

FARMWORKER FAMILY HOMEOWNERSHIP PROGRAM

For decades, America has been known as the country of opportunities. If you were willing to work hard, the dream of owning your own home could become a reality. However, for some hardworking families the challenge of making that dream come true is overwhelming and almost impossible. It was in light of these circumstances that the Commission decided to step up and provide a program to help underserved very low-income farmworkers be able to purchase not just a home, but a brand-new home.

The impetus for the program came from Mike Lowry, former governor of the state of Washington. In 2004, Governor Lowry came to the Commission seeking assistance with his goal of building new homes for farmworker families in eastern Washington right in the middle of farm country. It seemed like an overwhelming idea, but here we are 5 years later and twenty-one farmworker families are living in brand new homes!

Farmworkers are important contributors to Washington's agriculture economy, yet many still face the challenge of finding a decent place to live. They work very long hours in the field to achieve an income that is considered very low by current standards. To make the homes affordable to the targeted farmworker population, Governor Lowry needed some very inexpensive construction financing. The families he was trying to serve just did not have the resources to pay for the normal construction costs of a new home.

Without the help of the Commission, these homes would not have been built. Governor Lowry's request for construction financing to make his dream a reality was not a financing piece normally provided by the Commission's Homeownership Division. Due to the small size of Governor Lowry's nonprofit organization, he could not effectively manage the development of more than 4-5 homes at one time. So, the development plan had to provide low-cost financing on a revolving basis and have an effective system to monitor the construction draws.

The plan used to accomplish the construction of homes during the past 5 years involved a partnership among the Commission, Governor Lowry's nonprofit organization, the homebuilder and other public and private funders. All of the loan documents, including such forms as payment draw vouchers, had to be created as part of the development of the construction lending project. The Commission will gladly share these documents and provide technical assistance to any other housing finance agency wishing to do a small-scale construction loan program for targeted homebuyers.

The construction loan program began when the board of Commissioners agreed to take a portion of its Program Investment Funds which are derived from the profits gained from business activities that are not required as reserves for bond loans. The original revolving amount of \$360,000 was used to construct 5 homes. Once the construction loans were paid off with the homebuyer's first mortgages provided by the Commission, the repaid construction loan funds could be re-lent out for the second 5 homes. The builder, Hayden Homes, agreed to build the homes in phases which fit in with the revolving construction loans the Commission intended to provide. Since the first 5 homes, the Commission has

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revolved the funds several times to build homes for farmworkers. There is also a proposal in the works to use the program for a Habitat for Humanity project.

The Department of Community Trade and Economic Development (CTED) agreed to provide some grant funds for gap construction financing. CTED also agreed to share the inspection reports with the Commission so that costs could be minimized. Construction draws were processed in conjunction with a satisfactory inspection report.

Since the Commission, like some other housing finance agencies, is not permitted under state law to make direct loans, the processing of the construction loan was facilitated through a local housing authority and title company. The Commission prepared loan payoffs for each home for the title company to be able to release liens once the homes were sold to the families.

So, it took a little more work, but once you read the testimonial below, you will know that it was well worth the effort.

Testimonial: When a child of a farmworker couple was asked what it was like to be able to live in a brand-new home, she responded, "This is the first time we have had heat in the winter."

Try something different and maybe you can make a difference!

Compliance with award criteria:

- Are innovative
The Homeownership Division had never provided construction financing.
- Are replicable
All loan and program documents are available for other HFAs.
- Respond to an important state housing need
The targeted farmerworkers the program is serving, were living, if you could call it living, in deplorable conditions.
- Demonstrate measurable benefits to HFA targeted customers
Twenty-one farmworker families greatly benefited in reduced home purchase costs from the developer's 2% interest rate construction financing.
- Have a proven track record of success in the marketplace
The revolving construction loan program has been in existence for 5 years and is now being considered for other developers/organizations.
- Provide benefits that outweigh costs
How do you put a value on a small child saying their new home meant they would not be cold in the winter?
- Demonstrate effective use of resources
A relatively small amount of financial resources were used and the homes were built on time and within the budget.
- Effectively employ partnerships

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The electronically attached newspaper article about the first five new homes, describes in more detail how the partners all worked together to make sure the homes were built.

- Achieve strategic objectives

This program effectively met the Commission's goal of providing affordable housing opportunities for underserved farmworkers.