



# MAKING IMPACT MATTER

VBA MSI BOARD  
PRESENTATION  
June 2022



Vibrant  
Communities  
Drive  
Change



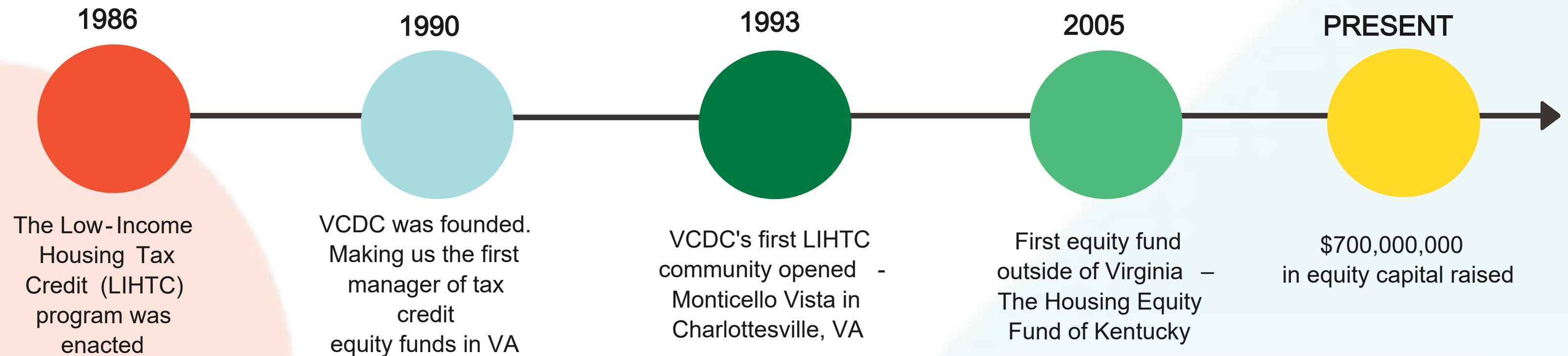


# Vibrant Communities Drive Change

*Our mission is to collaborate with, and support organizations working to build and make communities a better place for all residents*

Over the last 30+ years we have accomplished our work with a focus on:

**Communities First**  
**Excellent Partner Service and support**  
**Diligent Persistence**



# LIHTC'S OVERALL **IMPACT** IN VIRGINIA

**231,488** RENTER HOUSEHOLDS IN VIRGINIA PAY MORE THAN 30% OF THEIR MONTHLY INCOME ON RENT, LEAVING TOO LITTLE FOR OTHER EXPENSES LIKE HEALTH CARE, TRANSPORTATION AND NUTRITIOUS FOOD



**114,815**

HOMES DEVELOPED  
OR PRESERVED



**\$7.3 BILLION**

TAX REVENUE  
GENERATED



**\$21.1 BILLION**

WAGES & BUSINESS  
INCOME GENERATED



**266,648**

LOW-INCOME  
HOUSEHOLDS SERVED



**186,115**

JOBS SUPPORTED IN  
ONE YEAR

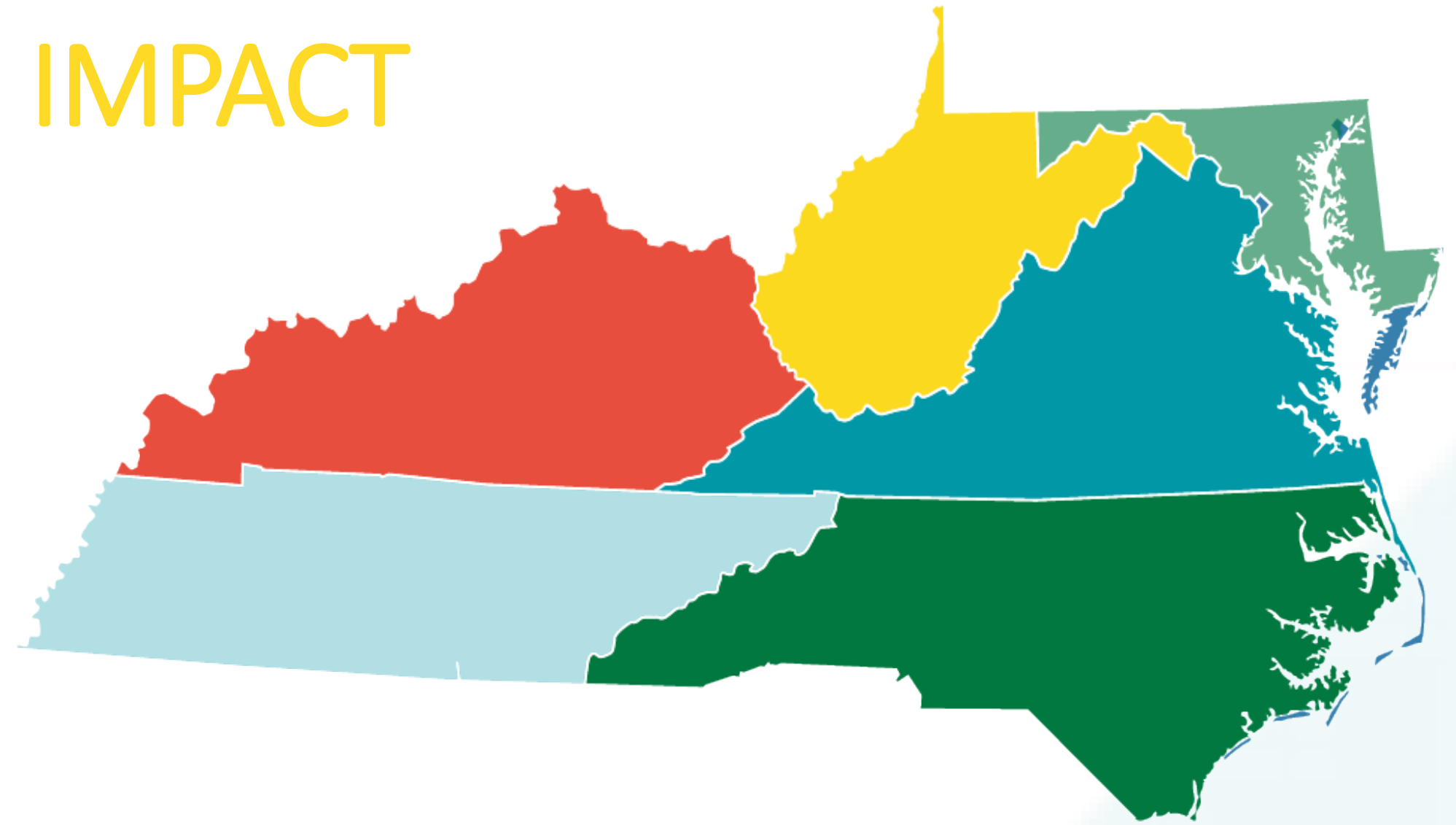




# OUR CUMULATIVE IMPACT

**\$685 Million**

INVESTED IN COMMUNITIES ACROSS  
VIRGINIA AND SURROUNDING STATES



**235**

AFFORDABLE HOUSING  
COMMUNITIES

**9,650**

HOMES FOR LOW INCOME FAMILIES,  
VETERANS, SENIORS AND INDIVIDUALS

**\$1 Billion**

IN FINANCING ASSISTANCE FOR OUR DEVELOPMENT PARTNERS

# SERVING AN IMPORTANT ROLE IN OUR COMMUNITIES

## COMMUNITY IMPACT

- Connecting Investors to Community Needs
- Connecting Developers, Sponsors and Asset Managers to Purposeful Capital
- Connecting Investment Opportunities with Positive Impact



A 30+ YEAR  
COMMITMENT OF  
COMMUNITY AND  
PARTNER PROSPERITY

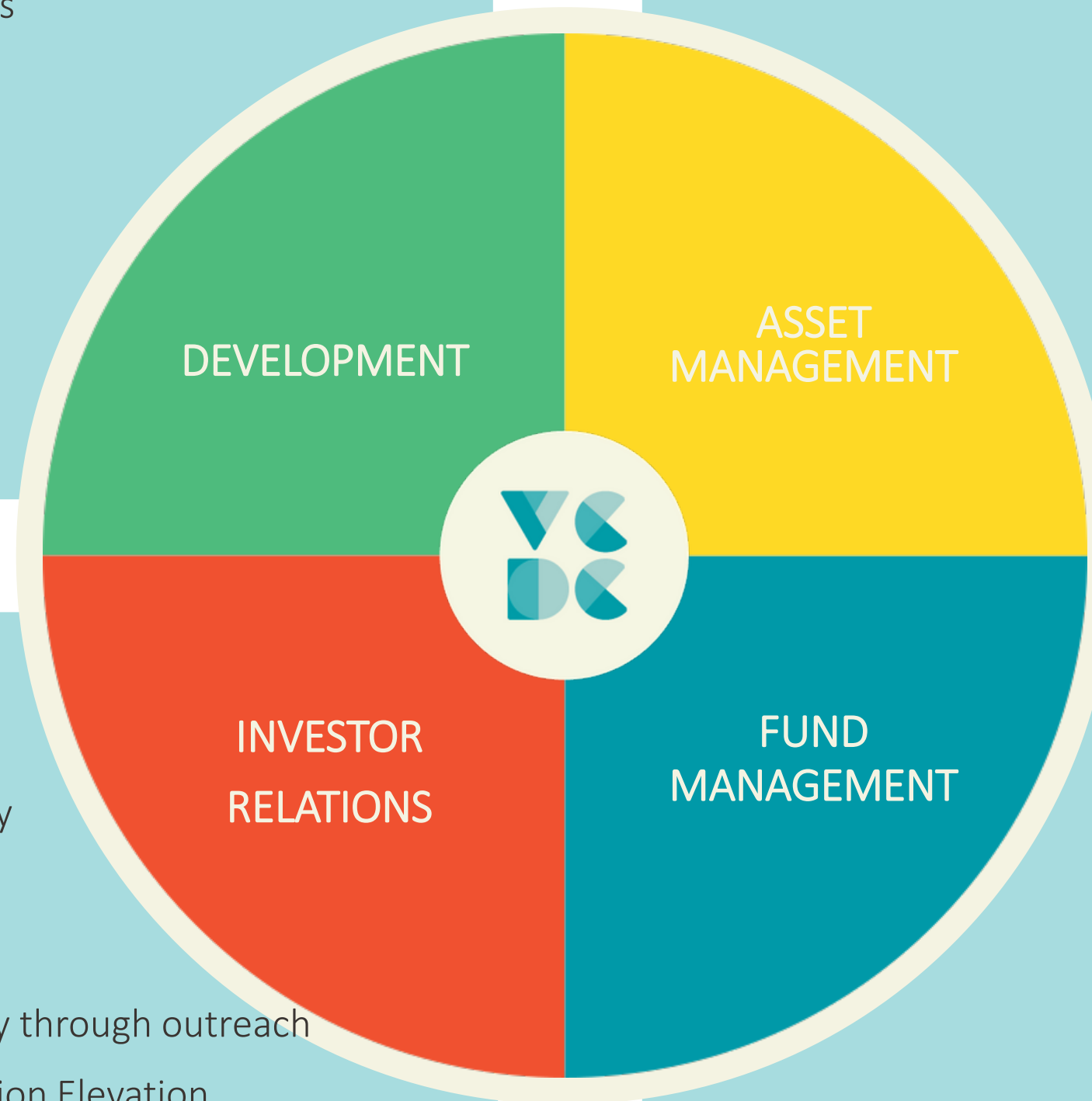
## INVESTOR BENEFIT

- Investors Receive a Competitive Internal Rate of Return (IRR)
- Pooled Investors Reduce Investment Risks and Compliance Costs
- Positive CRA Consideration
- Tax Credits Are a Dollar-for-Dollar Reduction in the Investor's Income Tax Liability
- Also Available - Federal and State Tax Credits, Low Income, Historic, Energy, Solar & New Markets

# WHY WORK WITH A SYNDICATOR?

## WE PROVIDE MULTI-FUNCTION SERVICES

- VCDC supports our development partners every step of the way, including project underwriting, LIHTC application process, construction issues and other advisory services
- Our development process ensures deals are structured properly from the beginning, mitigating risks of default, cost-overruns and non-compliance
- VCDC has predevelopment funding available via our CDFI to assist partners with burdening costs during this stage



- Expert knowledge of LIHTC compliance guidelines
- On-going monitoring and analysis of property performance and benefit delivery
- Fiscal and operating statement reviews, regular site visits
- Maintain AHIC-based risk rating reporting

- Produce Quarterly Benefit Schedules
- Sponsor of 5-10 Industry Conferences annually
- Dedicated team to provide responsive service
- Tailored Underwriting & Investor Reporting
- Commitment to the success of our community through outreach programming and support, including our Mission Elevation Program and Special Initiatives Fund.

- Specialized approach allows us to focus on competitive IRR and CRA needs
- Preserve investor benefits stream through life of projects
- Balanced approach to cash management to lower costs and enhance returns
- Consistent IRR and credit out-performance record across 30+ portfolios



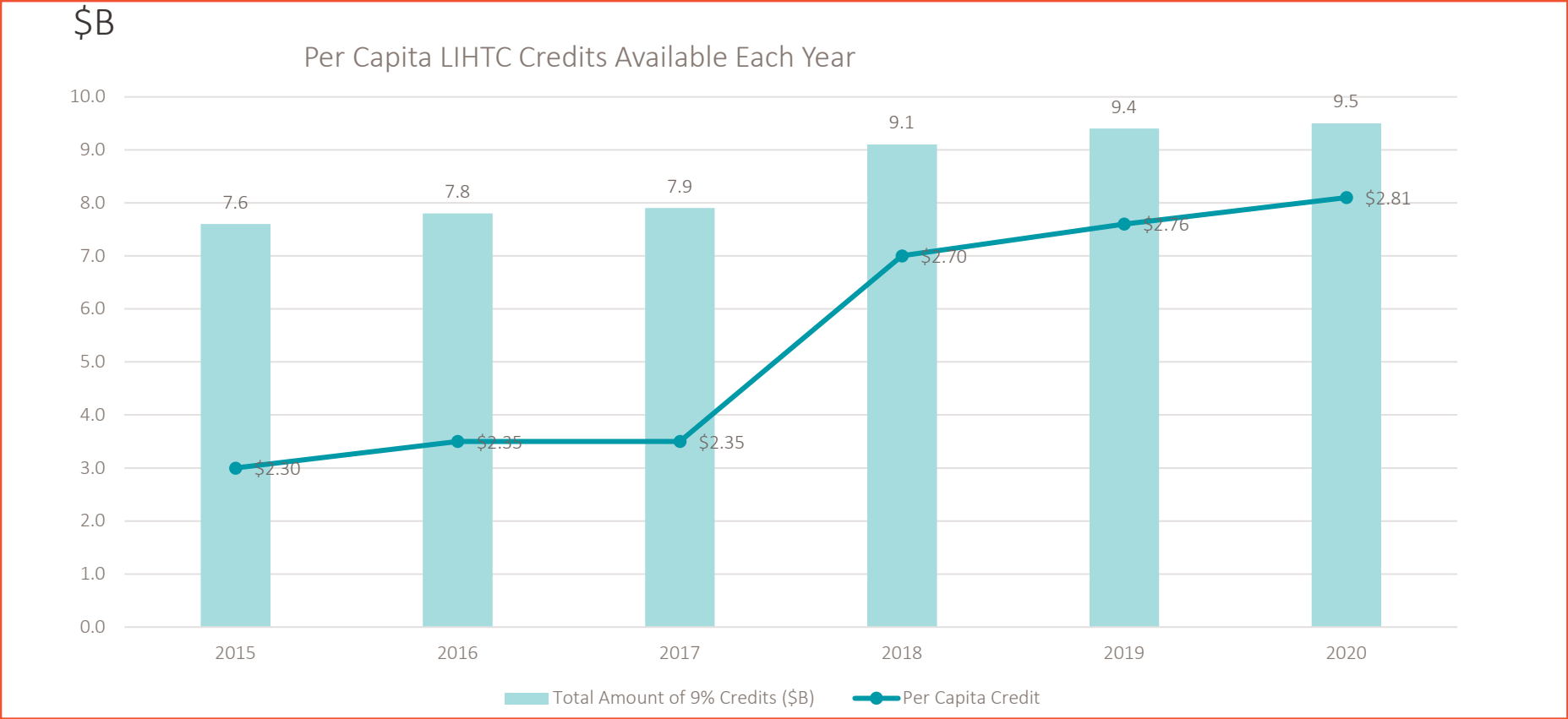
# WHY PARTNER WITH VCDc?



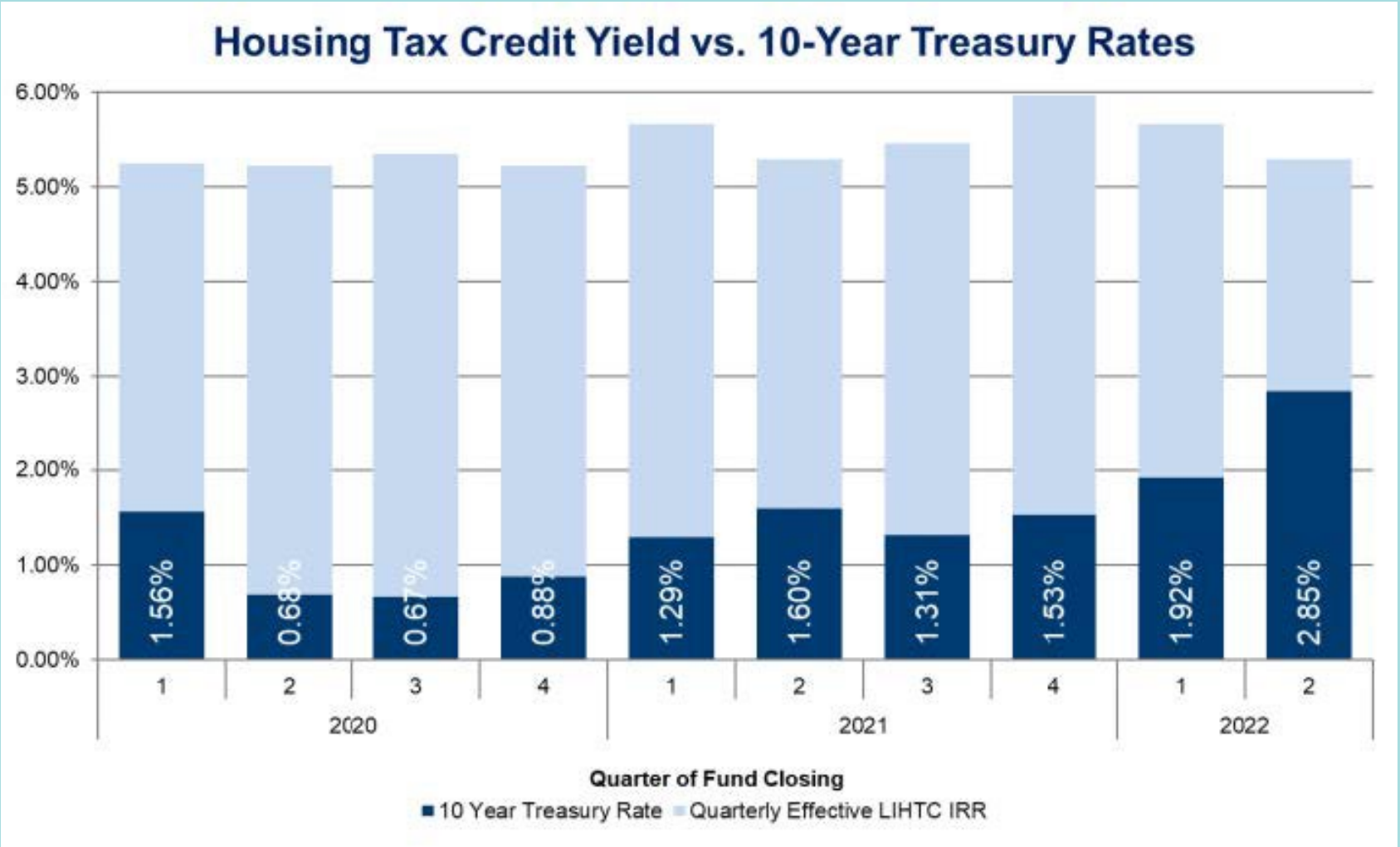
# INDUSTRY KNOWLEDGE

SYNDICATED HOUSING CREDIT  
EQUITY MARKET IS OVER AN \$11  
BILLION MARKET

AMOUNT OF LIHTC CREDITS AWARDED  
FROM THE IRS EXPECTED TO GROW BY  
ABOUT 100,000 ANNUALLY (NHLP)



LIHTC INVESTING OFFERS  
SUPERIOR RETURN  
OPPORTUNITIES VS. U.S.  
TREASURIES



Source: Cohn Reznick, June 2022

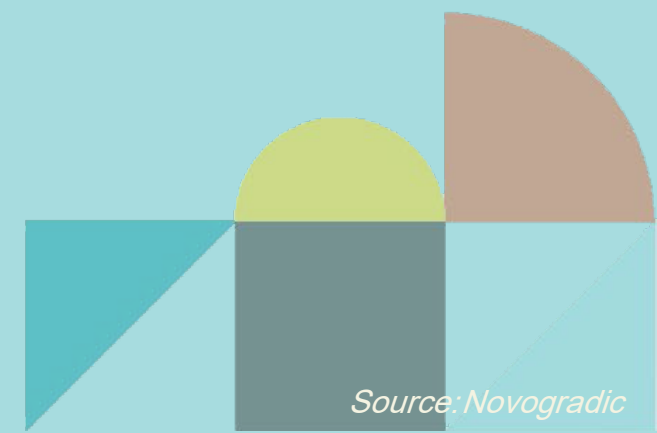
# INDUSTRY KNOWLEDGE

## OPPORTUNITIES

- Congress passed a new floor on the “4% deals” starting in 2021. This can result in almost a 30 %increase in LIHTC credits, making more borrowing resources available and deals stronger
- American Rescue Act, & COVID Relief Bill offers more resources to support low-income housing development
- The Biden Administration’s Housing Supply Action Plan seeks to close the housing supply shortfall in five years, increasing access to LIHTC and aligning other affordable housing subsidies

## CHALLENGES

- Current Federal tax rate of 21%
- Interest rates increases
- Impact of economic shutdown on vacancies & delinquencies
- New COVID safety guidelines
- Unstable construction costs and supply chain





# LOCAL KNOWLEDGE: ESTABLISHED COMMUNITY RELATIONSHIPS SPANNING 30 YEARS OF WORK

- 30-YEAR RELATIONSHIP WITH VIRGINIA HOUSING (FORMERLY VHDA)
- RICH PARTNERSHIPS WITH NATIONAL, STATE AND LOCAL ASSOCIATIONS

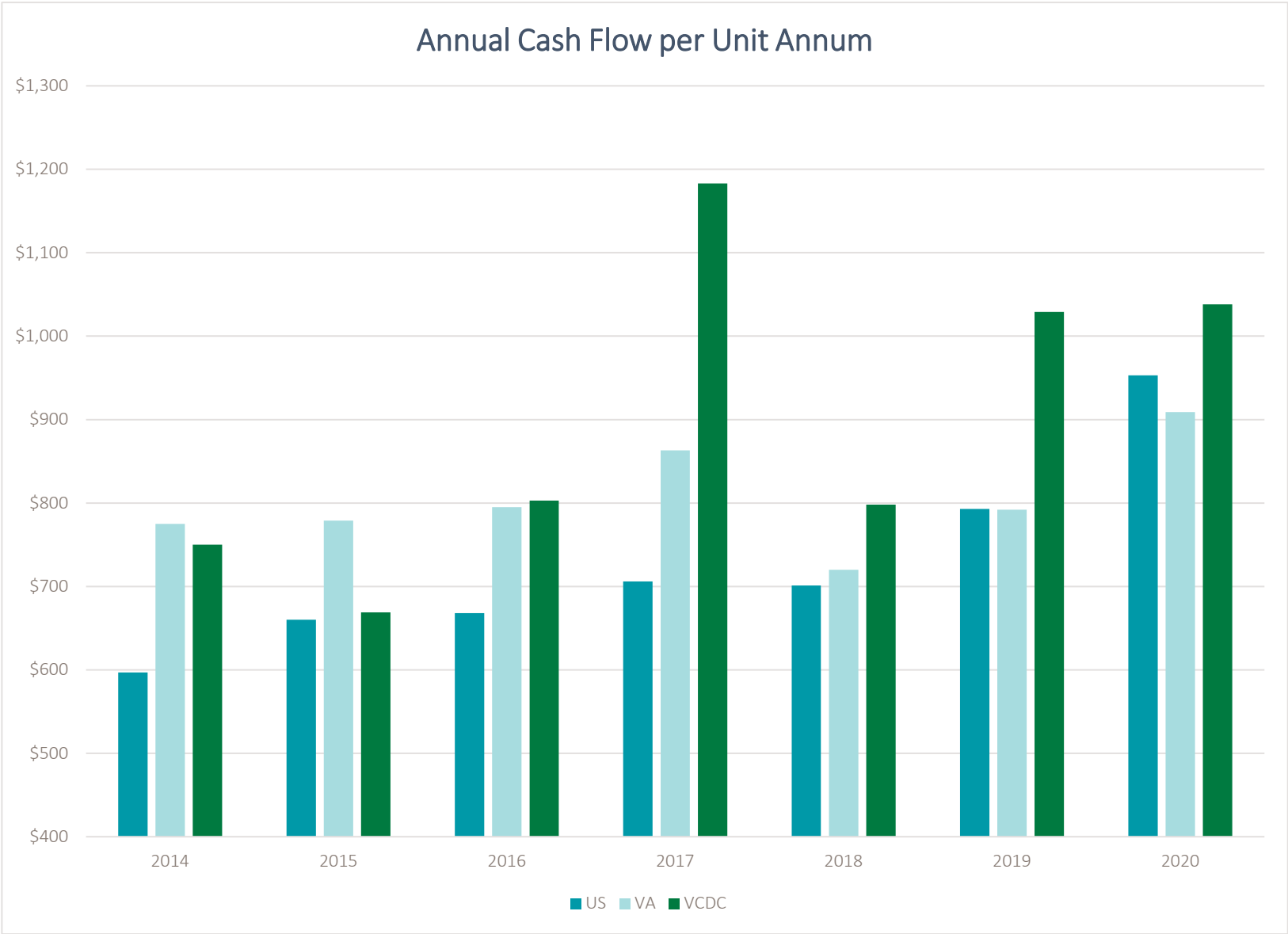
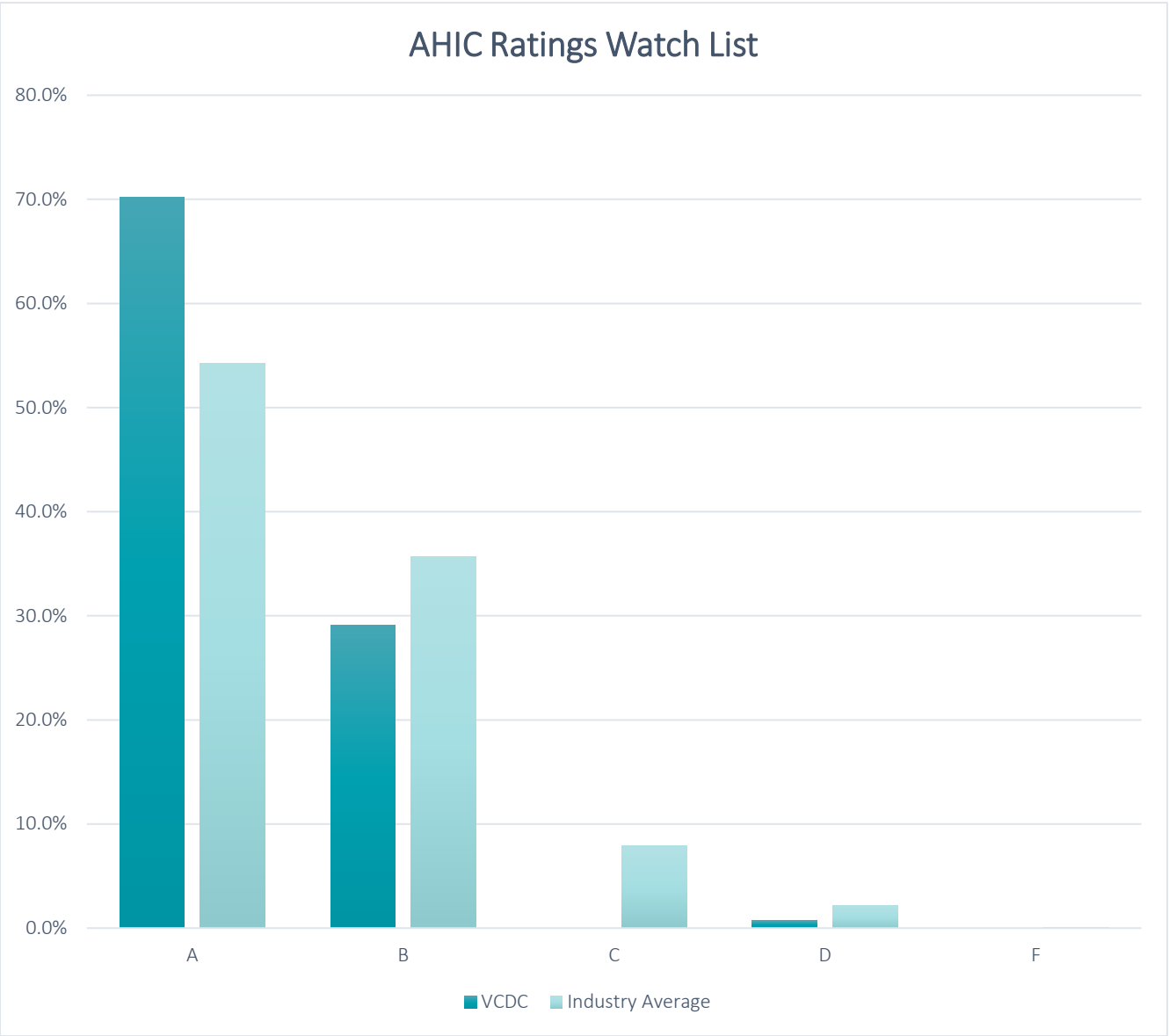


The National Association of State and Local Equity Funds





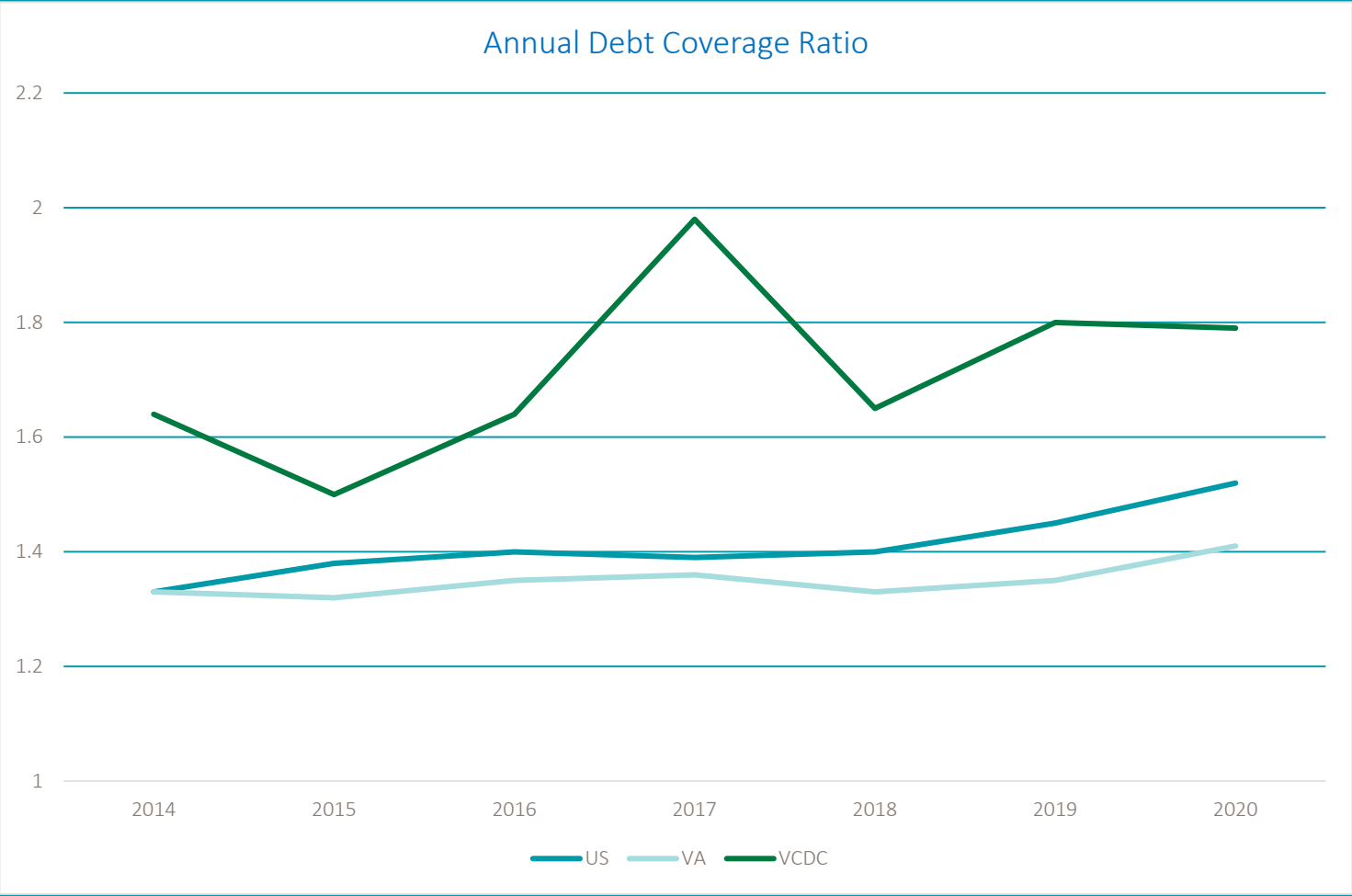
# LOCAL KNOWLEDGE: KEY PERFORMANCE METRICS



Source: Cohn Reznick, March 2021, VCDC as of March 2021

*OUR GROUNDWORK LEADS TO BETTER RESULTS!*

# LOCAL KNOWLEDGE: KEY PERFORMANCE METRICS

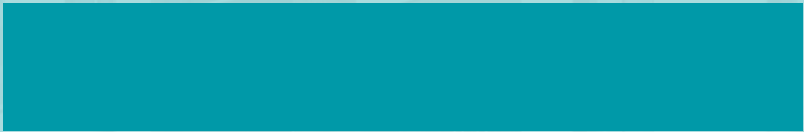


Source: US and Virginia trends taken from the CohnReznick website through the Insights Portal (Interactive Performance Data)

We Build in 2 Tiers of Reserves



Fund Reserves  
Project Reserves



We reserve 3% of the value of the Fund for Project Level Contingencies and Fund Level Expenses

# PROCESS KNOWLEDGE

## A STANDARDS-BASED, TAILORED & SCALABLE PROCESS

### INDUSTRY-LEADING PRACTICES

- AHIC-Based Underwriting Guidelines
- AHIC –Based Watch Lists
- Stress testing portfolio to determine impacts of COVID-19
- Virginia Housing guidelines
- Audited Property Returns
- Cohn Reznick Audited Sponsor Reports (biennial)

### PROPERTY REPORTS

- Construction Reports
- Construction & Operational Stress Analysis
- Key Performance Metric Monitoring (referenced earlier)
- Quarterly performance reports

### FUND REPORTS

- Quarterly Benefit Schedules
- Customized Reports
- All funds are audited and K-1s available
- Use of Applegate & Thorne Thompson legal counsel
- Use of DHG & DV tax & audit counsel
- Adoption of proprietary version of Industry - Standard CohnReznick Fund Model



# A TRUSTED PARTNER TODAY AND TOMORROW

## We are a Service-Driven Organization

- 91% of our investors are REPEAT customers
- Our TOP 5 investors have invested in our LAST 4 closed funds
- Our TOP 3 investors have invested in AT LEAST 14 of our funds

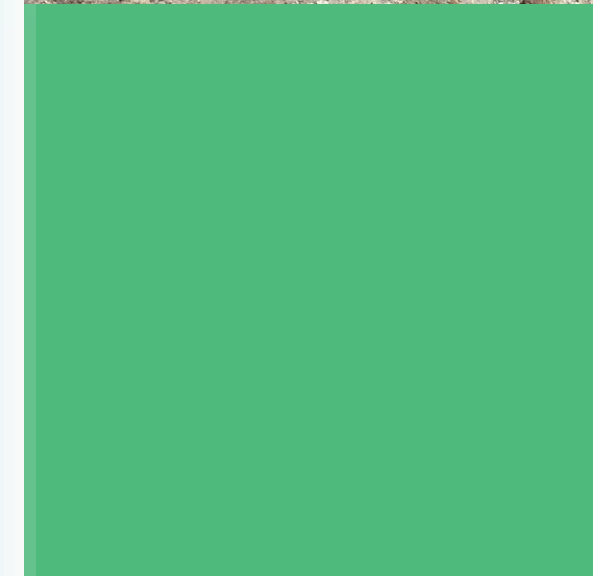
*"With VCDC, we have a high degree of confidence. They know everybody in this space, and they are well regarded, which gives them the ability to assemble high quality deal teams. If you deal with VCDC, you are dealing with professionals."*

- Harry A. Turton, Jr., President, Richmond Region Atlantic Union Bank

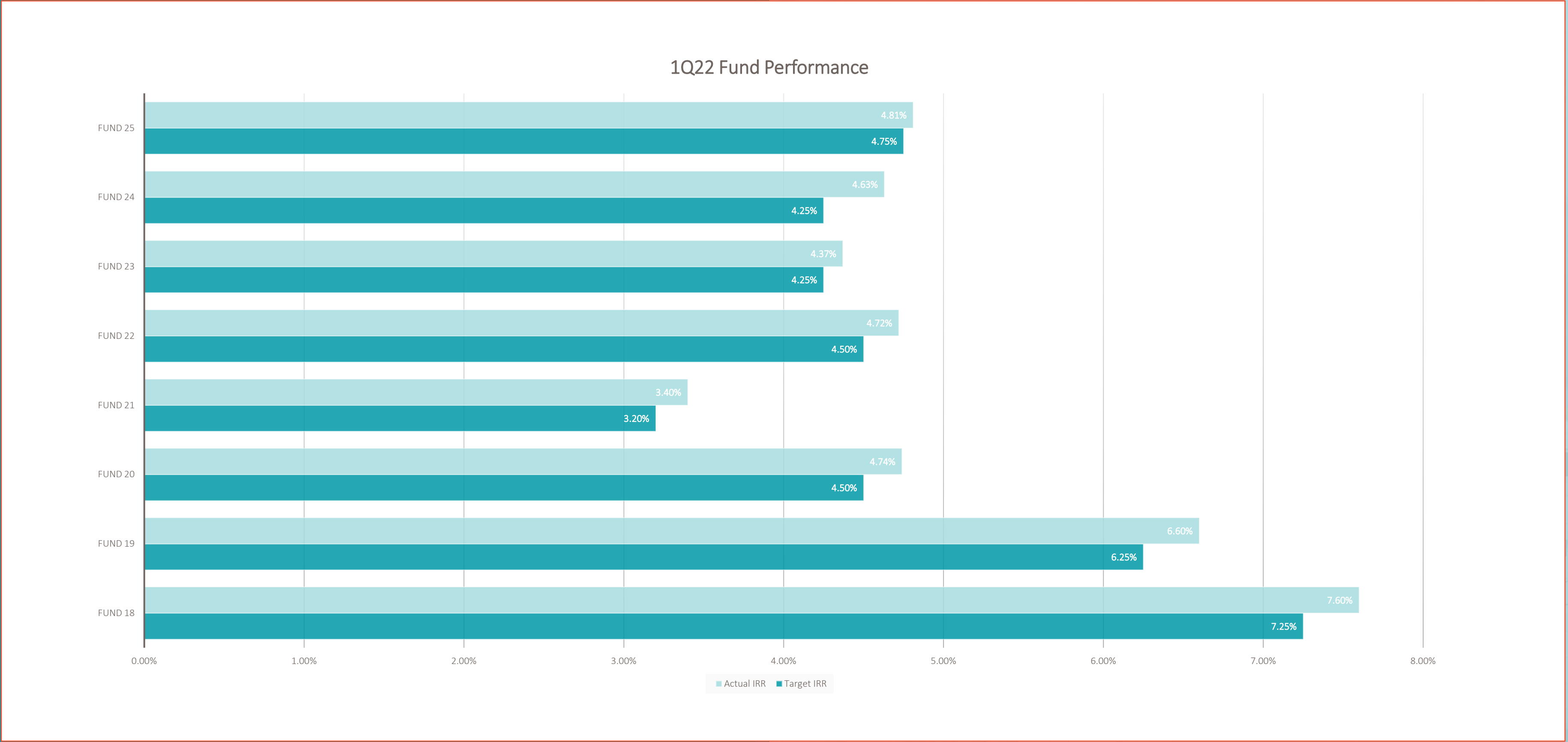
*"VCDC provides an extremely strong staff with deep rooted connections and expertise across the Commonwealth. This allows us to work in rural areas where we may not have a physical footprint but can rely on VCDC's expertise to help manage and allocate those investments on our behalf. VCDC provides excellent customer service through many avenues."*

- Charles Clark, SVP, Middle Market Banking, Truist

WE ARE PROUD TO BE ENDORSED BY THE VIRGINIA BANKER'S ASSOCIATION



# VCDC'S CONSISTENT IRR OUTPERFORMANCE VS. TARGETS



Source: VCDC database, Q1 reporting-May 2022



# OUR CURRENT EQUITY FUND

TARGET SIZE FUND:  
**\$72.4 million**

TARGET AFTERTAX IRR:  
**5.025%\***

TARGET CLOSING:  
**SUMMER 2022**

<u>Property</u>	<u>City/County</u>	<u>Gross Equity</u>
Quarry Station	Prince William County	\$8.28 million
Florida Terrace	City of Lynchburg	\$4.50 million
Claremont School	Pulaski County	\$3.72 million
Grayson Manor	Grayson County	\$1.83 million
Cross Creek	City of Portsmouth	\$5.34 million
Holly Court	Lancaster County	\$2.30 million
Wellesley	City of Newport News	\$2.17 million
South First Phase II	City of Charlottesville	\$14.24 million
Parham	Henrico County	\$5.94 million
Southwood A (9%)	Albemarle County	\$10.15 million
Southwood B (4%)	Albemarle County	\$6.39 million
JCOC 3H Housing	Virginia Beach	\$4.35 million

\* Class A shares



**Partner** with us! **Invest** in your communities!  
**Grow** with confidence!

Contact: H. Bernard Rogers | 804.297.3005

**VIBRANTCOMMUNITIES.US**