



2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name Partnership for Habitat Housing

HFA Virginia Housing Development Authority

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

HFA Virginia Housing Development Authority

Entry Name Partnership for Habitat Housing

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input checked="" type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

Virginia Housing Development Authority Partnership for Habitat Housing

“It’s sort of miraculous every time volunteers, donors and a hardworking family come together to create a Habitat home. The partnership between VHDA and Habitat has helped that miracle happen much more often in Virginia.”

Overton McGehee
Executive Director, Habitat for Humanity-Virginia

Brief Description

The strategic partnership between VHDA and Habitat for Humanity-Virginia (“Habitat”) strongly encourages additional affordable ownership housing opportunities across the state and helps VHDA meet its strategic objective of responding to the critical housing needs of low-income Virginians in ways that are innovative, cost effective and replicable.

The Partnership for Habitat Housing includes:

- Reduced interest rates for first-time buyers to buy previously foreclosed homes.
- Lines of credit that provide Habitat affiliates with capital for their lending programs.
- Pro bono Habitat loan servicing.
- Financial support to increase Habitat capacity.
- Volunteer support of annual Habitat builds by VHDA associates.
- Free office space for Habitat at VHDA.
- “Train the Trainer” Homeownership Education designed specifically for those teaching Habitat homebuyers.

When/Why It Was Undertaken

VHDA and Habitat-Virginia share the goal of eliminating poverty housing and replacing it with homes that are secure, decent and affordable. The Partnership for Habitat Housing enables a “win-win-win” (homeowner, Habitat and VHDA) program of affordable housing opportunities that contribute to vibrant, sustainable communities across Virginia.

What VHDA Has Accomplished

Reduced interest rates for first-time buyers

Using Neighborhood Stabilization Program (NSP) funds, Habitat-Virginia and its affiliates across the state buy foreclosed homes. Once rehabilitated, these homes are offered to first-time buyers who earn between 25%-50% of the Area Median Income. Through its REACH *Virginia* program, VHDA provides a set-aside of affordable first mortgage financing totaling more than \$1.7 million. This set-aside increases homeownership affordability by discounting VHDA’s first-time homebuyer rate an additional ½%. By combining our low interest rate first mortgage with additional forgivable NSP funds and the Federal Home Loan Bank grant resources, **first-time buyers benefit from a mortgage with an effective interest rate of 0%**. To date, Habitat-Virginia has bought 36 homes and sold thirteen to income-eligible buyers. In addition to enabling deserving families to realize the dream of homeownership, the purchase and rehab of these homes has stabilized neighborhoods and reduced the potential for further decline in surrounding property values.

Lines of Credit enabling Habitat to raise capital

In the past, Habitat affiliates relied solely on donor contributions and mortgage income as the funding source for newly constructed homes. To help Habitat better leverage their resources and provide liquidity, VHDA established several lines of credit that can be used to acquire properties or fund homebuyer loans. The interest rate on these lines of credit, typically 3%, enables affiliates to access the capital required to increase the annual number of housing units produced. It also reduces Habitat reliance on donor contributions to accomplish its mission. Since initiating these lines of credit, VHDA has made available over \$14.3 million to Habitat that has enabled affiliates to build approximately 388 additional affordable homes.

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Pro bono servicing

VHDA provides financial assistance to Habitat affiliates by servicing their mortgage loans pro bono. Currently, we service over 1,605 loans with an outstanding balance of more than \$65.5 million for 39 Habitat affiliates. In addition, we offer all phases of loan servicing, including escrow analysis, loss mitigation and customer service. The benefits of VHDA's free loan servicing include:

- Annual savings of more than \$110,000 that can be used to build more affordable housing across Virginia.
- Ability to receive mortgage payments electronically, which strengthens affiliate overall cash flow.
- Elimination of day-to-day loan servicing duties, which makes possible a close relationship with their customers.
- Educational opportunities that enable Habitat homeowners to understand the mortgage servicing process and ensure they are aware of their financial responsibilities.

Financial support to increase capacity

VHDA has provided \$90,000 in non-profit support funding to reinforce Habitat-Virginia's efforts to strengthen the organizational capacity of affiliates. This funding finances educational training about accessible design and how to incorporate universal design elements in their Habitat homes. Habitat also received a \$10,000 VHDA planning grant for start-up funding for several new Habitat for Humanity chapters.

Sunrise Trailer Park

Sunrise Park is the first mobile home park in the country to be redeveloped without resident displacement. Greater Charlottesville Habitat purchased Sunrise Trailer Court, a 16 unit trailer park in Charlottesville, in 2005. VHDA provided a below market rate, interest only loan in the amount of \$400,000 for the acquisition of the site. At the time of purchase, Habitat promised the residents that, after redevelopment, they could stay either as Habitat Partner Families or in affordable rentals. Of the original 16 families, nine elected to stay. When finished in 2013, Sunrise Park will have nine affordable rentals, 20 new Habitat Partner Family homes and 30 market rate units as well as commercial and community space. The plans emphasized green building techniques and site design (such as a rain catchment system to irrigate the common area with rainwater) and the preservation of communal green space.

Additional Assistance

VHDA hosts an annual Charity Golf Tournament that provides a donation to help fund one Habitat build each year. Over the years, this event has contributed approximately \$200,000 to Habitat chapters across Virginia. VHDA associates generously volunteer hundreds of hours of their time to actively participate in each Habitat build receiving a VHDA donation. In addition, VHDA provides Habitat-Virginia with free office space.

Why It Is Meritorious and Meets NCSHA Award Judging Criteria

Innovative

Habitat's business model relies on the homeowners' monthly mortgage payments and the generosity of donor money and materials. With limited resources, it is critical that additional financial resources be identified. The Partnership for Habitat Housing model incorporates several unique components—such as pro bono servicing—that can be implemented in incremental stages to further the effectiveness of both the HFA and Habitat for Humanity.

Replicable

Any HFA can further its objective of providing quality, affordable housing – while supporting the mission of Habitat for Humanity – by adopting one or more components of VHDA's Partnership for Habitat Housing. It can be as simple as signing up to staff a Habitat build. Then, as the HFA/Habitat partnership evolves and additional resources become available, more components may be added.

Responds to an important state housing need

Households with "extremely low" incomes have all experienced a widening gap between their limited resources and rising housing costs. VHDA's Partnership for Habitat Housing enables true collaboration that increases the effectiveness of each group's goal of providing quality, affordable housing to those who could not otherwise attain it.

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Demonstrates measurable benefits to HFA targeted customers

The Partnership for Habitat Housing supports VHDA's strategic plan because it addresses the housing needs of underserved households while ensuring an ongoing inventory of affordable housing that supports strong, viable communities. For example, once blighted neighborhoods are now reinvigorated with a supply of well-maintained properties affordable to first-time buyers. Also, families realize the dream of homeownership thanks to a below market-rate first mortgage. In addition, Virginia Habitat affiliates have a ready source of capital for their mortgage loans, and benefit from professionally serviced mortgages at no charge. Finally, homebuyers are more likely to keep their mortgage obligations after attending homeownership education classes with VHDA-trained presenters.

Proven track record of success in the marketplace

To date, VHDA's Partnership for Habitat Housing has provided affordable first mortgage money totaling over \$1.7 million and helped increase housing affordability in neighborhoods impacted by high foreclosure rates. In addition, the Partnership has stabilized at-risk neighborhoods by spurring the purchase and renovation of 36 previously foreclosed homes. The more than \$14.3 million in VHDA credit lines has enabled Habitat-Virginia affiliates to build 388 additional affordable homes for families in need.

Provides benefits that outweigh costs

VHDA's Partnership for Habitat Housing is built on mission-driven outreach components involving below market-rate funds and pro bono efforts. However, the partnership is not a one way street. Habitat has instant name recognition, and VHDA enjoys tremendous goodwill among the non-profit community, political stakeholders and the housing community at large for its efforts. Habitat also brings a steady stream of low-income first-time homeowners to the closing table—borrowers VHDA would otherwise have to spend substantial additional resources to identify and shepherd through the homeownership process.

Demonstrates effective use of resources

By leveraging VHDA's resources with Habitat-Virginia's influence, both organizations have been able to provide much-needed stabilization to Virginia neighborhoods that were previously at risk.

Effectively employs partnerships

The Partnership for Habitat Housing is proving to be very successful due to the close working relationships established between VHDA, Habitat-Virginia, and at least 39 Habitat affiliates located throughout the Commonwealth.

Achieves strategic objectives

The Partnership for Habitat Housing helps meet VHDA's strategic goals by a.) addressing the housing needs of underserved households by providing more affordable housing opportunities, and b.) helping communities ensure a healthy inventory of affordable housing that supports strong, viable communities.

Conclusion

VHDA's Partnership for Habitat Housing successfully tackles the challenge of how to help a non-profit housing agency largely dependent on donor contributions maximize affordable first-time homebuyer opportunities. VHDA and Habitat-Virginia connected to discuss each other's constraints, as well as the assets each could bring to the table. The result is a strategic partnership that enables Habitat to leverage VHDA's financial resources (over \$1.7 million in first mortgage money, over \$14.3 million in lines of credit and \$110,000 of pro bono servicing) to realize new construction of affordable first-time homebuyer opportunities across Virginia. VHDA benefits from tremendous goodwill for its efforts, as well as a steady stream of low-income first-time homebuyers at the closing table. Last, but not least, 388 families for whom homeownership was out of reach now have a safe, affordable place to call their own.

Attachments: 1.) VHDA Associates Help Build a Habitat House in 2012; 2.) Habitat Richmond Receives a Check During the 2013 VHDA Charity Golf Tournament; and 3 & 4.) Before and After: Sunrise Trailer Park and the New Habitat Homes Financed with VHDA Loans in Charlottesville, VA.

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**Virginia Housing Development Authority
Partnership for Habitat Housing**



Before: Sunrise Trailer Park, Charlottesville, VA



After: Habitat Homes Financed by VHDA at the same site.