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**Aliant becomes latest backer of affordable-housing group**

**by Tiffany Ray**

Aliant Bank has signed on as the newest investor bank in the Housing Enterprise of Central Alabama, adding new momentum to the group's mission to boost the production of affordable housing in a 12-county region.

HECA, a Birmingham-based niche lender, provides financing to qualified developers for building or rehabilitating moderately priced housing through a \$55 million loan pool now supported by six Birmingham-based banks and three community foundations.

Aliant joins a growing list of investor banks that already includes AmSouth Bank, Regions Bank, Compass Bank and New South Federal Savings Bank as well as First American Bank, which signed on earlier this year. The Community Foundation of Greater Birmingham, along with the Calhoun County Community Foundation and the Walker Area Community Foundation, also have provided funding.

And other Birmingham financial institutions may soon follow suit. Michele Jenkins-Utomi, CEO of HECA and its affiliated Housing Fund of Central Alabama, says the group is finalizing plans to add Superior Bank to the growing list, and other banks may soon be on the way.

Formally launched in 2003, the HECA's loan pool already ranks among the largest of its kind in the country, Jenkins-Utomi says. Indeed, the group currently has more access to loan money for projects than demand for it, she says.

Participating banks provide an equity investment to HECA, the for-profit LLC, that is used to help underwrite operations, as well as a charitable contribution to the nonprofit Fund and a commitment to the loan fund equal to 20 times the sum of the two donations. In Aliant's case, for example, the bank is making a \$50,000 contribution and a \$1 million commitment in loan funding, Jenkins-Utomi reports. The deal gives banks an ownership interest in the group and a seat at the table of HECA's loan and investment committee, which meets monthly to review possible deals.

So far, HECA has doled out \$5.5 million in loans for single- and multi-family projects, with another \$13 million pending closure, for construction or rehabilitation of 600 housing units.

Through grants and other programs, HECA and the Fund also provide operating support, technical assistance, homebuyer training, credit counseling and other needs.

Jenkins-Utomi says the latest partnerships are a sign that "we are doing exactly what it is that we were created to do: make a difference in affordable housing. It's certainly a more efficient way for banks to participate in that."

HECA fosters the development of housing that is affordable to households living on 60 to 80 percent of area median income. Typical homes built under the HECA's auspices run from 1,200 to 1,700 square feet and cost from \$130,000 to \$180,000, Jenkins-Utomi says. Project sizes have run the gamut from a two-unit development in Pinson to a 200-unit apartment building in Irondale. "We really have to be flexible," she says.

Dave Bair, Aliant's CEO, says the economics of affordable housing are at the root of the challenge. As one example, affordable housing projects sometimes go up in transitional markets that are being redeveloped, which lends an element of risk to a project, Bair explains. And moderate-income buyers often require some kind of program to help get them into a home, adding another layer of complexity.

Bair compares it to a multilayer cake. "All the layers have to come together and fit together for the affordable housing to be built."

Jenkins-Utomi says HECA attracts qualified, seasoned developers to projects that might otherwise be less financially attractive by assuming much of the risk for developing a given housing or apartment project. Despite its success, though, the group "can't get at those people who are at the 50 to 60 percent of median income range," she notes.

Bair says he'd seen a similar business model working well in Atlanta and was impressed by the job HECA was doing. "The task of developing affordable housing is a difficult one and takes lots of different players at the table at the same time and takes creativity, and we liked what we saw."