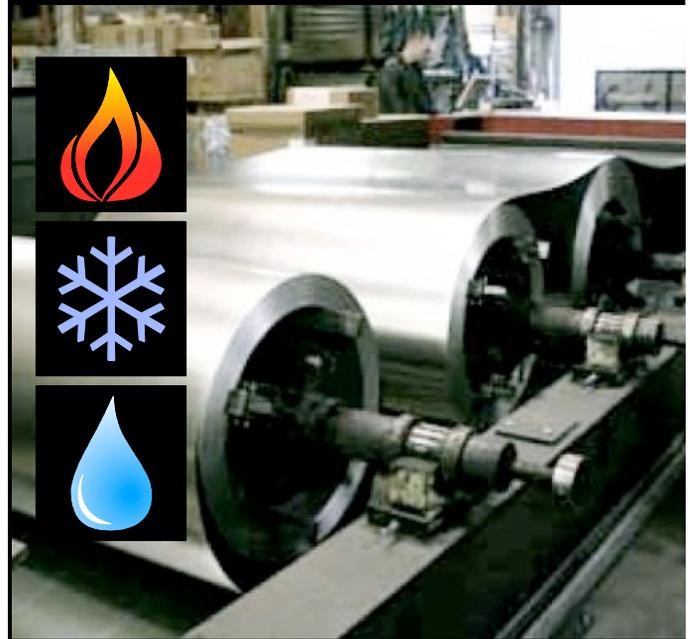
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