



Connection

The Newsletter of Community Affordable Housing Equity Corp.

Opening New Doors®

www.cahec.com

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South Carolina made history in 2004 by passing the Textiles Communities Revitalization Act, a tax credit for the “renovation, improvements, and redevelopment of abandoned textile mill sites” in the state. CAHEC made history in 2005 by being the first equity syndicator to place the credit with an investor. Along the way, a network of affordable housing professionals, business people, supportive services providers, and government officials saved a local historic landmark. And in the end, a reincarnated Highland Park Mill stood ready to offer eligible senior citizens a safe place to call home.

Built in 1889, Highland Park Mill served the city of Rock Hill, SC, for more than 100 years before it closed. There was a great deal of local inter-

est in saving the building and finding a new use. The York County Council on Aging dreamed of converting part of the structure into a senior services center. City authorities envisioned an overall upgrade of the neighborhood. And then there was the need for affordable housing for low- to moderate-income elders in town. Could the mill somehow accommodate this wish list—at a time when available funding wouldn't cover the costs?

After receiving an allotment of tax-exempt bonds with tax credits and a loan from the City of Rock Hill, The Landmark Group of Winston-Salem committed to developing 116 housing units for seniors plus offices for the county's Council on Aging. However, the extra time and expense required to make this historic

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Legislation to Revitalize Historic Mill Facilities Sought in North Carolina

Like its southern neighbor, North Carolina has experienced scores of mill closings in recent years. Neglected and deteriorating, these vacant industrial buildings are reminders of the Piedmont region's former domination in textile and furniture manufacturing. Now the challenge is to put these buildings back into productive use. Even more of a challenge comes from South Carolina and Virginia, which have each adopted incentives for the rehabilitation of similar buildings, incentives that are resulting in new investment in once-declining communities.

Legislation introduced in the NC House and Senate in 2005—and passed by the House—proposes providing tax credits for businesses that renovate historic mills, manufacturing facilities, and utility buildings. As the bill is currently written, the credit would range from 30 percent to 50 percent of the rehabilitation expenses depending upon the type of project and location of the site. To qualify, the structure must be certified historic, must have stood 80 percent vacant for a minimum of two years, and must cost at least \$2 million to renovate.

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Community Affordable Housing Equity Corp. (CAHEC) was created in 1992. Our mission is “to raise and invest equity capital in low-income housing tax credit projects, to empower residents living in developments CAHEC helps finance, and to promote home ownership.”

Connection is published quarterly by CAHEC for its constituents in the affordable housing industry.

Please let us hear from you. E-mail ndietz@cahec.com with your comments and suggestions.

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CAHEC
Community Affordable Housing Equity Corp.

CAHEC PROFILE

Although you won't see his signature on any check originating from CAHEC, Lawrence Kahn plays an important accounts payable role. As the company's Finance & Benefits Coordinator, Lawrence ensures that payment is promptly rendered to customers and employees alike. In addition to his accounting responsibilities, Lawrence administers CAHEC's benefits and oversees the paperwork associated with the company's HR operations.

A native of Long Island, NY, Lawrence majored in business at the New York Institute of Technology. To multiply his post-graduation options, Lawrence prepared for two careers, one in accounting and one in education: along with his B.S.,



Lawrence Kahn

he obtained his teaching certificate in secondary school mathematics. He began teaching right out of college, first in New York and then in North Carolina, where he and his wife, Jen, settled in 1993.

Jen continues to teach high school math, but after several years in the classroom, Lawrence decided to pursue a career in business. He held several accounting jobs in a variety of for-profit firms before joining CAHEC in 2002. He likes working for a nonprofit and the community sense of wanting the company to succeed in its mission.

Putting many of us to shame, Lawrence starts his workday fully energized. He runs three or four mornings a week, averaging 20-25 miles total. On the days he doesn't run, he lifts weights. For recreation, his game is golf, and he follows many sports, both college and pro, from the comfort of his family room.

Like their father, Lawrence's sons—Brian, 7, and Matthew, 3—are sports enthusiasts. At the 2005 company annual baseball outing, CAHEC employees and their guests got a chance to see Brian follow in his father's footsteps. Brian was chosen to race the Durham Bulls' mascot around the bases between innings. It was no contest—Brian easily won. It's too soon to tell how the boy will do with compiling financial statements, but Lawrence notes a strong family resemblance in Brian's second grade math skills. ^m

Open Doors Homeownership Grant - 2005 Recipients

Introduced in 2004, the Open Doors Homeownership Grant was designed to help build the capacity of nonprofit developers working to create quality affordable housing for sale to low-income households. Four grants of \$5,000 each were available. The first year the grant was offered, CAHEC received 11 applications from nonprofits located in seven states.

In 2005, the number of applications almost doubled, and they came from eight states plus the District of Columbia. Members of CAHEC's

Social Responsibility Committee, who judged the entries, were impressed with the many creative affordable housing solutions described in all of the applications. Selecting only four grant recipients was a challenge.

Entries were judged on the basis of how well the application identified a strong community need, demonstrated the positive impact of the housing development on the community, and described a working solution in search of financial support.

Durham Community Land Trustees

1208 West Chapel Hill Street
Durham, NC 27701
(919) 490-0063

Durham Community Land Trustees has set an ambitious goal: to create a minimum of 10 affordable houses a year for the next five years. This program targets the West End neighborhood of Durham, an area of the city where 55 percent of the households earn less than \$25,000 annually and only 13 percent of the housing units are owner-occupied. The CAHEC grant will help support the group's outreach and marketing effort: first, a



mass mailing to qualifying employees of large area employers, and then a telephone "Housewarming Hotline," staffed by a live person, who will answer questions and screen prospective homebuyers.



Housing Initiative Partnership (HIP)

6525 Belcrest Road, Suite 555
Hyattsville, MD 20782
(301) 699-5875

Before and after
Every rehabilitated home receives HIP's "signature" design feature: a front porch.

Housing Initiative Partnership acquires and substantially rehabilitates vacant houses in some of the older, blighted neighborhoods in Prince George's County. Although there are literally thousands of vacant units in this area, acquiring them to feed the pipeline is difficult. HIP buys

abandoned homes, tax sale rejects, burned-out hulks, and properties with liens far exceeding the value. The CAHEC grant will be used to pay staff costs associated with the leg- and legal work involved in securing the title and ensuring that these homes, once rehabilitated, remain affordable.



The Arc of Harrison County

P.O. Box 764
Clarksburg, WV 26302-7064
(304) 624-3641

be used toward meeting the 2005 goal of providing ten affordable, accessible homes; six of the ten will be new construction. Funds will help cover such costs as travel to survey available sites, hook-up to cities' utility taps, consultants, and arrangements for people with severe disabilities to attend team meetings.

The Arc of Harrison County is a founding member of the West Virginia Home of Your Own Alliance, a nonprofit that helps individuals and families with intellectual disabilities purchase their own home. The CAHEC grant will

Southside Outreach Group, Inc.

P.O. Box 375
South Boston, Virginia 24592
(434) 572-9556

Southside Outreach Group is currently developing a neighborhood of 12 new affordable houses for first-time homebuyers. CDBG and HOME funds are available for the development side of this project. What remains the biggest challenge for the organization is finding qualified homebuyers: out of more than 200 applicants for the new homes, only three were eligible for mort-



gage financing. The CAHEC grant will help support the "Homebuyers' Club," a comprehensive approach to pre-purchase counseling that combines motivation, education, and personalized attention to help clients become credit-worthy. ♪

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adaptive reuse project conform to HUD's 221(d)(4) was forcing the developer to defer most of its fee.

Meanwhile, the Textiles Communities Revitalization Act was making its way through the legislature. Introduced by Senator Linda Short as part of an economic development program for upstate South Carolina, the bill provided a 25 percent credit calculated on expenses for rehabilitating abandoned textile mills to be applied toward either real property taxes or state income tax. Senator Wes Hayes, a co-sponsor of the bill and a Rock

Hill resident, actively campaigned for the bill's passage.

After the bill became law, the Highland Park Mill project qualified for \$1,329,000 in the new credit, but then it needed an investor. CAHEC went to work, found an investor, and amended the partnership agreement. Subsidiaries of Unum Provident Corporation—Colonial Life & Accident Insurance Company (Columbia, SC) and Provident Life and Accident Insurance Company (Chattanooga, TN)—came in as partners with Community Equity Fund VIII-A. Together, every-

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New Look, New Features for www.cahec.com

CAHEC recently redesigned its Web page to make it a resource-rich site for the company's many partners. Developers can download numerous sample forms used in tax credit deals. Property managers and on-site coordinators can access over three dozen forms related to leasing Sec. 42 units, and applications for all seven Community Programs are also available. Investors, using their passwords, can open CAHEC's Web application to retrieve specific information on projects or funds. And everyone can enjoy the new dynamic map: a click on the "Community Profiles" tab brings up a map that allows users to locate developments by county, view a photo of the property, and read a brief project profile.

Other features include:

- New asset management listings
Users can identify asset managers and the properties they monitor one of two ways:
 - a) A click on the asset manager's name yields a list of all properties in that manager's portfolio
 - b) A click on the name of the development calls up the contact information of the responsible asset manager
- Information about the upcoming Partners Conference (including online registration)
- Information about the Open Doors Homeownership Grant
- Links to industry resources

The new look to www.cahec.com is more than a cosmetic makeover. With its expanded coverage, CAHEC's Web site offers its users technical assistance of a virtual sort. ♪

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one's contribution benefited the developer and project.

Currently, lease-up is underway. A nearby park has been renovated, and other neighborhood upgrades, including reno-

vation of single-family homes, are anticipated. South Carolina has taken a big step toward solving multiple socioeconomic issues. ♪



Some of the "movers and shakers" that made the dream of Highland Park Mill a reality. *From left:* Mazzi C. Ghoddoussi, CAHEC; Donna Northam, Colonial Life; Jim Latham, Colonial Life; Robert "Wes" Hayes, Jr., SC State Senate; Paul V. Fitch II, The Landmark Group

Tax Credits for NC Mills
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Because these abandoned buildings are commonly found in small towns where rents are usually too low to justify the project, the Mill Rehabilitation Tax Credit, especially when used in combination with other historic tax credits, will increase the incentive for rehabilitating old mills and other manufacturing facilities. The bill's proponents argue that when adapted for new uses, an old factory or mill can have a significant economic and social impact on revitalizing a community. ♪