



# HELPING NON-PROFITS FURTHER THEIR MISSION

**PRESERVES  
ENHANCES  
CREATES  
AFFORDABLE HOUSING**

**D**uring the past 4 years, Reiner Communities has assisted various original owners of HUD senior apartment communities to access the under-utilized equity in their properties. Serving as joint venture partner or purchaser, Reiner Communities has played an integral role, helping non-profit groups continue their legacy of providing quality affordable housing for future generations of seniors. The following case studies illustrate how non-profits were able to utilize significant transactional proceeds to pursue their mission, while generating both immediate and long-term benefits for their properties and residents.



## HIGHLIGHTS

- 159 units of Senior Housing
- Developed under HUD 236 Loan Program
- Preserved affordable housing for 55 years
- Procured vouchers for all unsubsidized residents
- Rent subsidies extended for 20 years
- \$15,000,000 in proceeds to non-profit
- \$50,000 per unit renovation
- Non-profit transitioned from property ownership to a foundation for senior services



## BETHLEHEM FOUNDATION – BETHLEHEM TOWER, SANTA ROSA

**D**eveloped by a local church group called Bethlehem Towers, Inc. in 1973, Bethlehem Tower is the tallest building in Santa Rosa. After 40 years of operation, and in need of significant capital improvements, the Board selected Reiner Communities as the new steward of the property. Transactional proceeds from a sale allowed the non-profit to create a new entity known as the Bethlehem Foundation. The non-profit is now focused exclusively on providing services directly to seniors throughout Sonoma County. The Foundation's first grant was to fund a full-time senior service coordinator, who will serve the residents of Bethlehem Tower.

Developed in 1984 by a local non-profit, Pilgrim Terrace Cooperative Homes, Inc. (Under the HUD 202 loan program), Pilgrim Terrace Apartments had accumulated capital needs that could only be addressed as part of a large recapitalization. Utilizing a variety of affordable housing finance tools, Reiner Communities worked together with the Board to devise a partnership structure that would allow the non-profit to retain an ownership interest in the property, while still receiving market rate transactional proceeds and a complete property renovation.

Today, the non-profit serves as the Managing General Partner of the new ownership entity, while Reiner Communities serves as the Administrative General Partner. Reiner Communities has relieved the non-profit of many day-to-day administrative duties associated with running the property. Now, the non-profit can focus primarily on providing senior social services to the residents. A brand new commercial kitchen was built specifically for the non-profit to prepare and serve free, daily lunches to Pilgrim Terrace residents, with ingredients grown on-site! Once the comprehensive nutrition program is fully established at Pilgrim Terrace, the non-profit hopes to use the proceeds from the transaction to expand their service outreach to other lower-income seniors throughout the greater Santa Barbara area.



## HIGHLIGHTS

- 84 units of Senior Housing
- Developed under HUD 202 Loan Program
- Preserved affordable housing for 55 years
- Rent subsidies extended for 20 years
- \$13,000,000 in proceeds to the non-profit
- \$50,000+ per unit renovation
- Enhanced social services
- Brand new nutrition program (and daily free lunches) provided by proceeds from transition
- Non-Profit is General Partner of new ownership entity





## HIGHLIGHTS

- 270 units of Senior Housing
- Developed under HUD 202 Loan Program
- Preserved affordable housing for 55 years
- Procured vouchers for all unsubsidized residents
- Rent subsidies extended for 20 years
- \$25,500,000 in proceeds to the non-profit
- \$65,000+ per unit renovation
- Non-profit deployed funds to other areas of their mission



### SOUTHERN CALIFORNIA ASSEMBLIES OF GOD – THE TOWER ON 19TH, COSTA MESA

Developed in the mid 1960s by an affiliate of the Southern California Assemblies of God, The Tower on 19th (formerly Bethel Towers) was devoid of virtually all life safety systems, and in need of major capital improvements, including seismic upgrades. A transaction was the only option that made sense for the non-profit. Many developers over the years had attempted to acquire the building, but the numerous financial and physical obstacles proved to be overwhelming and cost prohibitive, until 2012 when Reiner

Communities acquired the property. The non-profit received a market rate sales price and Reiner Communities successfully completed the necessary renovation, while securing rent subsidy for 270 at-risk residents. Southern California Assemblies of God, was able to utilize their substantial transactional proceeds elsewhere in their organization in order to support a wide variety of church initiatives. For more information on the preservation of The Tower on 19th, please see our preservation case study.



Developed in 1984 by a local non-profit, Orange Senior Housing, Inc. (Under the HUD 202 loan program), Triangle Terrace Apartments was in need of a recapitalization and renovation. However, the existing HUD loan was not freely pre-payable, so the owner's options were very limited when it came to raising enough funds for the necessary capital improvements. Through a joint venture partnership with Orange Senior Housing Inc., Reiner Communities helped to facilitate prepayment of the existing HUD 202 loan, allowing for a complete renovation of the property. Orange Senior Housing, Inc. retained an ownership stake in the property, serving as the Managing General Partner in the new entity. Reiner Communities will serve as the Administrative General Partner. The non-profit retained the right of first refusal to purchase Reiner Communities' interest in the property after 17 years.

By working in partnership with Reiner Communities, Orange Senior Housing, Inc. was able to refinance a property that was previously locked out to prepayment by HUD, provide funding for a \$45,000 per unit renovation and retain a General Partnership interest in the go-forward entity, all while receiving a market rate "purchase price" for the property. Currently, the Board of Orange Senior Housing Inc. is working with the City of Orange to establish a development fund with the proceeds from the transaction, which will be used to develop additional housing for low-income seniors in the City of Orange.

## HIGHLIGHTS

- 75 units of Senior Housing
- Developed under HUD 202 Loan Program
- Preserved affordable housing for 55 years
- Rent subsidies extended for 20 years
- \$13,500,000 in proceeds to the non-profit
- \$45,000+ per unit renovation
- Non-profit is establishing a housing trust with sales proceeds
- Non-Profit is General Partner of new ownership entity



ORANGE SENIOR HOUSING, INC. – TRIANGLE TERRACE, ORANGE

# SAMPLE JOINT VENTURE TRANSACTION

**ORIGINAL NON-PROFIT OWNER**  
A California 501(c)(3) Organization

Joint Venture Transaction between  
Non-Profit & Reiner  
Communities

Transactional  
Proceeds  
Transferred to  
"New Foundation"

Property will be preserved as affordable for 55+ years. Reiner Communities will complete an extensive renovation, enhancing the property and the social services at the property.

Non-Profit Partner will receive benefits of ownership, including fees, cash flow and reversion value.

**"NEW FOUNDATION"**  
A (newly formed) California 501(c)(3)

A new 501(c)(3) foundation can be formed to distribute grant funds in accordance with its mission, funded from the proceeds received from the transaction.

A 3rd party financial institution may be hired to perform the following "day-to-day" services, allowing the Board to focus on "big-picture" issues.

- Investment management & banking for the Foundation's assets
- Provide governance and compliance advice
- Tax preparation and audit
- Provide an online "store-front" for foundation
- Collect grant funding applications
- Administer grant funds to selected entities



## COMPANY OVERVIEW

Reiner Communities was founded by Ken Reiner in 2003 to preserve, enhance and create affordable housing in California. Its mission to revitalize communities through the acquisition, renovation and operation of multifamily properties has been successfully carried out in communities throughout California. In the last 10 years, Reiner Communities has preserved and renovated 2,000 at-risk affordable housing units throughout the state.

Additionally, in the past three years Reiner Communities has provided original non-profit owners of HUD Senior properties with access to over \$65,000,000 in equity proceeds, while completing over \$35,000,000 in renovations.

The company maintains its headquarters in Irvine, with a satellite office in Santa Rosa.



Palm Springs Pointe - Palm Springs, CA  
116 Affordable Senior Units



Casa de las Hermanitas - Los Angeles, CA  
88 Affordable Senior Units



Windham Village - Santa Rosa, CA  
50 Affordable Senior Units

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