Housing as the Foundation for Health: Partnering with Health Systems

Theresa Sellers, Director of Community Health Initiatives, UPMC
Shannon Mowery, VP of Supportive Services, Pennrose, LLC
Jacob Fisher, Regional VP, Pennrose, LLC

December 2, 2021
Homes Within Reach
Partnering with Health Systems
November 28, 2021
Developers with a depth of experience, a reputation for quality, a commitment to diversity, and a broad vision that allows us to consistently produce great spaces.

- Based in Philadelphia, over 40 years in business
- Developed over 20,000 units in 15 states
- Recognized experts in complex, multi-phase, mixed-finance, urban and suburban development.
- Success built on partnerships across all communities where we work
JOHN C. ANDERSON APARTMENTS
PHILADELPHIA, PA

- 56 Units (Completed 2015)
- Senior, Affordable, LBGT Friendly
- Partnership with Dr. Magnus Hirschfeld Fund
- Service Space + Exam Room
- Indoor/Outdoor Community Space
- Pharmacy
ROOSEVELT HOSPITAL
EDISON, NJ

- 85 Units (Completed 2018)
- Seniors and Veterans, Affordable
- Partnership with Middlesex County
- Construction – Adaptive, Re-Use, Historic Renovation
- Community Room and Fitness Center
WEINBERG COMMONS
CHERRY HILL, NJ

- 80 Units per Phase (Two Phases)
- Serves Seniors and Adults with Developmental Disabilities
- 100% Affordable
- Partnership with the Jewish Federation of Southern New Jersey
CVS/Aetna Partnership

Why partner?
- Community Health Zones
- Healthier residents, less turnover, alleviate high users of medical system

Development
- Workforce Innovation Centers
- Financial Investment

Operations
- Mobile Health Clinics
- Funding of on-site staff
- Visiting on-site nurse
Body of research on social determinants of health links stable housing to better health outcomes

- Camden Coalition “hot-spotting” study, identifies costs and mitigants of high emergency service utilization

Healthcare providers, hospital systems, insurers are evaluating ways of getting involved in housing

Funders are also taking notice – States have added healthcare services to points categories or to supportive services in QAP’s

Example: New Jersey Healthcare and Housing Program is a direct recognition of the opportunity and a commitment to invest
BERGEN STREET FAMILY
NEWARK, NJ

- 66 Units (9 studio, 33 1BR, 19 2BR, 5 3BR)
- 5,000 SF Commercial Space
- RWJBarnbas- Newark Beth Israel Hospital – Partner
- Part of New Jersey Housing and Healthcare PILOT
- Projected Closing Dec 2022
NJ HEALTHCARE AND HOUSING PROGRAM

- NJHMFA partnered with the NJ Hospital Association
- Provide incentives to create developer-hospital partnerships
  - Service enhanced housing targeting specific population
- Incentives:
  - NJHMFA providing matching funds up to $4 million (w/ hospital)
  - 4% LIHTC’s and tax-exempt volume cap
  - Project based vouchers for targeted units
- Hospital responsibilities
  - Provide land adjacent to hospital or on campus
  - Matching funds
  - Input on pollution to be served and service partnership (optional)
## BERGEN STREET SOURCES & USES

<table>
<thead>
<tr>
<th>Uses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Costs</td>
<td>$ 17,202,723</td>
</tr>
<tr>
<td>Contingencies</td>
<td>$ 860,136</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$ 2,727,715</td>
</tr>
<tr>
<td>Financing Fees</td>
<td>$ 2,672,122</td>
</tr>
<tr>
<td>Acquisition</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$ 3,464,059</td>
</tr>
<tr>
<td>Reserves</td>
<td>$ 995,393</td>
</tr>
<tr>
<td><strong>Total Development Cost</strong></td>
<td>$ 28,422,148</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Sources</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage</td>
<td>$ 4,650,000</td>
</tr>
<tr>
<td>LIHTC Equity</td>
<td>$ 7,882,447</td>
</tr>
<tr>
<td>RJW Loan</td>
<td>$ 4,500,000</td>
</tr>
<tr>
<td>NJHMFA Health Program Loan</td>
<td>$ 4,500,000</td>
</tr>
<tr>
<td>HMFA SNHTF</td>
<td>$ 1,500,000</td>
</tr>
<tr>
<td>City of Newark ARPA Funds</td>
<td>$ 3,200,000</td>
</tr>
<tr>
<td>Deferred Developer Fee (Mandatory)</td>
<td>$ 1,624,609</td>
</tr>
<tr>
<td>Current Gap</td>
<td>$ 565,092</td>
</tr>
<tr>
<td><strong>Total Current Sources</strong></td>
<td>$ 28,422,148</td>
</tr>
</tbody>
</table>
KINDER PARK IV
RIDLEY TOWNSHIP, PA

- 96 units
- Senior, Affordable
- Partnership with Delaware County Housing Authority and Mercy Health System
- Fourth and final phase of a 250-unit redevelopment with the DCHA
- 16,000 sf PACE Center + 3,700 sf kitchen
- Operated by Mercy Health via commercial lease
- Opening Q2 2022
EASTERN WOODS
FINDLAY, OH

- Two phases, total of 98 units
- Affordable, work-force
- Senior and family populations
- Partnership with Blanchard Valley Health System (BVHS)
- Will provide housing on a 59-acre medical campus developed by BVHS to serve users of hospital services as well as employees
- Opened 2021
MCAULEY PARK
ATLANTA, GA

- 2 phases 270 units
- Senior, family affordable
- Partnership with St. Joseph’s Health System & Mercy Care
- Income tiering includes 30, 60 & 80% AMI
- 10 respite units, master leased
- Closing Q2 2022
MCAULEY FINANCE PARTNERS & UNIT MIX

- Financing Partners
  - DCA
  - 4% LIHTCs, HOME Perm Loan & NHT Funding
  - Invest Atlanta
  - TE Bonds Issuer & TAD Funds
  - Trinity Health
  - Truist Bank
    - Construction Lender & LIHTC Investor
  - Partners for HOME Grant

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>Baths</th>
<th>Units</th>
<th>Median Income</th>
<th>Net Rent Per Unit</th>
<th>Unit Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>1</td>
<td>10</td>
<td>Unrestricted</td>
<td>$300</td>
<td>SJHS Respite Units</td>
</tr>
<tr>
<td>Studio</td>
<td>1</td>
<td>30</td>
<td>30%</td>
<td>$970</td>
<td>Partners for HOME/LIHTC/Project Based Rental Assistance</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>56</td>
<td>60%</td>
<td>$853</td>
<td>LIHTC Unit</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>17</td>
<td>80%</td>
<td>$1,160</td>
<td>LIHTC Unit</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>45</td>
<td>60%</td>
<td>$1,032</td>
<td>LIHTC Unit</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>12</td>
<td>80%</td>
<td>$1,400</td>
<td>LIHTC Unit</td>
</tr>
<tr>
<td>Totals</td>
<td>1</td>
<td>170</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OPPORTUNITIES

- Healthcare institutions may have:
  - Particular (housing-insecure) population w/ high health needs
  - Interest in investing in housing to save money and create better health outcomes for vulnerable subset of patients
  - Land / Resources
  - Openness to partnership instead learning housing development

- Developers bring:
  - Expertise in housing development
  - Understanding of financing programs
  - Ability to lead a development process
  - Flexibility to partner
CHALLENGES

- Helping hospitals make the leap from “this is a good idea” to convincing them to invest
  - Community health team will “get it”
  - CFO’s will question the ROI to hospital
- Hospitals have complex governance decision making processes
  - Getting the right people in the room within large hospital systems
  - Local decision making (at hospital level) vs. parent company decision making
- Competing priorities (e.g. Covid)
<table>
<thead>
<tr>
<th>HOSPITAL</th>
<th>DEVELOPER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership and strategic direction</td>
<td>Plan, design, execute the vision</td>
</tr>
<tr>
<td>Determine what population to serve, what services to provide, and how</td>
<td>Take on financing, construction, lease up and operating risk, and manage</td>
</tr>
<tr>
<td>best to measure impact</td>
<td>the completed property</td>
</tr>
<tr>
<td>May provide ongoing services to special needs population in the building</td>
<td>Collaborate with hospital to structure transaction, ownership in way in</td>
</tr>
<tr>
<td></td>
<td>which all are comfortable</td>
</tr>
<tr>
<td>Provide land and/or financing</td>
<td>Secure all needed funding sources</td>
</tr>
<tr>
<td>Input into building design elements to successfully serve target</td>
<td>Ensure that construction meets/exceeds goals for local hiring and contractor participation</td>
</tr>
<tr>
<td>population</td>
<td></td>
</tr>
</tbody>
</table>
THANK YOU!

Jacob Fisher
Regional Vice President
jfisner@pennrose.com
267-386-8670