

Four NRHA Programs to Receive NAHRO Awards of Merit; Two Programs Nominated for National Awards of Excellence

Described below are two of the NRHA projects which received Awards of Merit and were nominated by the National Association of Housing and Redevelopment Officials (NAHRO) for National Awards of Excellence for 2008. NAHRO is the nation's leading housing and community development trade association. The annual competition recognizes the most innovative housing and community development projects, programs and services across the United States. Award winners will be named at NAHRO's annual Summer Conference in Nashville, TN.

The New Town Homes at East Church:

NRHA, with input from the Church Street Task Force and Norfolk Planning Commission, worked to create a first-class project in the Church Street corridor of the city, bringing about much needed change and revitalization as the neighborhood continues towards renewal. The project resulted in 12 affordable and stylish new town homes that complimented the adjacent West Church neighborhood of 26 mixed-income single-family detached homes. Noted for their quality construction, the townhouses were priced below the average new construction town homes in Hampton Roads. The 1,500 to 2,000 square feet, three and four bedroom homes featured brick and HardiPlank exteriors and two-car garages and ranged in price from \$165,000 to \$225,000. Half of the homes were reserved for lower income families while the remaining units sold at market rate.

The total project costs of \$12 million included funds for site improvements, infrastructure, and the construction of the 12 units. Funding included Community Development Block Grant (CDBG) and capital improvement monies from the City of Norfolk. Virginia Housing Development Authority and HOME funds were used to buy down mortgage interest rates for first-time income qualified buyers.

The project's success allows NRHA to continue the renewal of the Church Street corridor by planning additional town houses just blocks away.

NMTC & Tax-Exempt Empowerment Zone Bonds:

Hampton Roads Ventures (HRV), LLC, an affiliate of NRHA, secured a SpringHill Suites by Marriott for the campus of Old Dominion University in Norfolk by engineering a groundbreaking financial model combining New Markets Tax Credits (NMTC) and tax-exempt Empowerment Zone bonds. Typically, NMTC and Empowerment Zone bonds are used separately to foster development in distressed markets because each program has complicated requirements that make it difficult to combine them. The project was referred to HRV by local leaders who feared the long-planned hotel project, considered key to the area's revitalization, would not come to fruition.

HRV was able to leverage funding options by using \$11.4 million in bonds issued by Norfolk's Economic Development Authority, underwritten by Ferris, Baker Watts, Inc. of Washington, D.C. A Morgan Stanley investment fund managed by TransCapital, a Phoenix-based financial firm, then invested equity in the development in exchange for

the New Markets Tax Credits. HRV, providing permanent financing for the project, split a loan into two promissory notes to the developer: one for \$10.07 million at an interest rate of 6 percent, the other for \$3.23 million at an interest rate of 3.97 percent.

HRV was the first firm in Virginia to receive an NMTC allocation and now is the first firm to successfully combine two community development tools that will enhance the economic vitality of lower income communities. Additionally, the new hotel will participate in Marriott's "Pathways to Independence Program," which will help to bring jobs and training to residents living in Norfolk's HOPE VI communities.

HRV has established a new financial model, leveraging funds in a way that has never before been accomplished, which other communities may be able to put to use in order to promote private capital investments in economically challenged communities.

Additional Recognition from NAHRO

Two other programs received Awards of Merit from NAHRO, including NRHA's Strategic Plan and EarthCraft/Energy Star Residences.

Strategic Plan:

To better position NRHA for the future and in a desire to keep on fiscally sound footing, NRHA leadership formed a 20-employee Strategic Plan Direction Setting Team and engaged Springsted Inc., a management and financial advisory firm, to craft a five-year strategic plan, believed to be the most extensive organization-wide plan in the company's over 60-year history. After completing multiple planning stages and identifying and clarifying the authority's mission, values, and goals, NRHA is ready to set a course of action to achieve long-range goals.

The project called upon NRHA staff, the community, and an outside agency to assess external factors as well as organizational structure. By creating new goals and objectives, as well as measurements to determine progress and achievement, NRHA is better prepared for a brighter future that will benefit the city of Norfolk as well as the authority's employees and partners. Focus group participants applauded the mission statement for its brevity, transparency and its forward leaning determination. The vision statement was also well received for the aggressive standard NRHA was envisioning for itself and for the city as a whole.

EarthCraft & Energy Star Residences:

In October 2007, NRHA completed the first Energy Star certified multi-family building in Hampton Roads as well as Norfolk's first Earth Craft home. In an effort to protect the environment and reduce energy usage, NRHA used Energy Star products and guidelines at the Grandy Village duplexes and EarthCraft principles at a single-family detached home located in the Berkley neighborhood.

In addition to being energy efficient and environmentally friendly, these residences are also cost effective. The new homes reduce utility bills and provide better indoor air quality and durable construction. The rents for the two- and three-bedroom Grandy

Village apartments start at \$450 per month for working income-qualified households. The EarthCraft home was sold to a first-time homebuyer, who received homeownership counseling from NRHA's HomeNet Center, for about \$175,000. The goal of these energy conserving residences was to provide the benefits of "green" building standards to all households, not just higher-end housing, which was accomplished at both the Grandy Village assisted-rental apartments and the affordable single-family structure. In addition to the residences being affordable in rent and price, the month-to-month operational costs are lower using these "green" building features, allowing the renters and owners the ability to stay in their homes at lower costs.

The Grandy Village apartments are the first Energy Star certified multi-family buildings in the Hampton Roads region. Likewise, the Berkley single-family home is the first EarthCraft home in the city of Norfolk. As NRHA Executive Director Shurl Montgomery stated, "These two firsts are just the start of an aggressive green building program NRHA will have underway in the months ahead to 'prime the pump' for private sector emulation."