

# Investment Connection Request for Proposal - Louisville

Response ID:65 Data

## 3. Enter Your Submission's Details

### 1. Project/Program Name:

SF Liquidity Fund

### 2. Organization's Legal Name (as shown on IRS Letter of Determination):

The Housing Partnership, Inc.

### 3. Doing Business As (DBA - if name differs from legal name):

### 4. Organization Contact Info:

	Info
Street Address 1	1512 Crums Lane, Suite 401
Street Address 2	
City	Louisville
State	Kentucky
Zip	40216
Organization Phone Number	5028142730
Organization Website	www.wearehpi.org
Organization Email Address	sjpark@wearehpi.org

### 5. Executive and Primary Contact Info:

	Info
Executive Director or Top Executive:	Andrew Hawes
Executive Phone Number:	502-814-2727
Executive Email Address:	ahawes@wearehpi.org
Primary Contact for this proposal:	Sung Ju Park
Primary Contact's Phone Number:	502-814-2730
Primary Contact's Title:	Vice President of Housing Production
Primary Contact's Email Address:	sjpark@wearehpi.org

### 6. Are you a 501(c)3?

Yes

### 7. Organization Mission Statement (Please limit response to 1,000 characters):

HPI's mission is to create, sustain, and promote access to affordable housing opportunities, creating communities in which affordable housing of choice is possible for everyone.

### 8. Briefly summarize your organization's history (Please limit response to 1,000 characters):

HPI is a Louisville-based nonprofit housing development organization established in 1990 to finance, develop, manage, and provide affordable housing for families and households residing in metropolitan Louisville. HPI was formed as a collaboration of Louisville civic leaders and financial institutions wishing to address the insufficiencies of affordable housing supply in the community. Over 29 years since its founding, HPI has leveraged over \$1 billion in new affordable housing development through its own development activities as well as through its consulting services. Today, HPI's total assets exceed \$36 million, and HPI is among the largest nonprofit housing development organizations in Kentucky.

**9. Briefly describe the organization's current programs and activities - Include examples of recent accomplishments, i.e., number of people served annual, housing units built, loans made, etc. (Please limit response to 1,000 characters):**

HPI's housing production strategy focuses on rehabilitation of single family houses and rehabilitation/new construction of multifamily rental housing accessible to low-income families. Over the past five fiscal years (FY2014 to FY2018), 112 single-family homes were rehabilitated and sold to low-income families whose annual household income is less than or equal to 50% of the area median income. The development activities by HPI represent approximately \$12 million in total development costs, and more than 40% of the developments occurred in the areas of economic distress, ensuring that low-income families have an opportunity to own their own homes. Also, during the same time period, 130 multifamily rental units were rehabilitated or newly constructed through more than \$16 million of investments by HPI. These units offer quality, affordable rental housing to low-income families whose annual household income is less than or equal to 60% of the area median income.

**10. Organizational Annual Budget:**

247,168 (net income)

**11. Organization Fiscal Year:**

From date (mm/dd/year) : 07/01/2019

To date (mm/dd/year) : 06/30/2020

**12. Proposal Summary (Please limit response to 1,000 characters):**

HPI proposes that the grant fund of \$262,618 ("Liquidity Fund") be established at HPI to provide financial liquidity for its for-sale single-family housing development activities in West Louisville. The Liquidity Fund will be replenished as homes are sold and re-used in perpetuity for HPI's single-family housing development activities and ensure that low-income families have access to affordable home ownership.

A lack of financial liquidity creates short-term financing gaps and significantly delays construction completion. As a non-profit organization, HPI continues its single-family development activities mainly because of its mission, even with a very low profit margin. However, this commitment to the mission often leads to a situation where financing gaps deter HPI from completing projects. HPI would like to use the Liquidity Fund to make sure that single-family housing projects move forward to completion without delays.

**13. Type of CRA eligibility for your proposed project (check all that apply):**

Affordable housing

**14. Is your project/program (check one):**

Expansion of existing project

**15. Type of request (select all that apply):**

Please provide a short explanation for type of funding request(s): Grant or Loan at 0% interest

**16. Amount Requested:**

262,618

**17. Total Project Budget:**

700,000

**18. Funding Period Requested:**

From date (mm/dd/year) : 11/01/2019

To date (mm/dd/year) : 04/01/2020

**19. Geographical Area(s) Served - Include specific counties MSAs, city(ies), neighborhood(s). (Please limit response to 1,000 characters):**

In response to the greater community's recognition of the economic decline and increasing concentration of poverty in Louisville's West End neighborhoods, HPI has inaugurated a strategic initiative to increase homeownership and family and neighborhood stability in the Russell, Portland, and California neighborhoods of Louisville. In order to address increasingly dire circumstances, HPI has decided to undertake single-family housing developments at a scale equivalent to the extensive damage brought within neighborhoods through racial and economic discrimination and disinvestment.

Acknowledging the disproportionate magnitude of economic distress relative to the scarce resources available to remedy or heal the problem, HPI has worked to develop a data-driven strategy designed to identify locations where targeted housing investment would most likely stabilize the values of adjacent owner-occupied homes and begin to create blocks or nodes of owner-occupancy and increasing home values.

**20. Please list other funding secured or potential sources of funding for this project. (Please limit response to 1,000 characters):**

The initial 11 houses of the Project have secured some financial support from the Louisville Affordable Housing Trust Fund to start the construction, and 4 of them have been completed (one sold and three listed for sale). The rest of the houses (7 properties) are wholly owned by HPI through acquisition loans from Limestone Bank and Citizens Union Bank and are ready to move forward for the completion as soon as the Liquidity Fund is secured. HPI will continue to look for other sources of funding for the Project, but a grant or a loan at 0% interest will help move the Project to completion.

**21. Describe how you verify low- to moderate-income (80% of Area Median Income, or "AMI", status of program participants or geographies, i.e., percent/number receiving reduced or free school lunch, census tract data or other method). Please be specific! Listing low-income zip codes does not provide sufficient information. You must describe how you verify the income of individual program participants or in the case of geography, census-tract level data. (Please limit response to 1,000 characters):**

Program participants complete an application that includes information on their income and assets. HPI uses three methods to calculate their income. HPI calculates based on their YTD Gross Income (YTD income/ # of calendar days= Gross Earnings per day; Gross earnings per day x 365 days= YTD Gross Annual Wages), their eight most recent paystubs (average of all paystubs), and their hourly rate and average hours from their Verification of Employment form (the sum of average # of regular work hours per week x hourly rate, average # of overtime hours per week x hourly rate and the average shift differential hours per week x hourly rate). All participants must provide a Verification of Employment and Banking Asset Verification forms. HPI uses all of this information and consults the HUD income limits for the county the participant is purchasing in.

**22. What community development needs or barriers will this project/program address? (Please limit response to 1,000 characters):**

The West Louisville community that HPI serves has experienced serious, chronic economic distress because of the intentional racial segregation implemented in the early 1930s. Residents in the community have not only been separated from the mainstream Louisville economy through unemployment and under-education, but also through the extended period of time the community's residents have been losing opportunities to live in or own quality, affordable housing.

Based on the 2013-2017 American Community Survey 5-year Estimates conducted by U.S. Census Bureau, the Louisville/Jefferson County communities are estimated to have a total of 274,295 housing units where approximately 60% are owner-occupied. It is estimated that West Louisville, the most economically distressed communities in Louisville, have a much lower home ownership rate at 36%. The Project endeavors to raise the home ownership rate among low-income families 60% within the next five years.

**23. Is this project part of a larger initiative, i.e., special government designation or a larger collaborative community effort?**

**If yes, please explain. (Please limit response to 1,000 characters):**

The Project is not directly tied to a larger initiative led by the city or state government. However, HPI endeavors to support Vision Russell, the U.S. HUD's Choice Neighborhood Initiative. Vision Russell is a comprehensive transformation plan for the neighborhood and calls for a phased deconstruction and redevelopment of Beecher Terrace into a sustainable, multi-generational, mixed-income, mixed-use development over the next 7 years. Replacing all 758 units (1,317 bedrooms) in Beecher Terrace has been a challenge, and it is important that affordable housing units for these low-income families are created on time, ensuring that the same number of households residing at Beecher Terrace today will be housed post-revitalization. HPI envisions that for-sale single-family homes will provide a housing "choice" to the low-income families being displaced from Beecher Terrace.

**24. Describe who will be served through this proposed project/program including the percentage of clients currently served or the predicted percentage served who are either LMI or the percentage of small businesses with revenues of \$1 million or less. (Please limit response to 1,000 characters):**

100% of the homes developed by HPI through the Project will be sold to low-income families with annual household income less than or equal to 60% of the area median income. Starting with 7 houses that need the Liquidity Fund to complete the remodeling, approximately 20 low-income families per year are expected to enjoy owning their own homes that are built with quality in mind through the Project. The expected average mortgage payment per month (including property taxes and home insurance) is approximately \$490, which is significantly less than 30% of their monthly income. HPI anticipates that the Project will allow more than 60 low-income families to own their own homes over the next three years. The well-known benefits of home ownership will naturally follow as the Project continues to produce single-family homes for affordable home ownership.

**25. What are the goals of this project? (Please limit response to 1,000 characters):**

The Project was created to address a low homeownership rate among low-income families as well as poor physical conditions of the existing properties in the West Louisville neighborhoods. HPI would like to maximize its for-sale housing development activities in the neighborhoods through the Project so that the number of low-income families achieving the dream of home ownership is maximized (i.e., a high home ownership rate in the neighborhoods).

Understanding the disproportionate magnitude of economic distress and the scarce resources available to address the housing issues, HPI has developed a data-driven strategy designed to identify property locations where targeted housing investment would most likely stabilize the values of adjacent owner-occupied homes and begin to create blocks or nodes of owner-occupancy and increasing home values. HPI will continue to use this data-drive approach to ensure that the scare resources are utilized in the most efficient way.

**26. What is the timeline for implementing this project? (Please limit response to 1,000 characters):**

The Project has already been implemented and will expand when a grant or 0% loan becomes available through the Investment Connection program. There are currently 7 homes to be rehabilitated, and HPI plans on continuing its for-sale housing development activities in West-end of Louisville through the Liquidity Fund even after the 7 homes are completed for sale by April 2020. Over the next 3 years, HPI expects that the Liquidity Fund supports 60 single-family housing developments in the neighborhood.

**27. Significant Partnerships:**

**Does this project/program involve any external partners that may add capacity, programmatic experience and/or funding? (Please limit response to 1,000 characters):**

Not at this time for the Project (the Liquidity Fund) even though there are banks that provided loans for site acquisition and the Louisville Affordable Housing Trust Fund that provided the loan of \$225,000 for the launch of the Project. HPI would be happy to make partnerships with banks to ensure that the common goals for the Louisville community are achieved at scale by establishing the Liquidity Fund at HPI.

**28. Who will be responsible for developing, documenting and reporting relationships with connections made through the Investment Connection? (Please limit response to 1,000 characters):**

The management of HPI will be responsible for developing, documenting, and reporting relationships with connections made through the Investment Connection. In particular, Vice President of Housing Production will take the lead in managing the relationship with the connections and ensure that the relationship remains strong.

**29. What are the anticipated measurable outcomes of this project? (Please limit response to 1,000 characters):**

HPI anticipates assessing the home ownership changes through the Project over the next three years. The goal is to increase the home ownership rate in the disadvantaged neighborhoods through the Project. Census data specific to the areas where HPI is developing single-family housing projects will be used to measure that outcome. HPI expects that the rate would increase in the long run (not in the short term) as the pace of developing houses is slow. The current estimate of home ownership in the West End of Louisville is approximately 36%, and the desired outcome of the Project would be the home ownership rate in the neighborhoods increasing closer to the county-wide home ownership rate (60%).

**30. How do/will you evaluate this project? Describe the measurement tool(s). (i.e., participation checklists, pre/post surveys, intake sheet, etc.) (Please limit response to 1,000 characters):**

HPI will collect the buyer information as it sells the completed homes. The buyer information not only includes the demographic information of the buyers, but it also includes the mortgage payment amount and the income level. HPI ensures that no more than 30% of the buyer's income is spent on mortgage expenses.

Also, HPI plans on taking a data-driven approach in evaluating the Project. Just as HPI used data for acquisition of homes to create the optimal outcomes (i.e., building sustainable neighborhoods through housing development), HPI will use the same/similar measures to evaluate the impact of the Project. HPI will use data gathered through the local government as well as data from the U.S. Census Bureau to measure how the homeownership rate in the targeted areas are being impacted.