

WELCOME

Local Presence, National Impact

For more than 25 years, the National Association of State and Local Equity Funds (NASLEF), has operated as a professional, nonprofit association formed to promote the efficient management of state and local equity funds. Throughout 41 states, NASLEF Active Members raise capital for affordable rental housing developments that qualify under the Low Income Housing Tax Credit (LIHTC) program. Collectively through 2017, member funds have raised over \$14.5 billion in equity capital for rental housing developments throughout the country, creating or rehabilitating more than 180,153 units of affordable housing in 3,789 developments.

Our Mission

NASLEF's mission is to promote a greater understanding of tax credit and other financing programs, to advocate for community development resources and to encourage the professional development of its member organizations all in support of the communities we serve. Our work is fueled by our members' leadership in affordable housing advocacy, connection with community organizations, and knowledge of local markets. These organizational attributes enable NASLEF members to invest capital in strategic community endeavors, especially in underserved markets.

Our Impact

NASLEF Active Members are visible in the communities they serve by providing affordable housing opportunities, strengthening neighborhoods, and impacting the lives of residents. Many member funds have developed philanthropic affiliates and foundations that fund programs that assist residents socially, economically, and educationally. Member funds also provide value-added services to development partners in the areas of technical assistance, training, engaging in local and state housing policy groups, and providing lending opportunities as certified CDFI organizations.

NASLEF member funds will continue to lobby for the continuation of the most successful affordable housing program in the nation. Fund members will continue to raise capital to provide affordable housing options for families, seniors, individuals, and special needs populations. NASLEF will continue to be a local presence with national impact on affordable housing.



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NASLEF STAFF



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PRESIDENT'S MESSAGE

Hal Keller

NASLEF President

2017 was a rollercoaster year for the Low Income Housing Tax Credit industry, culminating in the December passage of the first major tax legislation in over 30 years. While the LIHTC program was preserved, the lower corporate tax rate significantly reduced the capital flowing into projects. A week before I drafted this letter, the Omnibus FY 2018 spending bill passed with a temporary increase in the LIHTC program thanks to the leadership of Senator Maria Cantwell, other friends in Congress, and the hard work of advocates around the country. This will help, but further increases are critical to meet the rental housing crisis.

Despite the market disruption since late 2016, last year was successful for NASLEF members. NASLEF members raised over \$1 B to finance the development of approximately 10,000 homes in communities all across America. The 12 NASLEF organizations are active in 41 states where our leadership in affordable housing advocacy, connection with community organizations, and knowledge of local markets creates high quality, strategic community investments, especially in underserved markets.

We had a wonderful conference last fall in Indianapolis hosted by Cinnaire and look forward to our 2018 conference in Boston hosted by the Massachusetts Housing Investment Fund.

Over the years, NASLEF members have grown, diversified and found new ways to serve their development and investment partners, residents and communities. New Market Tax Credits, loan products, enhanced technical assistance and training and philanthropic grants are just some of the expanded services members offer. Additionally, each organization is actively engaged in state and local housing and community development initiatives.

Collectively NASLEF members represent about 10% of the national Housing Credit market, having raised and invested nearly \$14.5B in affordable housing and \$1.2B in other community and economic developments. While much has been accomplished, significant challenges remain. We continue to lose affordable housing from our nation's stock at a time when more than one in four renter households in the U.S. – roughly 11 million – spends more than half of their income on rent, leaving too little for other necessities like food, medical care, and transportation.

The Housing Credit is the key federal resource to increase the supply of affordable housing and recapitalize existing affordable developments. Administered on the state level, this program has shown to be flexible and resilient with a long track record of success and few failures. State designed allocation plans work well with NASLEF members' focus on local needs and relationships. NASLEF has, and will continue, to work with others to preserve and expand the housing credit during the debates on comprehensive tax reform. NASLEF will continue to be a local presence with national impact on affordable housing.

We look forward to working with our local and national partners in 2018!

LEGISLATIVE UPDATE

Robert Rozen

As I write this column in late March to assess the last year in federal policy, Congress just reached agreement on an omnibus spending bill to fund federal agencies for the remainder of FY 2018. That legislation provides for a four year, 12.5% increase in the allocation cap for the Housing Credit program, remarkably the only tax provision in the omnibus spending bill other than a provision to correct a mistake dealing with agriculture cooperatives in the “tax reform” bill Congress passed in December.

How did we get this victory and what does it indicate about the future of the Housing Credit program? To get some perspective on that, let’s go back to our efforts in 2017.

Last year, the Housing Credit community continued to put an emphasis on legislation introduced in the Senate, S. 548, providing for miscellaneous changes in the program and a 50% increase in the allocation cap, and legislation introduced in the House, H.R. 1661, that was virtually identical to the Senate bill but without the cap increase. Through a diligent effort by the entire affordable housing community, both bills picked up strong bipartisan support, including a majority of both Republicans and Democrats on the House Ways and Means Committee, and the Republican chairman and ranking Democrat of the Senate Finance Committee.

As we all know, building broad political support for putting more government resources into affordable housing has always been a difficult proposition. In spite of our best efforts to highlight the critical affordable housing shortage that exists in so many of our communities, the various spending programs at HUD have been cut or have remained stagnant for many years until this current omnibus spending bill. Fortunately, the most important federal housing production program, the Low-Income Housing Tax Credit, is part of the Tax Code and has been insulated from the annual appropriations process that has trimmed federal domestic spending over the years.

But that protected status as a permanent tax provision has been at risk as Congress considered tax reform legislation for the last eight years. In the final bill, our program was spared a direct hit and we are thankful for that result especially since it looked like right until the end the private activity bond program – which accounts for about 40% of Housing Credit production across the country – might be eliminated.

But on closer inspection, the Tax Cuts and Jobs Act (TCJA), was really little more than a general tax cut bill. It included few real reforms and almost no special tax provisions were eliminated. The Housing Credit was not eliminated but neither was any other tax expenditure. And in fact the tax bill included many changes sought by various industries. Yet, in spite of the strong bipartisan support for the House and Senate Housing Credit bills, there was really never any serious consideration to including those provisions in the TCJA. Moreover, the tax writers essentially ignored our proposal to change the credit rate formula to compensate for the lower corporate tax rate.

The result was disappointing. Novogradac and Company estimated the resulting impact from lower equity pricing would cost approximately 235,000 affordable units over the next ten years.

But we were given a reprieve in the omnibus spending bill through the 12.5% increase in the allocation cap for the next four years. Overall, although not necessarily with each development, that should largely compensate for the reduced equity pricing resulting from the TCJA.

How did we achieve this “victory” so soon after being ignored in the TCJA? It was largely due to the efforts of our chief Senate sponsor, Senator Maria Cantwell (D-WA), who doggedly insisted on more resources for affordable housing in the omnibus spending bill if that legislation was going to include a correction to the agriculture cooperative provision in the TCJA. Democratic votes were needed to pass the omnibus and this created leverage to insist on a trade-off for the co-op provision. But the inclusion of the Housing Credit provisions also required the key support of Republicans in both the House and Senate, including Chairman Hatch.

While the Housing Credit provisions were quite limited and we did not get anything near what is needed, this was still a very positive outcome for the Housing Credit showing a level of political support that we can hopefully build upon in the future if we all remain committed to vigorously advocating for affordable housing.

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President & CEO
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NASLEF WELCOMES NEW DIRECTOR



Welcome to NASLEF, Lisa Castillo!

Lisa Castillo joined Merritt Community Capital as President in September 2017. Lisa brings more than 25 years of industry leadership to the company having served as Vice President of Originations for WNC & Associates, where she led tax credit syndication negotiation and origination efforts in the western region that placed more than \$580 million in equity during her tenure. Previously, Lisa held senior executive roles in both public and private sectors, where she was responsible for the acquisition, finance and project management of affordable housing developments across the United States, as well as implementation of county housing programs. For the County of San Bernardino, Castillo & Company, National Community Renaissance, and National Housing Development Corporation, she spearheaded the cultivation of new business, secured hundreds of millions of dollars in equity and debt, oversaw regulatory compliance, expanded into new regional markets, and generated millions in revenue. Lisa has extensive experience working for, and with, numerous nonprofit developers, as well as serving on several nonprofit boards including her continued commitment to the Kennedy Commission which is an advocacy group working for the production of affordable housing serving extremely low income families in Orange County. Welcome to NASLEF, Lisa!

MEMBERSHIP OPPORTUNITIES

There are two levels of membership in the NASLEF association: Active Member and Corporate Member. If you are interested in becoming an Active or Corporate Member, please review the eligibility information below to ensure your organization qualifies. Membership in NASLEF must be approved by the NASLEF Board of Directors. We thank you for your interest in NASLEF and encourage you to submit an application. If you have any questions, please contact Sabrina Moreno, NASLEF Executive Director, at smoreno@merrittcap.org. Apply online at www.naslef.org/membership-application.

ACTIVE MEMBER \$2,000 + FTE (Full-Time Employees)

An Active Member is defined as:

Any organization whose principal employment is that of a regional, state or local equity fund not solely controlled by or managed by a national fund, consultant or third party.

NASLEF Active Members pay a base fee of \$2,000 yearly and an additional yearly amount based on the number of Full-time employees (FTE) within the organization.

1-10 FTE's	\$2,000
10-24 FTE's	\$5,000
24 + FTE's	\$10,000

Active Member benefits include:

Association voting privileges.

Listing of company information in NASLEF's Membership Directory, website, and other NASLEF publications.

Participation in networking opportunities, IRR-seminars, special asset management sessions, annual conference, and Executive Director's meeting.

Eligibility for service as a Director or Officer on the NASLEF Board.

CORPORATE MEMBER \$2,000

A Corporate Member is defined as:

Any government agency, corporation, syndicator, professional association, broker, consultant, attorney, accountant, or other individual having a professional interest and involvement in the Low-Income Housing Tax Credit (LIHTC) program.

A national equity fund or consultant actively engaged in the management or co-management of a state or local equity fund.

Any investors in Active Member funds and state housing finance agencies.

Corporate Member benefits include:

Advantageous networking/business opportunities via access to 12 Equity Fund Members in 41 states.

Listing of company information in NASLEF's Membership Directory and website.

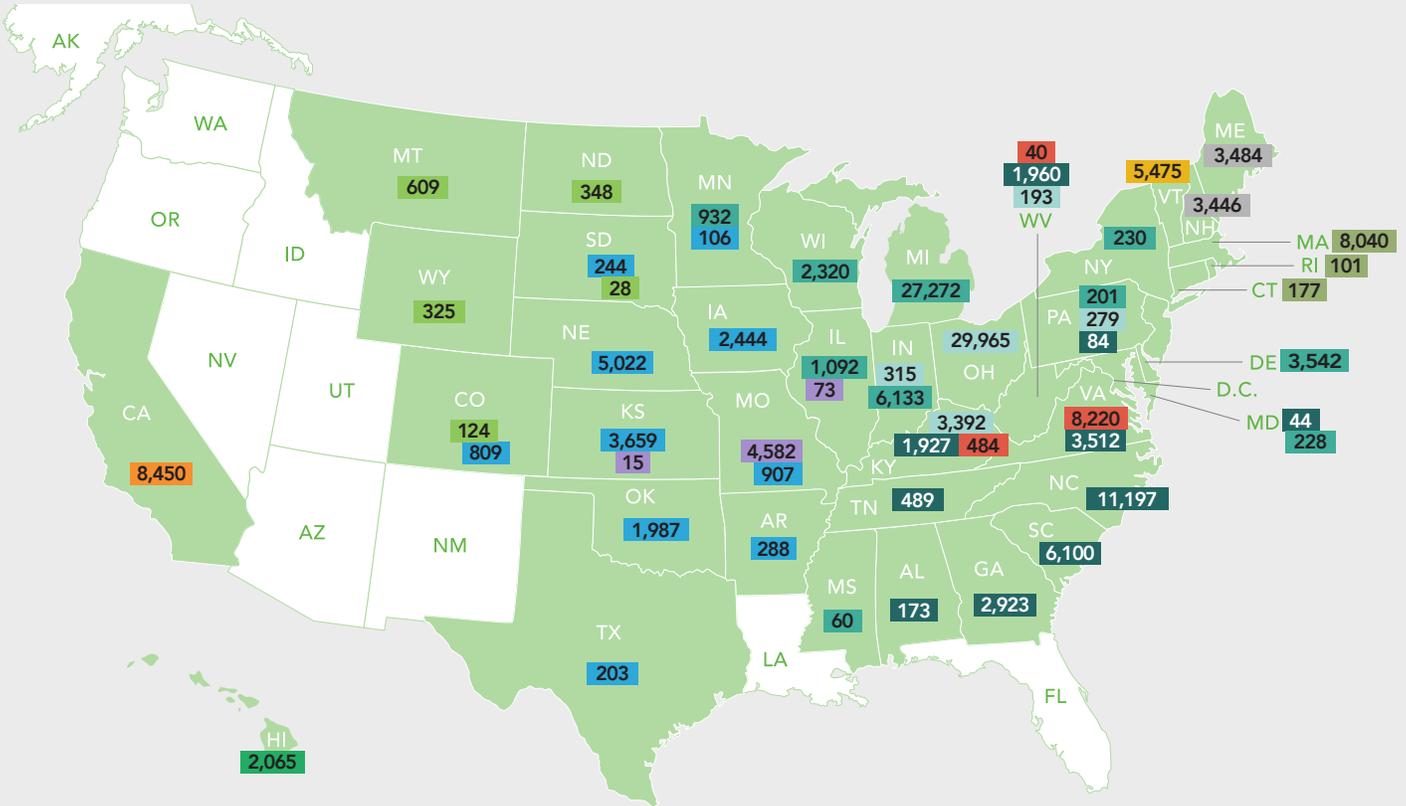
Networking/training opportunities in LIHTC at the NASLEF Annual Conference.

Opportunities to promote your business to the industry.

Contact with peers who network with specific state industries.

APPLY ONLINE AT WWW.NASLEF.ORG/MEMBERSHIP-APPLICATION.

PORTFOLIO OF HOMES BUILT

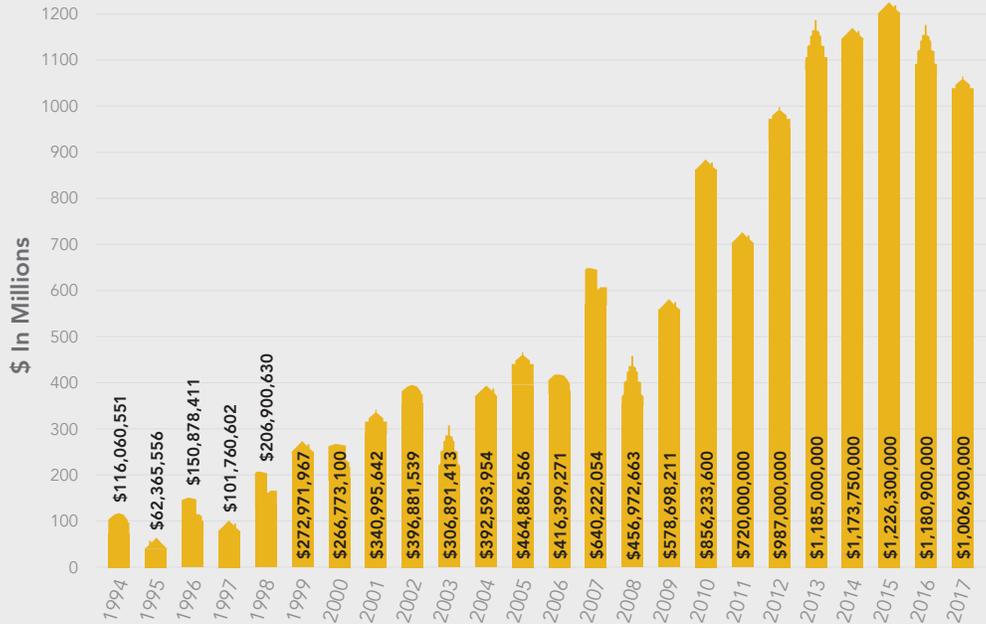


- CAHEC
- CINNAIRE
- HAWAII HOUSING FINANCE, LLC
- HOUSING VERMONT
- MASSACHUSETTS HOUSING INVESTMENT CORPORATION
- MERRITT COMMUNITY CAPITAL CORPORATION
- MIDWEST HOUSING EQUITY GROUP, INC.

- MOUNTAIN PLAINS EQUITY GROUP, INC.
- NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND
- OHIO CAPITAL CORPORATION FOR HOUSING
- ST. LOUIS / KANSAS CITY EQUITY FUND, INC.
- VIRGINIA COMMUNITY DEVELOPMENT CORPORATION

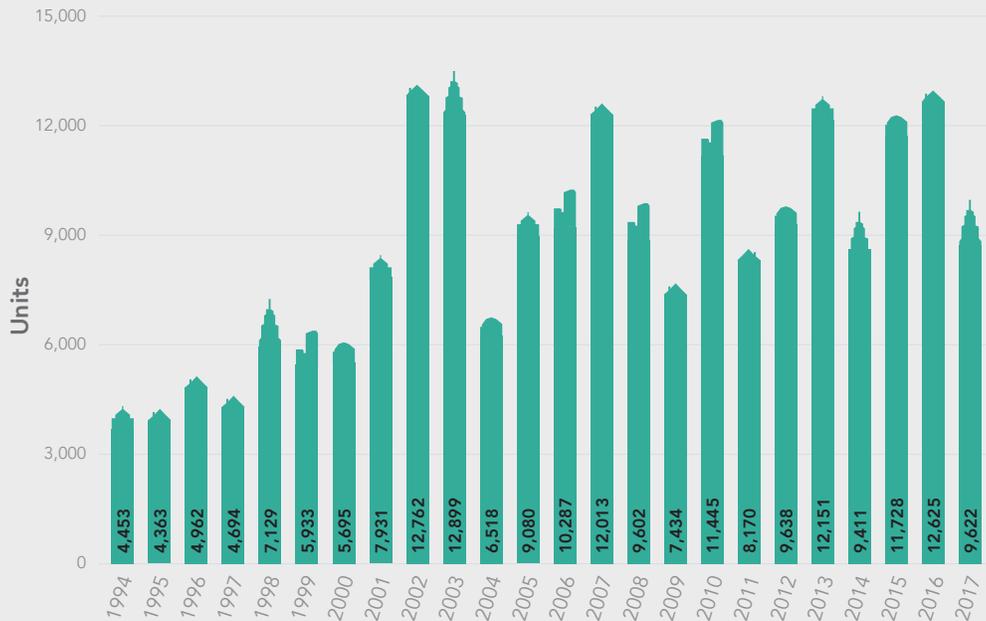
PORTFOLIO OF HOMES BUILT

EQUITY RAISED



Total: \$14.5 Billion in Equity

UNITS BUILT



Total: 180,153 Units

NASLEF MISSION

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NASLEF MISSION: VALUE-ADDED TO PARTNERS

While raising capital to provide affordable housing opportunities is our core business, NASLEF member funds also actively provide value-added services to our partners in the industry. Many member funds serve vulnerable populations by investing resources into programs and activities that impact residents' lives. Member funds have developed philanthropic affiliates and foundations that fund programs that assist residents socially, economically, and educationally.

Examples for 2017 from Member Funds include:

- The CAHEC/CAHEC Foundation: As an affiliate of CAHEC, the CAHEC Foundation offers wellness and education initiatives to residents living in areas that CAHEC serves. In addition to CAHEC's current menu of Community Investments grants, the CAHEC Foundation creates opportunities that go beyond affordable housing to help residents receive the critical resources they need to succeed. In 2017, CAHEC and the CAHEC Foundation granted \$1,401,000.
- Virginia Community Development Corporation (VCDC): In 2008, VCDC established the Vern Henley Special Initiatives Grant Program. This program affirms the belief that affordable housing should provide residents with quality shelter and access to services that foster their success. This holistic approach considers a range of factors that shape success — social, educational, physical, emotional, and economic. Since 2015, VCDC has also supported an intensive organizational development program called the Nonprofit Sustainability Challenge. In 2017, VCDC provided \$129,623 to these efforts.
- Ohio Capital Corporation for Housing (OCCH's) philanthropic affiliate, the Ohio Capital Impact Corporation, funds programs targeted to neighborhoods and residents where OCCH has investments in affordable housing. More than \$20 million in grants to partners has been awarded since 2012 in these areas: Resident Development Fund, Partners, Neighborhoods, and Community Properties Impact Fund. In 2017, more than \$3.8 million was awarded for activities such as summer camp for residents' children, neighborhood initiatives, property improvement, wellness, youth empowerment and engagement activities, senior activities, and the Jerry Grier Scholarship program, which assists residents with post-secondary education.
- Massachusetts Housing Investment Corporation (MHIC): MHIC operates a Charitable Contribution budget that starts at \$25,000. They also have a Charles Dahm Tuition Scholarship Fund for (children of) tenants of their properties who can apply for college tuition. Applicants are funded for four years and the amount fluctuates annually. MHIC also purchases MA Community Investment Tax Credits (CITCO) each year, the proceeds of which go directly to eligible CDC's.
- Housing Vermont: The Housing Vermont Scholarship program offers scholarships for residents of affiliated housing. Four annual grants of up to \$2,500 are available for both degreed and non-degreed programs as well as for those interested in taking classes that lead to certifications. Housing Vermont launched HV Connections in 2016 by reserving \$600,000 of its funds for this 5-year pilot program which works with property managers and sponsors to build connections between community resources and residents in such critical areas as education, child care, food access and employment.
- Northern New England Housing Investment Fund's scholarship program – "Investing in Your Success" is designed to help meet the training needs of our Partners by providing funds to supplement their training budgets. We know training is essential to doing a job well and many organizations are stretched thin right now. This program is one way for us to say: "we value the work you do and we support you". Eligible training includes LIHTC compliance related training, conferences, soft skills and maintenance related training. In 2017, \$30k in scholarship funds was disbursed to 40 partners in Maine & New Hampshire helping to support the training of 230 staff.

Other funding includes:

NASLEF MISSION

(2/2)

- Providing homeownership grants
- Funding community programs
- Funding food banks
- Providing scholarship opportunities to residents
- Funding neighborhood development
- Providing funds for tutoring, computer classes, and summer camp for residents' children

Member funds engage development and management partners by providing opportunities for training and education on a regular basis. Examples include:

- Holding annual affordable housing conferences with industry speakers
- Providing property management training
- Providing individualized training to partners
- Developing training on energy, construction, and asset management
- Providing compliance training to property managers
- Offering a training academy to partners which provides property management and maintenance courses

Member funds recognize that importance of providing technical assistance to partners navigating HUD and Housing Finance Agencies programs. Assistance is given in:

- Understanding and usage of HOME funds
- HUD Section 8 regulations
- Development consulting
- Understanding RAD and mixed-finance funding
- Rural development assistance
- Housing agency programs and funding

Member funds are actively involved in state and federal housing policy issues, engaging lobbyists, and serving on:

- Local housing councils and agencies
- Boards and executive committees of housing trade associations
- Legislative Advocacy groups

Member funds focus on raising capital and providing equity for affordable housing development and preservation. Many funds also offer loan products or operate a Certified Development Financial Institutions Program that offers:

- Predevelopment and acquisitions lending products
- Bridge loan financing
- Gap financing
- Construction loan financing
- Permanent financing
- New Markets Tax Credits (NMTCs)