



## Meyer Sustaining Portfolio Strategies: Analysis of Performance and Trends

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These key findings and data sources accompany the PowerPoint presentation *Meyer Sustaining Portfolio Strategies: Analysis of Performance and Trends* available at <http://www.housingdevelopmentcenter.org/resources/other/>

### Key Findings – Financial

- Owners are meeting mission, strong 96.8% average economic occupancy
- “Underperformers” are not concentrated by location or owner
- Expenses are increasing much faster than underwritten, averaging 4.5% year-over-year
- Properties with more bedrooms are about \$380 per unit more expensive to operate than the portfolio average
- Building density impacts utility and maintenance expenses
- Not a lot of room to improve operations, problems mostly structural

### Key Findings – Capital Needs

- Significant capital needs gap in Oregon, widens with age
- Reserves can help, but are insufficient to address capital needs
- Only a few properties can solve their problems without additional resources
- Properties that underperform financially and face backlogged capital needs have compounding problems
- Difficult to accurately quantify capital needs—and approximate future demand for public resources—across 241 properties

### Observations from Technical Assistance

- Owners are optimizing property performance, using available resources
- No dedicated funding stream available for necessary recapitalization
- Useful life of building components is shorter than affordability period
- Need to consider a variety of factors when underwriting operating expenses
- Poor material choices and lack of quality control during construction have led to expensive building envelope failures
- Different tools and strategies are required for large, urban properties and small, rural properties

### Next Steps and Future Preservation Work

- Preservation Convening will develop policy solutions to preservation needs
- OHCS interest and commitment to preservation strategy for rent-restricted housing
- Continued advocacy for reinvestment in Oregon’s affordable housing stock

## Data Sources

- Meyer Memorial Trust’s Sustaining Portfolios Strategy (SPS) program sponsored 19 affordable housing organizations across Oregon to receive a portfolio assessment and technical assistance from HDC.
- Last year’s data analysis was sponsored by the JPMorgan Chase Foundation.
- HDC collected 3-4 years of information on the financial health, operating performance, and property details of 283 multifamily affordable housing properties from the 19 organizations involved in SPS.
  - This analysis excluded 42 properties due to data quality and consistency
- Data came from audits, financial reports, internal/external dashboards, interviews, Capital Needs Assessments (CNAs) and internal staff knowledge
- Focused on 2014 and 2015 – the most recent full years of operations
  - Cohort 1 financials are fiscal or calendar year 2014
  - Cohort 2 financials are fiscal or calendar year 2015
- Properties had to be more than four units, and in service for at least 3 years
  - Some properties were included if they had light or moderate rehabs within the 3-year cutoff
- Many variables in the analysis exclude outliers (+/- 2 standard deviation from the mean)
- **Final dataset includes 241 properties and 9,816 units.**

Cohort 1	Cohort 2
ACCESS	Cascadia Behavioral Healthcare
Bienestar	Catholic Community Services Foundation
Central City Concern	Cornerstone Housing
Columbia Cascade Housing Corp.	Community Partners in Affordable Housing (CPAH)
Farmworker Housing Development Corp.	Housing Authority of Jackson County
Hacienda CDC	Housing Works
Human Solutions Inc.	Innovative Housing Inc.
NeighborWorks Umpqua	Rose CDC
Northwest Housing Alternatives	Willamette Neighborhood Housing Services
St. Vincent de Paul of Lane County	

## Basic Data on the Whole Portfolio

Unit/Building Information	Average	Median	Min	Max
Number of units per property	40.7	32.0	4	228
Number of buildings per property	5	3	1	31
Age since construction or rehab	12.7	11.0	1	48

Basic Characteristics	Number	Percent
Properties with Hard Debt	196	81%
Properties with Capital Needs Assessment	104	43%
Self-Managed	127	53%
3 <sup>rd</sup> -Party Managed	114	47%

Properties by Location	Number	Percent
Properties in Balance of State	104	43%
Properties in Multnomah County	92	38%
Properties in Eugene/Springfield	15	6%
Properties in Washington County	15	6%
Properties in Clackamas County	8	3%
Properties in Salem/Keiser	7	3%

Properties by Funding Type	Number	Percent
LIHTC Funding (non-HUD, non-RD)	123	51%
Other Funding (none of the others)	40	17%
HUD Funding (including HOME)	28	12%
HOME/CDBG Funding	28	12%
RD Funding (including HOME)	22	9%

To create four mutually exclusive funding categories when many properties utilize multiple funding sources, we used the following designations:  
 LIHTC = 4% & 9%, including post-investor exit; LIHTC > HOME; RD > LIHTC; RD > HOME; RD > HUD; HUD > LIHTC; HUD > HOME