The Washington State Housing Finance Commission

Solving the Single-Family Supply Crunch

Habitat for Humanity Liquidity Partnership

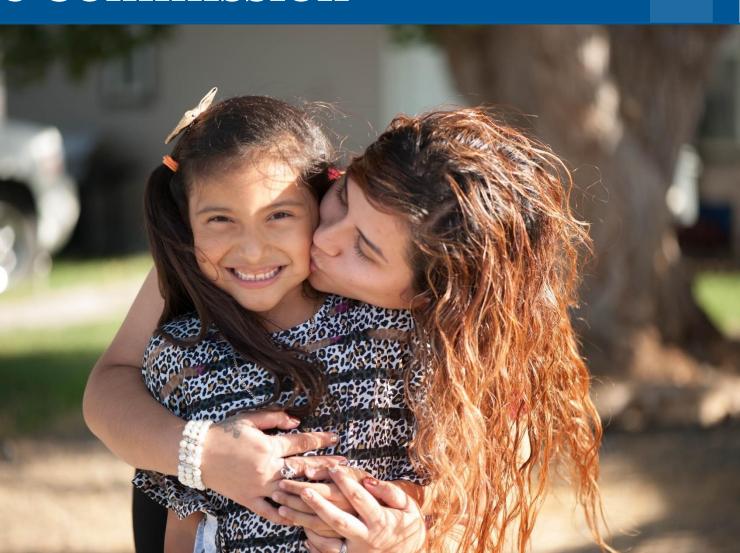
100 Loans and Counting

October 22, 2019

Bob Cook, Senior Director, Finance



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 requirement are met
 - Purchases participation of 99.5% of the pledged loans
 - Collects month 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 Habitat Local **WSHFC** Washington LOANS PARTICIPATIONS Sells \$1.25mm Receives \$1.25mm Receives \$1.25 **Loan Pool** Loans Loans FUNDING Receives \$1mm for Loans \$1mm for Loans \$1mm for **Loan Pool** Loans Loans



Repayment

Habitat **Habitat Local WSHFC** Washington PRINICIPAL: 25 Year Amortization Monthly Quarterly payments payments INTEREST 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

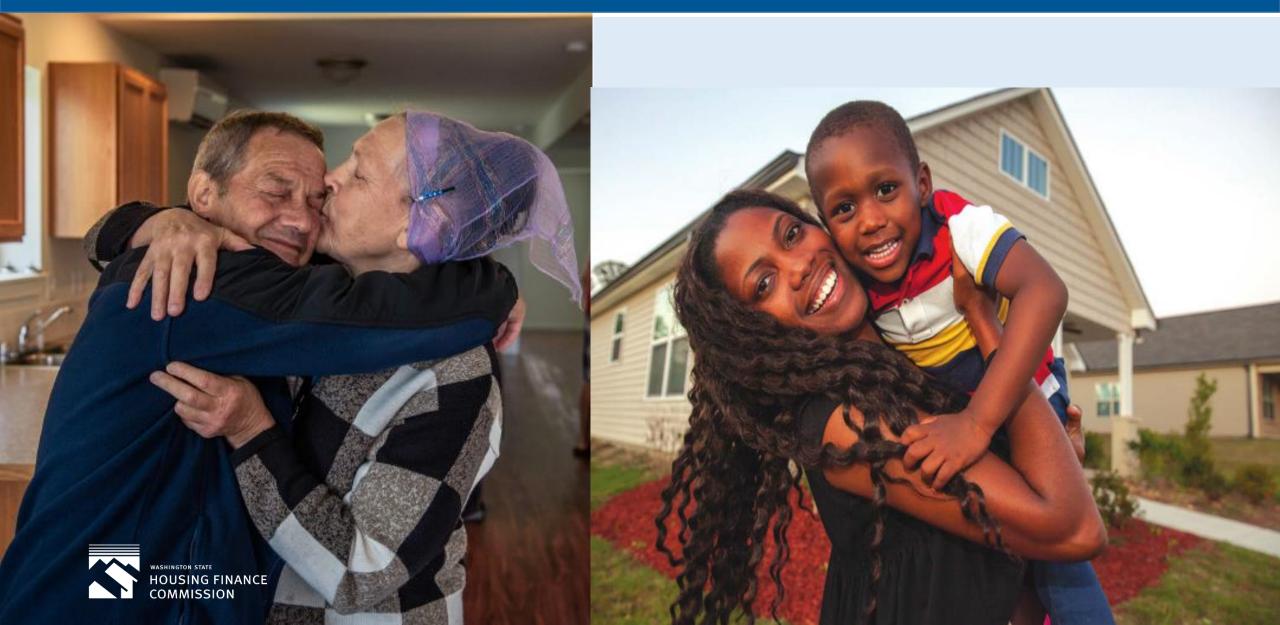
- Loans for Habitat for Humanity affiliates (through Habitat of Washington State)
- Can build multiple houses—even neighborhoods—instead of raising funds for one home at a time
- Revolving loan fund that self-renews
- 110 loans to date

Newly redeveloped community...

New Tillicum



The smiles speak for themselves...



Contact us!

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