

# The Washington State Housing Finance Commission

**Solving the Single-Family Supply Crunch**

**Habitat for Humanity Liquidity Partnership**

**100 Loans and Counting**

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***Bob Cook,  
Senior Director, Finance***



WASHINGTON STATE  
HOUSING FINANCE  
COMMISSION

Opening doors to a better life  
through affordable housing and strong communities





# Genesis of a new program...



- Prior participation in Habitat International FlexCap Program
- Largest Habitat Chapters sought liquidity
- Encouraged continued use of FlexCap Program
- Discussed parameters of our Program-Related Investments
  - Loans, not grants
  - 10 year maximum period
  - Some amount of interest return





# Convergence of factors



- Habitat development model maturing
- Available Program-Related Investment resources of the Commission
- Desire to revitalize Habitat for Humanity of Washington State



# Habitat Model Low and Slow...



## Find...

- Family
- Property
- Funds
- Sponsors
- Volunteers



# Maturing Habitat Affiliates



- Important single-family housing developer
- Development is made in clusters
- Economies of scale
  - Land and infrastructure
  - Materials and supplies
  - Labor
- Community buy-in and excitement



# Meanwhile, Commission SF Program Boomed:



- TBA Program began in 2015
- Most loans with DPA 4% of loan
- Funded by premium
- Production continues to grow
  - FYE 6/30/19, \$1.6 billion
  - Quarter end 9/30/19, \$673 million
- DPA of initial loans is returning
  - Last FY avg \$2mm/month
  - Last quarter > \$3mm/month



# Role of State Support Organization



- Statewide resource development opportunities
- Forum for collaboration and networking
- Advocate for affordable housing
- Offers programs and services
- Coordinates statewide training

# Borrow the best aspects of FlexCap

- Habitat Local
  - Identifies loans for collateral, 125% of loan amount
  - Pledges to replace non-performing loans
- Habitat-Washington
  - Ensures collateral requirements are met
  - Purchases participation of 99.5% of the pledged loans
  - Collects monthly P&I payments
  - Charges 3%
- WSHFC provides funding for tranches or pools of loans
  - Collects quarterly payment for all tranches from H4H-WA
  - Use pre-approved ACH, single, combined payment for all tranches



# Funding

Habitat Local	Habitat Washington	WSHFC
LOANS → PARTICIPATIONS		
Sells \$1.25mm Loans	Receives \$1.25mm Loans	Receives \$1.25 Loan Pool
FUNDING		
Receives \$1mm for Loans	Loans \$1mm for Loans	Loans \$1mm for Loan Pool



# Repayment

Habitat Local		Habitat Washington		WSHFC	
<b>PRINCIPAL: 25 Year Amortization</b>					
	Monthly payments		Quarterly payments		
<b>INTEREST</b>					
	3%		2%		





# Thank you so much...

**Dear HFC Team,**

You are simply amazing. Today **two Habitat affiliates** have life that otherwise may have withered on the vine. This new source of revenue will empower them to build **50 new Habitat homes** for very low income families. That is an estimate of **150 kiddos** that now have a **70% better chance** of completing high school and entering college - thanks to you. Their kids **will not grow up in poverty**, because we broke that cycle - today, with this capital.

**I am grateful** for your patience with us as we fumbled through this process, I promise we will get more efficient and be less demanding. The urgency of these funds exemplifies the importance on the local level. **From the bottom of my heart** - and on behalf of the Board of Directors of Habitat of Washington, **thank you so much.**

**-- Michone Preston, CFRE, MADirector, HFH WA**

# Habitat for Humanity Partnership – Why?



## Jump-starts development funding for Habitat communities statewide

- Loans for Habitat for Humanity affiliates (through Habitat of Washington State)
- Can build multiple houses—even neighborhoods—instead of raising funds for one home at a time
- Revolving loan fund that self-renews
- 110 loans to date





# Newly redeveloped community...

## New Tillicum



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The smiles speak for themselves...



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# Contact us!

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