



# The Leader

Joe Hagan has been a powerful force in the LIHTC industry

BY DONNA KIMURA

**J**oe Hagan and the companies he has led have directed billions of dollars into the development of affordable housing across the country.

He is best known as the president and CEO of National Equity Fund (NEF), a position he has held since 2000.

Over the years, the low-income housing tax credit (LIHTC) syndicator, an affiliate of the Local Initiatives Support Corp. (LISC), has raised and invested more than \$10 billion in equity and asset-manages 1,637 developments with approximately 178,000 housing units.

“What we have created is a good-size city,” Hagan says.

Putting it in perspective, NEF’s developments could house the entire population of Naperville, Ill., or Green Bay, Wis.

“Joe loves affordable housing—the business, the people, even the nuances of how projects are built,” says Michael Rubinger, president and CEO of LISC. “He’s a guy who could come in and personally rewire your house and then sit down over a beer afterwards to lay out a national strategy to build more affordable housing, complete with financing

plans, marketing ideas, and policy implications. His is a rare talent.”

Hagan, 60, has done much more than raise money during his career. He has worked in affordable housing since 1979, when he ran a nonprofit that converted properties into homeownership opportunities in Columbus, Ohio. The organization had two construction loans totaling \$800,000 with an interest rate of 16 percent and the sweat equity of hopeful homeowners.

It was a job he came to shortly after graduating from Ohio University, where he studied urban geography and economics. It would serve as a launching pad for the rest of his career.

## From the beginning

Hagan got into the business because he was interested in learning why cities were dying. He also had a strong interest in construction, a passion sparked by his father, who operated a steel erection firm in Youngstown, Ohio.

After church, the family would go to one of his father’s jobsites, and Hagan and his siblings would climb the steel beams.

Not long after his first housing job, Hagan moved on to run the Pickaway Metropolitan Housing Authority in Circleville, Ohio, for several years before joining the Ohio Housing Finance Agency (OHFA) to oversee its multifamily housing programs in 1985. The timing put Hagan on track to be involved from the very beginning in the housing tax credit program, which came out of Congress in 1986. He was among a small, core group of housing leaders, including Jeanne Peterson and Ronne Thielen, who met in West Virginia to go line by line through Sec. 42 of the Internal Revenue Code to figure out how the new program would work.

At OHFA, Hagan became one of the first tax credit allocators. He likes to tell

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people that when he ran the LIHTC program, the application was only four pages long, the last of which was a disclaimer.

Ever since, Hagan has been a steady force in the LIHTC industry, serving at various times as an allocator, investor, and syndicator.

He started the Ohio Capital Corporation for Housing (OCCH) with Hal Keller. They were the first two employees of the tax credit syndication firm. It was launched with \$156,286 in seed money from OHFA, an amount that Hagan still remembers.

"Joe's very strategic," says Keller, who's known Hagan for about 30 years and is president of the OCCH. "He's also trustworthy, and in this business, trust is everything."

One of the key moves they made to differentiate OCCH from others was to provide hands-on technical assistance. That continues today as the firm, which has grown to 140 people, still helps developers with LIHTC applications and provides key training. It's an example of one of several businesses that Hagan has helped build or rebuild during his career.

He also served as president of Banc One Community Development Corp. (CDC) and managing director of Banc One Capital Markets, starting in 1993. The bank was expanding rapidly through numerous mergers and needed to make sure it was active in community development. It funded the CDC with \$10 million, which Hagan invested in a matter of months.

After about eight years with the bank, he signed on to lead NEF, which was struggling at the time. The story goes that it had a net worth of about \$9 million but hardly any liquidity.

"I knew that it had a great footprint and was part of LISC," Hagan says. Since its founding in 1979, LISC has been working to transform distressed communities around the country.

At NEF, Hagan has focused on building a successful "back room" and establishing a solid team. With a new foundation in place, the organization has grown tremendously under Hagan's watch.

"We have great people here," he says. "My job is to nurture them and get the best out of them and make sure that they enjoy coming to work every day."

NEF has also gone from having raised about \$3.3 billion in LIHTC equity to more than \$10.3 billion.

One of Hagan's strengths is recruiting good people, and those who have worked for him remain loyal, says Keller. More than 70 percent of the 157-member NEF staff has been there longer than five years.

The firm has also become known for

funding innovative supportive housing projects, including several prominent deals that serve homeless veterans.

Part of NEF's net income flows upstream to LISC to put back into communities in the form of grants, loans, and other funding.

"He is always looking for the big idea, for new ways to help investors get what they need without losing sight of the fact that we're trying to help low-income people live better," says LISC's Rubinger. "It's a delicate balancing act—and sometimes we struggle to get it right. But Joe keeps pushing, and the communities where we all work are better for it."

He has been active in the Affordable Housing Tax Credit Coalition. ■

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#### LEARNING MOMENT:

"One of the most significant was working at the Ohio Housing Finance Agency. I learned so much. Being part of the housing finance agency clan, everybody was so open to teaching you. That put me on a path to learning so much about finance."

#### PHILOSOPHY:

"If you look at the spectrum of what you do in your life, it's about what you end up producing but also about how you got there and the people you have worked with."