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TREASURY DEPARTMENT AWARDS \$54 MILLION IN NEW MARKETS TAX CREDITS TO NCB DEVELOPMENT CORPORATION

First \$75 Million Award Close to Full Deployment to Health Care Facilities and Charter Schools in Distressed Communities

On June 1, 2006, U.S. Treasury Secretary John W. Snow named the 63 organizations selected to receive tax credits for \$4.1 billion in investments in low-income communities under the [New Markets Tax Credit \(NMTC\) Program](#). The credits were awarded in the fourth round of a five-year program that will total \$16 billion by 2007.

\$54 million was awarded to NCB Development Corporation (NCBDC), one of the 63 selected from 254 applications requesting more than \$28 billion in NMTC allocations. NCBDC will use the allocation to finance health care and charter school facilities in low-income communities. NCBDC also received \$75 million in the second round of awards in April 2004.

"We are honored to have another sizeable opportunity to use New Markets Tax Credits to increase the impact NCBDC is making in distressed communities," Terry Simonette, President and CEO of NCBDC, commented. "We are pleased to have successfully deployed over \$52 million in credits and counting from our first award. For NCBDC, it's a proven, mission-critical program to spur long-term investment in health care and charter school organizations that serve tens of thousands of families in need."

"The New Markets Program is not only achieving its goal of attracting sources of private capital to our nation's low-income communities, it is exceeding all expectations, with awardees committing to provide extremely innovative and flexible financing tools for projects located in more severely distressed communities than minimally required by program rules," said Community Development Financial Institutions (CDFI) Director Arthur A. Garcia.

To date, NCBDC has distributed nearly \$58 million from its first \$75 million allocation to health care facilities and charter schools in California, Massachusetts, Michigan and New York. The remaining \$17 million is in various stages of distribution to communities nationwide and will be complete before the end of 2006.

These transactions are allowing organizations to either reduce operating costs freeing up funds to offer additional services, increase space to serve more people, and/or focus more resources on programs to improve health and education. Thousands of students and tens of thousands of patients have been positively affected already.

The New Markets Tax Credit Program attracts private-sector capital investment into urban and rural low-income areas to help finance community development projects, stimulate economic opportunity and create jobs in the areas that need it most. The NMTC Program, established by Congress in December 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in investment vehicles known as Community Development Entities (CDEs).

Substantially all of the taxpayer's investment must in turn be used by the CDE to make qualified investments supporting certain business activities in low-income communities. The credit provided to the investor totals 39 percent of the initial value of the investment and is claimed over a seven-year credit allowance period. The organizations receiving tax credit allocations this year were selected through a competitive application and rigorous review process. The NMTC Program is administered by Treasury's CDFI Fund.

RAPID REPLICATION OF GREEN HOUSES IN FULL SWING

In the past eight months, the Green House Replication Initiative, funded by the [Robert Wood Johnson Foundation](#), has received inquiries from 550 organizations interested in learning about the Green House model. Representatives from over 190 organizations have attended one-day workshops, representing more than 450 long-term care professionals, state, local and federal regulators, researchers, architects, real estate developers and concerned individuals who want to bring Green Houses to their communities. Since November 2005, seventeen workshops have been held in 16 states. The next workshops are scheduled for November 9 in San Francisco and January 17, 2007 in Atlanta.

In these educational sessions, attendees learn about the Green House philosophy, organizational structure, architectural elements and technology that will facilitate record keeping and enhance the safety of the elders and their caregivers. The presentations include an overview of the development of the pilot Green Houses in Tupelo, Mississippi, including stories and taped interviews with elders and their caregivers. The Green House Team shares preliminary results of Dr. Rosalie Kane's research study of Tupelo and answers questions about the financial feasibility of the model and state licensing requirements. They also discuss the requirements for becoming early Green House adopters and outline the comprehensive technical assistance each project will receive.

For more information on the Green House Replication Initiative, contact Robert Jenkins at 202/336-7653 or via email at rjenkens@ncbdc.org.

MAJOR NEGOTIATED RISK STUDY RELEASED

Imagine that tomorrow after lunch you decide to go for a walk to feel the sun and see what is going on in your neighborhood. Not a problem if, like most Americans, you live independently. Now imagine that you are frail and live in an assisted living facility. You are capable of walking unassisted but your facility requires a staff member to accompany you because they worry you might fall. Unfortunately the staff is very busy after lunch and even when they are available they tend to rush you. Often they want to talk and you prefer quiet. So, you don't go for a walk tomorrow and probably won't very often in the future. Should you have the right to walk alone? If yes, should the facility be responsible

if you fall? Is there a way to accommodate your preferences, address the facility's concerns, and work together to help you walk more safely? These questions will touch anyone who lives in long-term care or who has a family member who will.

The first major research study to examine the use of the Negotiated Risk process and its role in the conflict between individuals' rights and long term care facilities' rules has been released. Response to this study of Negotiated Risk Agreements could impact the control and choices anyone touched by long-term care.

The study was conducted by [NCB Development Corporation](#) and [RTI International](#), two national organizations with extensive expertise in long-term care issues and services. Funding was provided by the [U.S. Department of Health and Human Services' \(HHS\) Office of the Assistant Secretary for Planning and Evaluation.](#)

Major findings of the study include:

- Proponents view negotiated risk agreements as a tool for encouraging providers to respect residents' preferences and choice by reducing risk through discussion and documentation of agreements reached
- Opponents view them primarily as a way for providers to dodge liability for inadequate care and negligence
- 15 states reference negotiated risk agreements or similar concepts in their assisted living regulations
- Liability waivers in a negotiated risk agreements will be very difficult to enforce
- The real value of negotiated risk agreements to residents and providers may be as a formalized communication tool, particularly helpful for difficult discussions between staff, residents and families
- Negotiated risk agreements cannot trump state admission or discharge requirements unless state regulations or law specifically allow them to serve as exceptions as they do in two states

The study's sample suggests that:

- Negotiated risk agreements are used infrequently by assisted living providers and rarely contain the blanket liability waivers that opponents worry about
- The negotiated risk concept and process envisioned by proponents is not well understood by many of the staff responsible for implementing the agreements
- Direct care staff and some residents are often not aware that an agreement exists

To view the complete study online, visit the [U.S. Department of Health and Human Services website at www.aspe.hhs.gov](#) or [click here to download the report in PDF format \(PDF, 104 pages, 1267 KB\).](#)

AFFORDABLE HOMEOWNERSHIP ROUNDTABLE PROGRESS

Together We Can (TWC), NCB Development Corporation's affordable homeownership initiative, is pleased to report breakthroughs on two major recommendations that came out of the January Roundtable on Multifamily Homeownership. A prestigious group of 40 national affordable housing leaders met and determined the two most pressing tasks:

- Quantify the benefits that are offered by the co-op model in a way that is easily understandable for consumers, developers and policymakers; and
- Examine the language used to promote the co-op model and determine if there are more effective ways to educate consumers about co-ops.

Prior to a meeting of TWC's advisory group in June, NCBDC developed a set of basic financial models that addresses the first of these points. The models were persuasive enough to be included as priority items on a research agenda that a leading affordable housing philanthropy is sponsoring.

To the second point, TWC has contracted with EDGE Consulting of Arlington, Virginia to convene focus groups that will give invaluable feedback on changing the way that co-ops are currently marketed to consumers and others. A leading foundation has also expressed strong interest in this project. These two accomplishments are significant because they will both ultimately increase understanding of how housing co-ops can provide the option of homeownership to residents of low-income communities.

For more information on Together We Can, contact Jim Gray at 202/336-7642 or jgray@ncbdc.org.

\$100 MILLION CALIFORNIA CHARTER BUILDING FUND (CCBF)

[The California Charter Schools Association](#) and [NCB Development Corporation](#) collaborated to submit an application for a \$10 million Federal [Department of Education](#) (DOE) Enhancement Grant to create a \$100 million loan fund targeted to California charter schools. California faces a somewhat unique challenge for facilities as school student reimbursement rates are among the lowest in the nation while the cost of real estate is among the highest in the nation.

Once the DOE grant was awarded, the work to raise the leveraged capital to create the fund began in earnest. At this writing, phase I of the fund is only a few weeks away from becoming a reality. Utilizing NCBDC's relationships with traditional banks, our experience in working with partners and a track record of deploying funds for charter schools, coupled with the California Charter Association's relationships with various organizations, the initial fund will make \$50 million in facility financing available. Through the cooperation of five senior lenders, consisting of California-based and national banks and a credit union, and five subordinate lenders, consisting of CDFI's and non-traditional lenders, the loans will be offered at affordable rates and terms.

The loan funds are targeted to schools located in California's central valley, the "Inland Empire", San Diego, the Bay Area and points east and north. In addition, the funds will assist schools serving low-income students and schools operating in under-performing school districts.

The loan funds are available to schools in operation for two or more years, for renovation, purchase or tenant improvements of an existing facility, or for construction of a new facility. Qualifying schools will be able to finance the construction as well as have the loan convert to a "mini-permanent" loan.

For more information:

Adam Miller: adamm@charterassociation.org

Cindy Stewart: cstewart@ncbdc.org



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Visit our website www.ncbdc.org for other loan programs available in your state!

HEALTHY CALIFORNIA PROGRAM IN ACTION

NCB Development Corporation provided Open Door Community Health Center (Open Door) with \$1.8 million through the **Healthy California Loan Program**. Loan proceeds will be used to refinance existing debt on several of the health center's clinic sites while providing some additional funds for future renovations or equipment needs.

Open Door has provided primary care services to the residents of Humboldt and Del Norte counties, California's two northernmost coastal counties, since 1971.

In December 2005, Open Door opened its ninth operating clinic, the Open Door Telehealth and Visiting Specialist Center in Eureka. This clinic provides specialty medical care on referral from primary care physicians, both at the clinic site and through telemedicine consults to patients located at remote rural clinics throughout northern California.

During 2005, Open Door provided approximately **139,000 primary care visits** to over 37,500 patients, nearly 30% of who were uninsured. Approximately 37% of the health center's patients were Medicaid-eligible and the majority was at 100% of federal poverty level (FPL). NCBDC is pleased to support a health center with such a long and proven history of serving low-income populations in this part of northern California.

NCBDC administers the **Healthy California Loan Program**. Interested health centers should contact Kim Marschner at (510) 496-2228 or via email at kmarschner@ncbdc.org.

MEET A MEMBER OF THE NCBDC TEAM: KIM MARSCHNER

Kim Marschner has a long-standing commitment to developing and fostering healthy communities. She began her career in San Francisco's local government, where she worked with legislators and city agencies to implement citywide clean-up initiatives, provide increased job opportunities for San Francisco residents, develop more affordable housing and promote innovative after-school programs.

After earning her Masters degree in Public Policy, Kim was a lead research associate on The Urban Institute's national study of economic development lending programs. That project led to an interest in providing direct, innovative capital solutions for organizations working in low-income communities. NCB Development Corporation was a perfect fit for Kim's mission focus and she joined the organization as an underwriter almost three years ago.

Today, Kim is a Business Development Officer for NCBDC's lending team, dedicated to providing creative financing solutions for community health centers and other health care organizations across the country, with a focus on the west coast. NCBDC offers multiple loan programs for health care organizations including Healthy California, California Primary Care Association (CPCA) and New Markets Tax Credits.

To find out about these and other health care financing options, please contact Kim at 510/496-2228 or via email at kmarschner@ncbdc.org.

TECHNICAL ASSISTANCE TIP!

AFFORDABLE ASSISTED LIVING REAL ESTATE DEVELOPMENT: HOW TO KNOW ENOUGH TO BE DANGEROUS

PART ONE OF FOUR

Candace Baldwin, Real Estate Technical Assistance Specialist

NCB Development Corporation's unwavering commitment to improving quality of life for frail seniors and persons with disabilities began 14 years ago with the Coming Home Program, a demonstration program created in partnership with the Robert Wood Johnson Foundation. This program worked with states to create public policies and programs to support housing with services as a long-term care option for persons with low incomes. NCBDC is committed to expanding the opportunities of affordable housing with services to allow low-income individuals to have freedom of choice in long-term care. In order for these options to be widely available, organizations and agencies must have a clear understanding of the real estate development process.

This article is the first of four that will identify key issues within each of the phases of development and take readers through the NCBDC Assisted Real Estate Development Chart. This process can be used for new construction, rehabilitation or conversion. The marketing, architectural & design and finance tracks will remain constant regardless of the type of facility being developed. This chart details the general steps for the licensing and certification of an

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assisted living facility but will need to be modified based upon the regulatory process for the specific state where the facility will ultimately be located.

It is our hope that through this information the reader will be an active, vested participant in the development process of a facility. Simply put, know enough to be dangerous!

In order to begin the development, a concept must be derived. At this stage, there will be more questions and considerations than answers but as the process is followed these answers will come to light. Questions in this initial phase include: what is the vision for the building, what is the population to be served, what will the functional eligibility be, etc. Additional considerations for this beginning stage can also be found at the NCBDC website in the Affordable Assisted Living Feasibility section. The AAL Design Checklists developed by Terri Sult, Vista Senior Living, offer comprehensive questions (including design, staffing, health-related services, medication services, food service and marketing) for developments to consider. (http://www.ncbdc.org/ta_hs_AALFeasAnalysis.aspx). Ultimately these questions will guide future decisions and define the facility's "niche" in the market.

While the project will ultimately need a formal market study analysis, initially a no cost preliminary market scan can be performed. This limited version of a market analysis is good way for organizations to get a "feel" for the unmet need for the development in the sub-market. This preliminary information can be gathered from state and local governments where studies have been conducted on affordable housing needs. Area Agency on Aging offices are a great source for information on the need for housing with services in the area. Additionally, calls to local affordable multifamily developments that serve elderly and disabled populations will be able to provide information on waiting lists and vacancy levels. The local government housing or planning departments will be able to identify comparable developments currently in the approval process. The local consolidated plan can also indicate if housing for the target population is a priority for the local government.

Typically a project will need anywhere from \$300,000-500,000 to cover costs associated with pre-development depending on the location. These pre-development costs cover due-diligence reports such as architectural & engineering, environmental, market study, and feasibility study. They also include application fees for government finance programs, consulting fees and down payments for acquisition of land or existing improvements. NCBDC has a revolving loan fund that provides pre-development financing for eligible affordable assisted living projects in the following nine Coming Home states: Alaska, Washington, Iowa, Wisconsin, Arkansas, Florida, Massachusetts, Vermont, and Maine. Often low interest loans or grants are available (from government agencies, non-profits, or foundations) for non-profit organizations for pre-development costs to subsidize the development of affordable housing units. Developers may be able to negotiate "soft" terms for pre-development loans, such as having the payments deferred until construction loan closing.

Once the preliminary market analysis has been completed, a vision for the project has been created and pre-development funds have been secured, the next step is to pay for an architectural package. This package will include a determination as to footprint of the building, a site design and initial cost estimates. The footprint and site design will provide the project with the tools to hit the pavement and begin to "sell" the project to secure additional pre-development funds and a project team. The project team consists of the architect, attorney, development consultant and/or partner, and accountant. Additional team members added later during the feasibility and construction phases include a tax attorney (if the development is considering utilizing tax credits or tax exempt bonds), the general contractor and construction manager.

In order to develop an assisted living facility, organizations must couple the traditional steps of real estate development, as described above, with the licensing and regulatory process of the state where the facility will be located. Organizations that are in the beginning phase of development should contact the state licensing agency, typically the Department of Health and

Human Services, or a similar named agency that will be able to guide the organization through the approval process for design and certification.

The development of an affordable assisted living facility is not an impossible task but does require dedication and commitment to managing the process. Watch this space in future eNewsletters as upcoming articles will continue to highlight the development process and guide readers through the Assisted Living Real Estate Development Chart. Readers interested in obtaining a hard copy of this chart, available at no cost, can contact Margaret Callahan via email at mcallahan@ncbdc.org. For more information on the NCBDC Coming Home revolving loan fund for pre-development, contact Anne Geggie at ageggie@ncbdc.org

ON THE ROAD - NEAR YOU SOON. COME & SEE US!

NCB Development Corporation is on the road again in the coming months!

CHARTER SCHOOLS:

National Association of Charter School Authorizers (NACSA) 2006 Annual Conference

October 23 and 24 at the Hyatt La Jolla in San Diego California

Save the date! The 2007 National Charter School conference will be held April 24-27 at the Albuquerque Convention Center in Albuquerque, New Mexico!

HEALTH CARE:

National Association of Community Health Centers (NACHC) 2006 Annual Convention and Health Institute

August 25-29 at the Hilton Chicago and Towers. Look for us at Booth 424!

California Primary Care Association 2006 Annual Conference October 5 and 6 at the San Jose Double Tree Hotel

Illinois Primary Health Care Association Annual Leadership Conference October 4-6 at the Abbey Resort, Lake Geneva, Wisconsin

GREEN HOUSE WORKSHOPS:

- **November 9, 2006:** San Francisco, California. Venue To Be Announced
- **January 17, 2007:** Atlanta, Georgia. Venue To Be Announced

To register, go to: http://www.ncbdc.org/ta_hs_GreenHouse.aspx

NCB Development Corporation is committed to providing financing and technical assistance to community-based organizations working to provide affordable cooperative homeownership, affordable housing and services, health care facilities, and education/charter school facilities. We offer proven technical assistance services around project planning and real estate development and have an array of lending products including equipment, construction and renovation loans, real estate acquisition and long terms mortgages. With over twenty years lending experience in the non-profit community, we create innovative solutions to benefit low-income communities nationwide. For information on all services, visit www.ncbdc.org.

This eNewsletter is distributed free to provide information about NCB Development Corporation's financing and technical assistance programs for a broad range of health care providers and charter schools. For more information, please contact Elizabeth Day at eday@ncbdc.org

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