

# AFFORDABLE HOUSING FINANCE

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SPECIAL FOCUS &gt;&gt; READERS' CHOICE AWARDS

BEST HOMEOWNERSHIP PROJECT:

## Innovation Comes Home to Roost

BY LIZ ENOCHS

PASADENA, CALIF.

It could have been the size of the home—three times as large as the one-bedroom rental where she'd been living with her two children. It could have been the fact that each person would have a separate bedroom. It could have been the two-and-a-half bathrooms. Or it could have been the fact that the 1,633-square-foot condominium would be the first home ever to belong to her, giving her family a newfound sense of stability.

Whatever it was, it caused Roena Bernard to break down in tears when she toured the unit at Fair Oaks Court that she moved into this September. "The first time I walked through I started crying," she says. "I'm so happy, I don't really even have words to describe the way that I feel about owning my own house."

Bernard is also paying about \$300 less than the \$1,200 she previously forked out in rent. In the apartment, the children shared the single bedroom, and she slept on the floor in the living room.

Now Bernard sleeps in her own room—though she's still working on getting a mattress, she notes with a laugh.

Bernard, who earns approximately \$40,000 a year as a senior typist with the Los Angeles County Employees Retirement System, is just the kind of person Fair Oaks Court was built to serve.

The 40-unit project, which consists of nine renovated and 31 new homes, was created as workforce housing, with an aim to

serve middle-income as well as low-income households in this pricey Southern California enclave. All but four of the units are income-restricted, and developer Heritage Housing Partners, a local nonprofit, expects all the homes to be sold by the end of the year. RAAM Construction, Inc., was the general contractor.

In the meantime, Heritage is moving full speed ahead into the second phase of the project, which will involve the development of 60 homeownership units in neighboring Glendale, up from the 35 originally planned. The addition of this second phase was the key that unlocked New Markets Tax Credits (NMTCs) as a funding source for the developments.

Once allocated, the federal government requires the credits to remain invested in qualified uses over a seven-year period. That was a challenge when it came to for-sale housing, as condos or houses are typically sold, and the money repaid to the builders, within 12 to 18 months.

In adding the second phase, Heritage created the opportunity to reinvest its proceeds from the sale of the Pasadena homes into the next round of properties in Glendale, meeting the federal requirements for NMTCs as well as creating more housing.

"We will be exporting about \$3.5 million from the Pasadena project to the Glendale project," says Charles Loveman, Heritage's executive director. "We love this funding source, and we just re-upped," he adds, referring to an additional \$7 million NMTC allocation Heritage was recently



Heritage Housing Partners worked closely with the cities of Pasadena and Glendale to find a way to use New Markets Tax Credits for for-sale housing.

awarded for the Glendale portion of the project, which is expected to break ground in the first quarter of 2009.

The Glendale homes will also be built in an arts and crafts style and, with the addition of a one-acre parcel the city acquired, will include half an acre of open space. Heritage plans to repeat the energy-saving measures it used at Fair Oaks, such as extra insulation and energy-efficient windows. "This will be as green a project as we can possibly make it," says Loveman.

Plus, like Fair Oaks Court, it ought to put a bit more green into the pocketbooks of the homes' eventual buyers. ■

### Fair Oaks Court

**Developer:** Heritage Housing Partners

**Architects:** J. Lou Architect; Moule & Polyzoides

**Major Funders:**

Clearinghouse CDFI  
City of Pasadena, CA  
City of Glendale, CA  
Washington Mutual