

# A CLOSER LOOK

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*A Closer Look* takes topics from previous and current issues of *Bridges* and examines them from a local perspective.

...AT THE KENTUCKIANA REGION

## The Power of Community

### Nonprofit Housing Developers in Louisville Find Strength in Numbers

*“It takes a village to raise a child.”*

The African proverb describes the importance of the community in raising a healthy, strong child. In Louisville, Ky., the Non-profit Housing Alliance (NHA) is using the same idea—community collaboration—to increase the capacity of nonprofit housing developers.

To that end, the alliance is building an organization of developers who share a common goal: strengthening the city of Louisville by providing and promoting quality affordable housing in all neighborhoods. By coming together as a group, members hope to learn from each other and gain greater access to capital.

#### How It Got Started

In 2004, as a result of the merger of Louisville’s city and county governments, representatives of the Department of Housing and Urban Development evaluated the city’s housing needs. They determined that the city had outmoded policies that limited the development of affordable housing and that the nonprofit sector needed to be more proactive to increase resources.

Subsequently, Louisville’s city leaders granted the Metropolitan Housing Coalition, a local organization advocating affordable housing policy, seed money to start NHA.

#### Financial Backing

Initially, NHA secured a \$90,000 grant from Louisville

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A family poses outside its Louisville home, which was built by River City Housing Corp. The affordable housing developer is one of 19 in the area that make up the Non-profit Housing Alliance.

## Housing Alliance Training Focuses on the Details

The Non-profit Housing Alliance’s (NHA’s) goals include building partnerships between the nonprofit housing community and training and technical assistance providers. The idea is to increase competency for everyone.

NHA began this process last year by offering a three-part training program, “Successful Nonprofit Affordable Housing Development,” for nonprofit housing developers, whether they are alliance members or not. The eight-week sessions, held between October 2005 and May 2006, were free. The program sponsors were NHA, the Center for Neighborhoods and the University of Louisville’s School of Urban and Public Affairs.

The three courses were: Management of Nonprofit Housing Organizations; How to Do Nonprofit Housing Development in Louisville; and Introduction to Real Estate Development.

Management of Nonprofit Housing Organizations included training on legal and ethical issues, boards of directors, strategic planning, program evaluation, staff development, financial management and budgeting, and fund-raising.

Introduction to Real Estate Development covered the following topics: the development process, project feasibility analysis, pro forma analysis, design and construction management, project selection, putting together a development team, and property management.

How to Do Nonprofit Housing Development in Louisville subjects included: working with neighborhoods, HUD-funded programs, working with Louisville Metro Housing and Community Development and Louisville Metro Planning and Design Services, low-income housing tax credits, public and private partnerships, marketing nonprofit housing in Louisville, preparing loan submission forms, and social services to support homeowners and tenants.

Financial support for the program was provided by the Kentucky Housing Corporation’s Real Estate Endowment at the University of Louisville, Louisville Metro Housing and Community Development, and the Kentucky Real Estate Commission.

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Metro government to fund its operation. The city agreed to a multiyear pilot using community development block grants and HOME funds and then a gradual phasing out of city funds in 2006. The city committed an additional \$300,000 for first-year funding to help NHA members improve operations, such as accounting, marketing, developing business and implementing advisory boards.

Last year, NHA members worked diligently on proposals to the Louisville city government to secure capacity-building grants. Together, NHA and the city provided members technical assistance with work plans, business plans and budgets to help members qualify for city funding. Each member was required to have an individual contract with Louisville to obtain city funds. Members received capacity building grants for \$27,250, which were issued from a \$300,000 fund the city had set aside.

Each organization decided how to use the funds. Doug Magee, program director for NHA, says larger organizations tended to hire staff, while smaller organizations used funds for board development.

New Directions Housing Corp., one of the most experienced and largest NHA members, used its grant to fund more professional training for its board members and staff, says Joe Gliessner, executive director. He added that during this first funding round, producing members received equal grants regardless of size and experience. This was done to foster feelings that “we are all in this together,” he says. “Building and sharing capacity is the other component of the collaborative. We have larger, experienced mem-

bers and new, inexperienced members. The challenge is to form a common agenda for affordable housing in our city.”

Becky Roehrig, executive director of River City Housing, echoes Gliessner on the importance of building and sharing capacity. As an NHA member, Roehrig says what she values most is sharing expertise and knowledge

Although NHA has received verbal funding commitments from the city, the commitments depend on how much federal funding the city receives, Magee says.

Melissa Barry, director of Louisville Metro Housing & Community Development, says the city wants NHA’s members to succeed because they are sub-grantees as far

participate in NHA and its meetings for six months before applying for revenue resources. Thereafter, they must attend 80 percent of the meetings in the course of 12 months. Access to technical support or training opportunities is available immediately. To be eligible for operating support, all builder members must adhere to quality and production standards as defined by NHA. In addition, all members are expected to participate in at least one NHA committee or work group.

On a recent Friday, several NHA members participated in a free-wheeling discussion regarding the state of the affordable housing industry overall and within Louisville. The discussion offered insight into the myriad of challenges facing the nonprofit housing sector, including:

- the need for technical expertise on financing complex deals;
- resources that are spread thin due to multiple projects in the marketplace;
- the availability of CDBG funding;
- continued dependence on city funding;
- cost of labor and construction; and
- crime and neighborhood economic growth and sustainability.



*Habitat for Humanity of Metro Louisville was responsible for building this family’s home. The nonprofit organization is also a member of the Non-profit Housing Alliance.*

about the latest developments in the affordable housing arena. Her organization is funding research to determine what the best models of affordable housing are for its market and its niche in the affordable housing sector.

While the first round of funding focused on increasing the capacity of nonprofit housing developers, Magee says the second round will be more competitive, because of federal housing budget cuts expected over the next year or so. In addition, the second round will focus on improving the city’s turn-around time for the funding process. Some NHA members, who were struggling financially, sought other funding sources while they waited for capacity-building grants from the city, Magee says.

The city currently is undergoing its budget process.

as HUD is concerned—and when NHA members fail, the city fails.

#### **Expectations for Members**

As NHA members, builders hope to reach their housing development goals by increasing capacity, improving intergovernmental and development systems, broadening the funding base for affordable housing development and building partnerships between nonprofit housing and technical assistance providers.

The 19 NHA members meet once a month for two hours. All new members must actively



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