

NCSHA 2015 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 10, 2015

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact Matt Cunningham at mcunningham@ncsha.org or 202-624-5424.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

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

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

**Program Investment Fund (PIF):
A Renewable Resource for Innovation**

In creating its Program Investment Fund, the Washington State Housing Finance Commission ensured a steadily growing, constantly replenishing fund that has enhanced communities and benefitted families in a multitude of ways over the past 25 years. This financial innovation has become an invaluable source of flexible financing and leverage for innovative housing programs across the state, from homeownership to multifamily.

Between 1989 and December 2014, the Commission invested more than \$138.2 million of its reserves in the Program Investment Fund, in cooperation with almost \$37.7 million invested through the program by private, state and local partners. These funds have assisted thousands of low-income Washington residents, including those with special needs, whom our traditional programs do not reach.

Origin and Innovation

In 1989, the Commission adopted a General Reserves Policy and established the Program Investment Fund (PIF) with an initial investment of \$500,000 from our reserves. Its purpose was to invest in programs that support our mission, but carry a higher risk than is acceptable in the General Operating Fund.

From the beginning, the PIF was created to be maintained separately, minimizing the balance of reserves in the operating fund. It was also based on several important principles: It provides loans only, not grants, which are expected to be fully repaid. PIF loans are limited to ten years, a shorter term that provides for constant renewal. In addition, investments are expected to generate a return, which also contributes to the growth of the fund and its impact. Because of these original innovations, PIF remains an extremely valuable tool in implementing the Commission's mission.

Goals and Guiding Principles:

- Targeting services to households below 100% of area median income, with an emphasis on low-income and special-needs populations and communities that need special assistance to access the Commission's programs;
- Supporting and enhancing existing Commission programs;
- Advancing new and innovative strategies supporting the Commission's mission;
- Supporting strategic community activities that overcome barriers to achieving the Commission's mission;
- Leveraging, to the extent possible, external sources of funding and support;
- Generating a return on investment (generally zero to five percent) for future use;
- Investing for a term of no more than 10 years, with the full expectation of principal repayment;
- Understanding that PIF investments are loans, not grants.

"The Commission has accumulated experience, expertise and limited funds which it believes can make a difference in the production of housing if carefully targeted and aggressively leveraged.

"In short, the Commission's traditional programs have positioned the Commission to provide assistance for persons that its traditional programs cannot reach.

To that end, the Commission has established the Program Investment Fund (PIF), a significant amount of its assets to be strategically invested in low income and special needs housing..."

--Kim Herman, presenting the new PIF policy to Commissioners in October 1989

Achievements

The Program Investment Fund has had an enormous impact, not only through its direct investments in projects and people, but through its seeding of numerous successful programs that have gone on to sustain themselves and grow—many independently of the Commission. A few of these impacts are highlighted below.

Downpayment Assistance:

The Commission's Homeownership programs have benefitted the most from PIF investments, with more than \$85 million of Commission contributions and an additional \$17 million contributed by partners, particularly cities and counties. The Commission has used these investments to create a wide range of innovative downpayment assistance programs available to low- and moderate-income homebuyers. Washington is one of the only states still offering a downpayment assistance program specific to households with a disability—our PIF-funded Home Choice program.

Since 1989, more than 13,000 homebuyers have received a downpayment assistance loan funded by PIF—for a total of \$100 million in loans. In addition, these loans have created an estimated economic contribution to Washington state of \$3.2 billion. (This estimate is based on a formula of \$1.57 times the combined average purchase price, per a study by the WA Center for Real Estate Research.)

Homes for Farmworker Families:

The Program Investment Fund also helped create a successful program that helps build new homes for agricultural workers in central Washington. Led by former Washington Governor Mike Lowry, Washington Agricultural Families Assistance (WAFA) approached the Commission in 2003 seeking a construction loan. WAFA had been approved for construction and downpayment assistance loans from the state, but it was only enough money to build two of the first-planned six homes in Ephrata.

With a \$300,000 loan from PIF, WAFA completed all six homes. The PIF loans were repaid when the mortgage loans from Rural Development were closed—through the Commission's HouseKey first mortgage program. The families also used PIF downpayment assistance to purchase their new homes. WAFA continues to build new homes for agricultural workers today. Through 2014, WAFA had used \$1.86 million of PIF investments to build 48 new homes—for 175 schoolchildren and their families throughout Eastern Washington.

Impact Capital: A New Loan Fund for Housing

Thanks to a PIF seed investment, a new fund to create and preserve affordable housing was created in 1999. Eventually called Impact Capital, this fund operated by a Community Development Financial Institution (CDFI) allows borrowers to both develop new and preserve at-risk affordable housing.

PIF's investment of \$5.25 million was instrumental in attracting other investors in Impact Capital—which has now loaned PIF funds, in combination with other funds, a total of 291 times for a total roll-over value of \$82 million (\$37.6 million in PIF alone). This represents the production of 10,499 units of multifamily housing and an estimated economic contribution of \$1.16 billion.

One example: By loaning \$6.5 million to housing organizations, Impact Capital activated a \$181 million development of 1,200 units of affordable housing, including a Section 8 refinancing, in the rural community of Grand Coulee, Wash.

Financing for Small Nonprofit Borrowers

In an effort to reduce the transaction costs of small bond issues and improve borrowing for small, often unsophisticated nonprofit borrowers, the Commission worked with the Washington Community Reinvestment Association (WCRA) to create a new revolving loan fund that makes loans of up to \$500,000 to small nonprofit organizations for affordable housing and community facilities.

Through Capital Plus!, WCRA has financed a combination of multifamily and single-family housing and community facilities using the Commission's original investment of \$7 million plus reinvested interest. In total, Capital Plus! has made 31 loans totaling \$9.1 million. Eight of these loans have already repaid \$2.2 million in loans. Of the 18 loans used for housing, 317 units have been produced.

Securing Land for Affordable Housing

Created by the state legislature in 2007 with a \$1 million appropriation and matched by PIF, the Land Acquisition Program has become one of the Commission's most valuable programs. LAP helps nonprofit housing developers acquire land in order to preserve the opportunity to later develop it for affordable housing. Particularly during the Great Recession when land prices plunged, LAP gave nonprofits the opportunity to take advantage of low prices and hold the land until financing could be secured for housing development.

LAP has loaned more than \$10 million for this purpose, paving the way for 21 new housing projects with 946 units—including 208 single-family homes—to be built. Five projects have already repaid a total of \$2.8 million.

Preserving Manufactured-Housing Communities

Manufactured housing ("mobile home") communities have long been popular in Washington as affordable housing. But although the resident might own the actual home, the land is leased from the landowner. As land prices have risen, pressure has increased on the owners to sell their properties for development. When the land is sold from under them, these homeowners lose their investments in their homes and face the hardship of finding housing elsewhere.

To help these residents form cooperatives and purchase the properties themselves, the Commission used PIF to establish a Manufactured Home Community Investment Fund. In partnership with ROC USA Capital and ROC Northwest, we have thus financed the preservation of seven communities statewide, creating security for more than 250 households. This partnership won the Special Recognition Award from NCSHA in 2014.

Conclusion

These programs are just a few of the many investments the Commission has made through the Program Investment Fund over the last 26 years. With this continuously self-renewing fund, we have supported innovation, leveraged millions in other funds, and created affordable housing large and small that would not have been possible through our traditional programs or other funders. It is innovative, replicable and extremely effective, and will continue to help us achieve our mission for years to come.