

# MHEG *in a Minute*

Keeping you up to date on MHEG's business in just a minute's time.

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**Midwest Housing Equity Group, Inc.**

## **RECENT HIGHLIGHTS**

### **2009 Annual NASLEF Conference**

This year's annual NASLEF Conference was hosted in St. Louis, Missouri at the Four Seasons Hotel from September 23rd-25th. Five employees from MHEG were able to attend: Becky Christoffersen, Dan Garrett, Pat Michaelis, Jim Rieker (current NASLEF President) and Ted Witt.

The three-day conference offered 14 sessions, and included activities like the St. Louis Affordable Housing Bus Tour and an evening event at the Sheldon Concert Hall and Art Galleries with a live performance by jazz singer Tony DeSare.



Next year's conference will be held September 22nd-24th in Boston, Massachusetts. Visit [www.naslef.org/conferences.html](http://www.naslef.org/conferences.html) for more information.

### **MHEG Awarded TCAP, Exchange Contract for Oklahoma**

Midwest Housing Equity Group was recently awarded a service contract for Oklahoma developments that will be participating in the Tax Credit Assistance Program (TCAP) and Section 1602 Tax Credit Exchange Program (TCEP). MHEG, along with Boston Capital, was chosen out of a dozen firms that turned in RFP's to be considered for the contract.

MHEG will be conducting asset management and construction management services for approximately 11 developments that could have up to 40 units per development, while Boston Capital will be working with the developments that are 40+ units. MHEG's responsibilities will include any pre-construction and construction services needed, such as reviewing approved plans, schedules and construction inspections. MHEG's asset management responsibilities range from reviewing marketing and lease-up budgets and all initial tenant qualifications, to establishing and monitoring all management reporting and training.



### **Year 15 Dispositions**

Last March, MHEG successfully sold its interest and exited its first development, THR Ten, that had completed the 15-year compliance period. This year MHEG's Asset Management team is preparing to exit the remaining developments in NAHF 1993, L.P., NAHF 1994, L.P. and NAHF 1995, L.P.

This will involve the exit of possibly 15 more developments this spring. MHEG is hopeful that these Year 15 dispositions will go as smoothly as our process with THR Ten did. We appreciate the assistance and cooperation the general partners and investors of these funds have contributed in making this next transition.

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## Message from the President - Jim Rieker

I guess one should be cautious in what they comment on. At the end of 2008, I said, facetiously, "Wasn't 2008 fun...maybe 2009 will be more fun." Little did I know how difficult 2009 would really be? I've been in this industry since day one and thought I'd seen it all, but with the difficulty of raising capital, TCAP, 1602, tougher underwriting standards and concerns over sustainability, 2009 was by far the most difficult and most interesting. 2010 just has to be better.



Jim Rieker, President

Having said that, MHEG still fared well in spite of the industry woes. We raised or had commitments for over two-thirds of the capital we planned to raise with hopes of the rest coming in the first quarter of 2010. The deals we did were stronger than ever and the development teams proved there was a way to get deals done. Probably the best news was that MHEG did not have to dip into its reserves so we continue to stay strong, financially.

I am truly amazed that in this difficult economy, the MHEG EVP's have brought in 16 new investors with several more

that look promising for 2010. The economy is not all bad, there are companies out there making money and MHEG has found a few of them. In 2010, we hope to find even more.

None of this would have been possible without the patience and understanding of all of you. You hung in there, thought outside of the box and we made it through together. Without the investors, developers, lenders, property managers and others, working together, it could have been a very rough year so thank you!! The MHEG staff and Board deserves equal gratitude because they were all working hard on the front lines and behind the scenes, trying to make this all go.

Have a Happy New Year! 2010 has the possibility of being a really good year!!!

## Iowa Update - Dan Garrett

Despite the effects of the economic downturn that we have all felt over the past year, Iowa has remained a solid state to continue to do LIHTC developments in. We are in the process of winding down Iowa Fund V, L.P. with a total of ten investors, with seven being first time investors for MHEG.

We have raised a total of \$25,250,000 and closed \$21,000,000 in equity, which totaled six developments in 2009, providing 236 units of Low Income Housing for the state of Iowa.

It is rewarding to see our hard work pay-off and provide housing during a rough time in many people's lives. While we can't always predict what the future will bring, we do have a positive outlook for 2010 and plan to maintain the strong relationships we have built with our much valued partners over the years. We are also looking forward to building many more relationships and making 2010 our best year yet.

## UPCOMING EVENTS

**NCSHA's 2010 HFA Institute: Jan. 10-15th**  
Washington D.C. - JW Marriott Hotel

### Iowa

Old Spencer School Open House: Jan. 14th, Spencer, IA

Home To Stay Open House: Jan. 20th, Cedar Rapids, IA

Grant Terrace and Lincoln Terrace Open House: Jan. 25th (tentative)  
Oskaloosa, IA

### Kansas

No events at this time.

### Nebraska

NIFA's Housing Innovation Marketplace: Jan. 26-27th  
Omaha, NE - Omaha Marriott

### Oklahoma

No events at this time.

## Recently Closed Projects, Groundbreakings, and more...

MHEG had seven closings during the fourth quarter of 2009, adding an additional 255 units to our affordable housing portfolio.

To date, MHEG has closed 247 projects, creating and sustaining 6,748 units of affordable housing in the four-state area.

### SEPTEMBER Closings

#### **Crown VII Limited Partnership**

NF XIV, L.P.  
Omaha, NE • 24 units  
9/11/2009

### NOVEMBER Closings

#### **Cardinal Estates, L.L.C.**

NF XIV, L.P.  
Wayne, NE • 10 units  
11/13/2009

### DECEMBER Closings

#### **McKinley Housing LLC**

KF VII, L.P.  
Independence, KS • 28 units  
12/9/2009

#### **Chapel Ridge West II Limited Partnership**

IF V, L.P.  
Des Moines, IA • 95 units  
12/11/2009

#### **Willow Bend I Limited Partnership**

IF V, L.P.  
Des Moines, IA • 58 units  
12/11/2009

#### **MLK Brickstone Development LP**

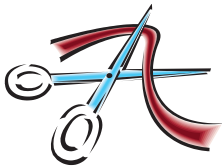
IF V, L.P.  
Des Moines, IA • 18 units  
12/28/2009

#### **Aniston Village, LP**

IF V, L.P.  
Iowa City, IA • 22 units  
12/30/2009

## Ribbon Cuttings

Right: Andrea Frymire attended and spoke at the dedication of Cottage Park in Midwest City on November 16th, 2009.



Below: Tenants of Capitol Square Villas pose with Valerie Thompson, CEO of the Urban League of Greater Oklahoma City, Inc., at the property's recent dedication in Oklahoma City on December 10th, 2009.



## Asset Management Update

<b>Number of Developments</b>	<b>247</b>
<b>Number of Units</b>	<b>6,748</b>
<b>Number of Counties Represented</b>	<b>106</b>
<b>Number of Cities Represented</b>	<b>129</b>
<b>Portfolio Vacancy Percentage*</b>	<b>5.84%</b>
<b>Portfolio Debt Coverage Ratio*</b>	<b>1.29</b>

\*Information compiled from 9/30/09 figures

## Staff Additions

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We'd like to welcome two of our newest employees, Andrea Frymire and Tenley Chickinelli.



**Andrea Frymire** was hired in October as the new Executive Vice President for Oklahoma. She will be responsible for all the affairs and activities of the Oklahoma funds, including identifying potential investors and marketing funds to investors, as well as assisting in the development of Oklahoma projects throughout the development phase.

Prior to joining MHEG, Andrea was Partner of Welcome Home Management Services, L.L.C., Dobson Mortgage Corp. and Broker/Owner of Oklahoma Investment Realty, Inc. She provided third party property management, mortgage brokerage services for commercial real estate and business loans, as well as underwriting and analyzing investments for lender approval. She also worked with local and national investors for commercial properties. She comes to MHEG with over ten years experience in the real estate and mortgage industry. Andrea is a graduate of Radford University with a Bachelors Degree in Finance, and also holds a Real Estate Broker's License.



**Tenley Chickinelli** was hired in our Omaha office at the end of September as a part-time Administrative Assistant. Her main duties include covering the front reception area, answering all incoming calls and providing secretarial support and administrative services for all MHEG staff. Tenley is currently attending Metropolitan Community College in Omaha, earning her Associates degree in administrative support. She then plans to attend the University of Nebraska at Omaha.

## LIHTC Outlook

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### **Iowa - \$27.8M**

### **Application Deadline: 3-15-2010**

IFA is looking at establishing a 25% set-aside for properties meeting the requirements to be awarded state HOME funds next year. IFA is considering setting a per project cap of \$2M and a cap of \$5M in credits for a single developer. Officials also plan to update its underwriting standards, including revising the allowed debt-service coverage ratio to be between 1.20x and 1.50x. Projects will also be underwritten assuming no less than an 8% vacancy rate. Iowa will have about \$6.9M in annual authority and \$20.9M in 2010 disaster credits.

### **Kansas - \$6.4M**

### **Application Deadline: 2-5-2010, 8-6-2010**

KHRC is considering the possibility of awarding points to owners who are willing to waive the qualified contract provisions that allow them to opt out of the tax credit program after 15 years.

### **Nebraska - \$13.1M**

### **Application Deadline: 12-18-2009\*/1-29-2010, 3-19-2010\*/4-23-2010**

NIFA will have about \$4.1M in annual LIHTCs and about \$9M in Midwestern disaster area credits in 2010.

\*Threshold deadline

### **Oklahoma - \$8M**

### **Application Deadline: 5-21-2010**

OHFA is planning to hold only one allocation round in 2010.

Information was provided by a Affordable Housing Finance survey. For more information on AHF's 2010 LIHTC Outlook visit [www.housingfinance.com](http://www.housingfinance.com)

## LIHTC Rates

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### October 2009 Rates

70% PVC - 7.78%  
30% PVC - 3.33%  
AFR - 4.10%

### November 2009 Rates

70% PVC - 7.66%  
30% PVC - 3.33%  
AFR - 3.92%

### December 2009 Rates

70% PVC - 7.79%  
30% PVC - 3.34%  
AFR - 4.17%

### January 2010 Rates

70% PVC - 7.76%  
30% PVC - 3.32%  
AFR - 4.11%



## Kansas Update - Pat Michaelis

Last year I opened my comments in this space with, "The only thing that is consistent is change and those who embrace change will survive and thrive". It was very true in 2009 and will be again in 2010. You know that Jim and all the EVP's spend considerable time talking to potential LIHTC purchasers. They are like deposits at banks; without them there is no money to lend. Likewise, LIHTC purchasers furnish MHEG with money to fund affordable housing developments. Purchasers are our life-line.

Their principal goal is return on funds otherwise going to the IRS and, in the case of financial institutions, CRA investment credit. But another goal is emerging. Many of the communities we serve are short on workforce and / or senior affordable housing. Communities have jobs that are going unfilled and workers are driving from afar to work. This is a need that is important to address and community leaders see it. Therefore, I think that 2010 will be a year where developments are located in specific communities as required by local purchasers. They are saying build affordable housing in their community or come back next year when you have one. I have 8 communities where this is being discussed. The purchasers want to take care of their communities.

It is understandable and we get it. There will still be purchasers who have a statewide perspective but there are others who are only interested in their own back yard. We will work with and appreciate both.

We will close KF VII with 9 developments and another successful year. We enjoy and appreciate all of our partners. All the best to you and yours in 2010.



Above: Larned Dream Homes, recently closed in December, nears completion of six single family homes for the city of Larned, Kansas.

## Nebraska Update - Thomas Judds



Above: The new Lydia House, part of the Rebuilding Lives campaign through the Open Door Mission, nears completion. Once open, the Lydia House will provide 36 single women beds and 46 family units for those in need in the Omaha metro.

running to school, or listening to a song being played on piano for the hundredth time. Don't let the distractions of life take you away from noticing the real blessings of life. Make 2010 a year to remember.

Have you ever missed something that was right in front of you because you were either too busy or your mind was preoccupied? Recently I had the opportunity to take my two sons to school. As I pulled up to the elementary building I watched my youngest, Micah, jump from the van and run with joy to his school. The memory is vivid, a batman backpack over his shoulder and a black knit ski mask pulled over his face only revealing his eyes and mouth through the cutouts. This was a "Kodak" moment for me. Some may ask what was so special about that. For me, the answer is quite simple – it will be a memory I will treasure the rest of my life. We can often get caught up in the busyness of life and work and miss those special moments such as

## Oklahoma Update - Andrea Frymire

I'd like to send my sincere thanks to Jim and my EVP counterparts for choosing me for the Oklahoma position (and not mentioning that 74% of my banks were Sub S until after the fact). I've enjoyed getting to meet our Board and Committee members the past few months. I look forward to working with you in the upcoming years. I've had the opportunity to attend several property dedications since coming on board. The impact we have on the lives of the residents is amazing. Hearing their stories of previous living conditions, as well their gratefulness for their new home is inspiring.

The success of Oklahoma Fund III feels like a teeter totter at times, and we are close to reaching our goal. When asked if we would be successful in 2010, my FHLB Topeka Magic 8 Ball answers, "No Doubt About It!" I look forward to a successful close of Oklahoma Fund III in 2010 and the new beginning of Oklahoma Fund IV.

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