



Featured Speaker:
MARSHALL E. CRAWFORD, JR., MPA
PRESIDENT & CHIEF EXECUTIVE OFFICER, THE HOUSING FUND



**A Private Nonprofit Organization
\$32 million in total assets**

Created in 1996

501C3

**Designated as a Community
Development Financial Institution
(CDFI)**

Serve the entire state of TN

**Governed by a 16-member
Board of Directors**

11-staff members

The Housing Fund
CELEBRATES

25
YEARS



Mission...

Provide resources and creative leadership to help individuals and communities create and maintain affordable and healthy places in which low- and moderate-income people live.



IMPACT...

Since its incorporation in 1996, THF has assisted over...

- **3,700 first time homebuyers** receive over
- **\$27 million in downpayment assistance loans**, as well as providing more than
- **\$52 million in financing** to assist individuals and organizations purchase, rehabilitate, or construct homes for low- and moderate-income families.
- To put these numbers in perspective, THF has **lent over \$80 million**, which has leveraged over **\$470 million in private financing** for more than **5,400 units**.



**Created in 1996 as the
Nashville Housing Fund –
affordable housing crisis –
Downpayment Assistance**

**Partnered to secure funding
through NSP & CDBG to help
rebuild, rehab, restore homes
and communities impacted by
the flood**



1996

2002

2010

2013

**Strategic Partnership –
2004 built Laurel House as
a LIHTC in the Gulch**



**Expanded mission and
products – receives \$1.3
million CDFI Fund award to
assist homeowners with
energy saving retrofit and
repair projects**



- **2014 – Shared equity model** to create affordable housing opportunities
- **2017** – Surrender admin of the **Barnes Housing Trust Fund** to operationalize the **Community Land Trust**
- Funding - operational support and **15 scattered site properties** for development of CLT
- **2020 – POWER OF TEN** – provided resources to victims and communities impacted by tornadoes and COVID
- **2021** - Strategic partnership with **Amazon and \$2.25 million** to help homeowners offset property taxes and the **preservation of homeownership**
- **\$10 million commitment** to increase shared-equity homeownership by **leveraging \$1.8 million grant from the CDFI Fund**



[illegible]

- The development of residential housing is a complex, costly, capital-intensive, and risky business –
- Major players:
 - real estate developers;
 - owners of rental & SF buildings; and
 - financiers of development projects and long-term mortgages.
- All expect their financial returns to be commensurate with the risks they assume, and all need to cover their investment of time, money, and expertise.

Real Estate Developers

Residential real estate developers make money in one of two ways:

- **Develop and sell:**
 - this means developing, building, and selling a building, or units in a building, and realizing a profit after covering the costs of pre-development, development and construction.
- **Develop and rent:**
 - this means building and retaining ownership, earning a return on their investment from rental income generated over a number of years and ideally from capital gains realized upon sale.

A detailed architectural drawing of a building floor plan, showing various rooms, corridors, and structural elements. The drawing is rendered in blue lines on a white background, with some areas highlighted in yellow. It includes numerous dimension lines and numerical values, indicating the precise measurements of the building's components. The plan is complex, with multiple interconnected spaces and a clear layout of the building's footprint.

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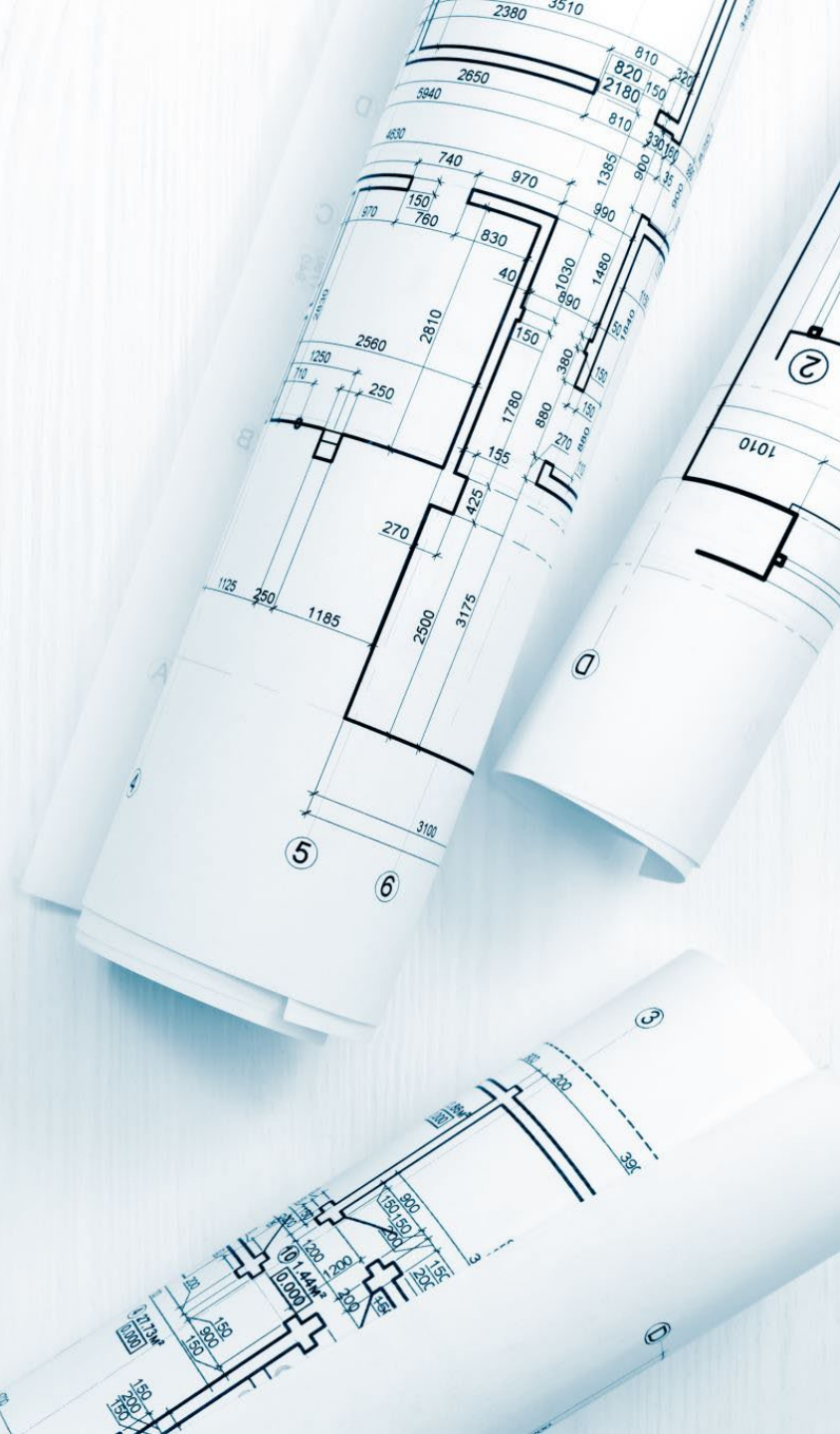
Owners of Real Estate

- Owners of multi-unit rental properties include companies that “develop to rent” as well as companies such as Real Estate Investment Trusts (REITs), which buy and manage existing rental buildings.



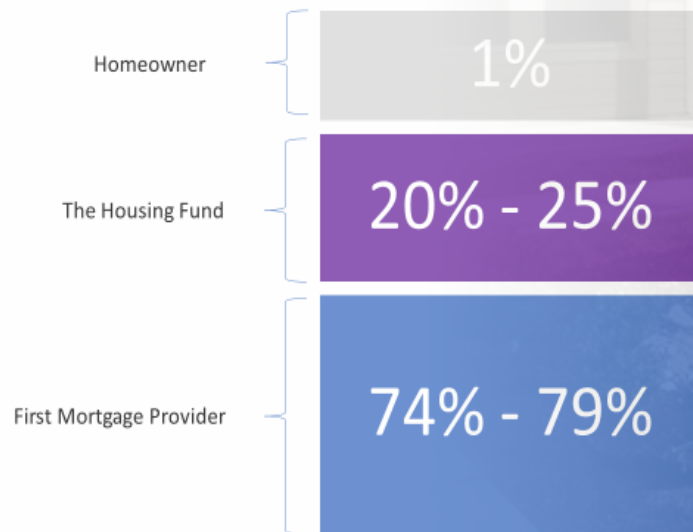
Financiers

There are many types of financiers and financial intermediaries in real estate development and they differ in areas of specialty, tolerance for risk, and financial returns expected.



The Housing Fund as Developer and Financier

Shared Equity Capital Stack



Shared Equity Program

Shared Equity Homeownership is a model where home equity appreciation (and often the risk of decline) is shared among the homeowner, future low-income owners, and/or the larger community.

This is usually done through either recapturing a portion of the appreciation at resale or through limiting the resale price of the home.

Include other restrictions (e.g. leasing the home), pooling of responsibilities and decision-making on land/building improvements.

Sharing Appreciation

3.2.7 Sharing the Appreciation between the Owner and THF

The percentage of appreciation that makes up the owner(s) share changes based upon how long owner(s) have owned the home. See the table below.

Time from Sale to Resale	Your %	THF's %
Less than first day of 37 th month (3 years)	25%	75%
Less than first day of 361 st month (30 years)	50%	50%
361 or more months (more than 30 years)	100%	0%

Unless THF elects to share any negative appreciation, THF's share of the appreciation in the property shall not be less than \$0.00.

Economics of Shared Equity

3.2.6 Allocation of Sales Proceeds

When owner(s) sell the home to an Eligible Buyer, the sale proceeds shall be allocated between the owner(s) and THF using the formula below that applies to the version of the Our House legal documents.

Form 1

<u>FORMULA</u>	<u>EXAMPLE</u>
<i>Resale Price</i> (not to exceed the Permitted Resale Price)	\$150,000
- <u>Original Market Value</u>	\$120,000
<hr/>	
= Total Appreciation	\$ 30,000
 <i>Total Appreciation</i>	\$30,000
- <i>Credit for Value Added by Capital Improvements Approved by THF</i> (solely yours)	\$10,000
<hr/>	
= Appreciation to be Shared	\$20,000
 <i>Appreciation to be Shared</i>	\$20,000
x % of <i>Appreciation Allotted to Owner</i>	50%
<hr/>	
= Your Appreciation Share (solely yours)	\$10,000
 <i>Appreciation to be Shared</i>	\$20,000
x % of <i>Appreciation Allotted to THF</i>	50%
<hr/>	
= THF's Appreciation Share	\$10,000

By the numbers...

- Initial Number of Units – 45
- Committed First Mortgage Amount - \$6,258,642
- Committed Investment for Subsidy - \$1,765,445
- Average First Mortgage - \$139,080
- Average Investment Per Unit - \$39,232

The Housing Fund as Owner

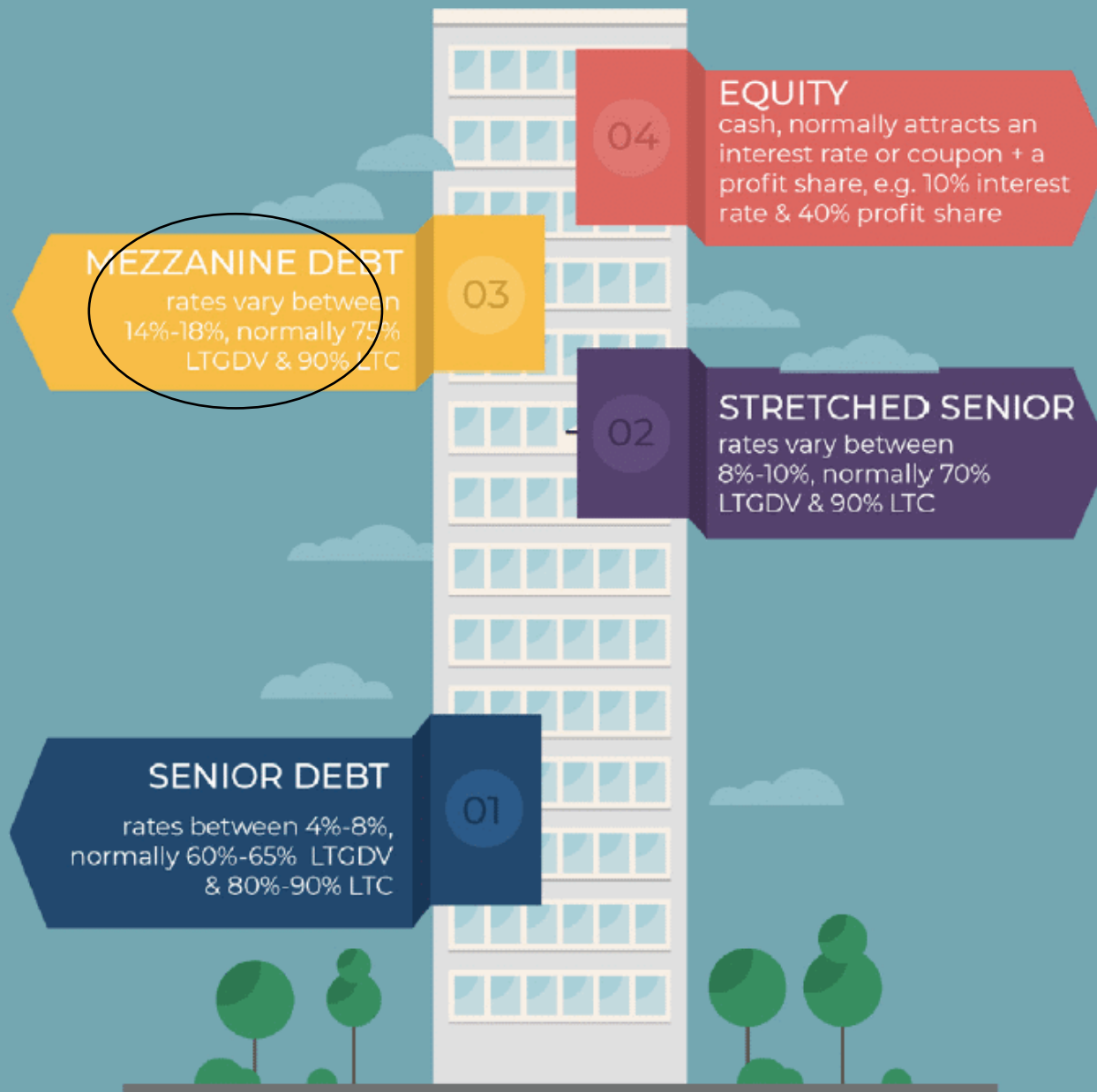


Nashville – The Gulch



The Housing Fund as Financier





Economics of “all-hands-on-deck”



The private sector has long been involved in developing, financing, or operating affordable housing, including non-profit housing.



It has been estimated that more than 95% of the capital cost of non-profit housing is paid to the private sector, because the majority of people involved in the work (developers, architects, lawyers, builders, trades, etc.) come from the private sector.



Private-sector players get involved only when they can make an acceptable return on their investment of time, money, and expertise, at a manageable level of risk.

Questions
and
Answers

