Owen Derry sees affordable housing as a series of obstacles that can be solved. “I’m good with numbers but also good with problem-solving. And affordable housing really is problem-solving,” he says.

As the financial consultants advising Bridging Communities, Owen and Jan Derry saw that its Pablo Davis Elder Living Center facility was not on strong financial footing. “Pablo Davis was at the point where, probably around 2024, 2025, the revenues would not have covered the basic operating expenses, let alone any debt service. So, without help, it would have gone under. And there would have been 80 seniors at risk.” The nonprofit committed to serving the community by keeping rents as low as possible, but that meant that the facility had challenges keeping up with costs.

Pablo Davis was nearing the end of its fifteen-year compliance period for its Low-Income Housing Tax Credits. Owen utilized this opportunity to pull funding sources together to apply for new tax credits to make improvements to the building. While loans from Chase Bank and Cinnaire Investment Corporation would help with building repair costs, they were not enough. That’s when the Detroit office of the Local Initiatives Support Corporation (LISC) stepped in to offer a grant to do a comprehensive energy assessment on the building. The assessment, funded by LISC and completed by Elevate Energy, showed Owen and Bridging Communities numerous opportunities to make the building more efficient, potentially leading to deep savings on the facility’s utility bills. The equity of the savings enabled Pablo Davis to support a larger loan, allowing the project to move forward.

After several years of work, various funding applications were approved. MHT Housing provided key guarantees to various funders and the City of Detroit restructured an existing HOME loan. Pablo Davis underwent a year of renovations, adding solar panels to the roof, renovating all 80 units and completing energy efficient upgrades, all without relocating any residents.
Financial mechanisms needed for Pablo Davis Senior Living Center’s $7.29 million total in renovations and upgrades

- Low-Income Housing Tax Credit (LIHTC) equity, provided by the National Equity Fund (NEF)
- Cinnaire Investment Corporation: permanent loan
- City of Detroit: debt forgiveness
- Detroit Housing Commission: housing vouchers
- Local Initiatives Support Corporation, Detroit office: energy analysis grant
- Bridging Communities/MHT Housing: predevelopment expenses
- Chase Bank: construction loan*

*The Chase Bank loan is not shown in the graph but was a critical component of the financing. The loan covered $4.8 million of the construction costs (backing the $2.05M Cinnaire loan and $2.75M of the NEF LIHTC equity.)

$35,000 Average Savings Per Year

Ultimately, the energy assessment estimated the building could save $35,000 in its first year. That proved to be true, with the building saving $34,000 in utility costs in 2020. “With the energy improvements and that savings of about $35,000 a year, plus the vouchers from the Detroit Housing Commission, we project that probably for 15 to 20 years, that project will still financially be in very good condition,” Owen says.

“A lot of the people […] don’t have that affordable, stable housing—if they get it, it’s a lot easier to work on the other problems that they have,” he says. Pablo Davis is in better shape financially and can serve folks in southwest Detroit for years to come. Owen cites the energy assessment as one of the linchpins to making this project successful: “It’s a small thing, but if you get enough of these small things together you can start solving some big problems.”