

# Housing for All

San Luis Obispo County Housing Trust Fund

## HTF lending tops \$10 Million

The HTF has closed three new loans since the last issue of our newsletter. Our total loans closed to date is now over \$10.6 million dollars. Since 2005, the HTF has closed 18 loans that will create or preserve 299 units of affordable housing.

Two of these loans are for the Peoples' Self-Help Housing Corporation projects that are highlighted below. The other new loan was a participation loan with Coast National Bank (see article on page 2).

### San Miguel Self Help

The HTF provided a \$600,000 loan to purchase land that will be developed into a 24-home subdivision. Peoples' will install the utilities, streets, curbs and sidewalks over the next year or two.

The finished lots will then be sold to individual families who will build their own homes using the USDA mutual self help program. USDA will provide both the construction and permanent loans. The HTF's loan will be repaid as the individual lots are sold.

*(Continued on page 2)*



Construction is underway at Peoples' Oceano self-help housing project. The HTF provided a \$600,000 construction loan for the six families to build their own homes.

## HTF receives \$600,000 from US Treasury

The Housing Trust Fund just received a \$600,000 grant from the Community Development Financial Institutions (CDFI) Fund of the US Treasury. The new funds will be used exclusively to finance affordable housing projects in San Luis Obispo County.

This is the fifth Treasury grant that the HTF has received in as many years. It brings the total that we have received from the CDFI Fund since 2009 to \$2.8 million. This grant increases the HTF's revolving loan funds to nearly \$8.3 million, including loan and grant commitments. Our loan funds include \$4.3 million in state and federal grants, over \$3.7 million in social or community investments and \$260,000 in private grants.

Our latest award was one of 191 grants totaling \$172 million that were announced on September 24, 2013. The CDFI Fund has awarded over \$1.8 billion since 1994. More information on the CDFI Fund is available at [www.cdfifund.gov](http://www.cdfifund.gov).

Housing developers and sponsors are encouraged to attend a November 7 workshop to learn more about the HTF's CDFI and other funds. Information on the workshop is available online at [www.slocthf.org/workshop2013.htm](http://www.slocthf.org/workshop2013.htm).

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### Public Workshop Nov 7 at 3 pm - HTF Office

Housing developers, nonprofit corporations and local governments are invited to attend a workshop to learn more about the HTF's loan programs, including our LHTF and CDFI loan funds. Over \$3 million is currently available to help finance affordable housing in SLO County.

Additional information is online at [www.slocthf.org/workshop2013.htm](http://www.slocthf.org/workshop2013.htm).

RSVPs to [info@slocthf.org](mailto:info@slocthf.org) appreciated.

# HTF lending tops \$10 Million (continued from page 1)

## Oceano Self-Help Project

The HTF provided a \$600,000 loan for the construction of six homes in Oceano. The homes will be built by the home buyers using the mutual self help method.

Since Oceano is not eligible for USDA financing, separate construction and permanent loans are needed and the families will not own the homes until construction is completed. HTF's construction loan will be disbursed over the next year as work progresses. The families will obtain private loans to purchase their finished homes. The HTF's loan will be repaid from escrow as each home is sold.



Construction is progressing at Peoples' Courtland Street Apartments in Arroyo Grande. The HTF provided part of the construction financing for these 36 affordable rental homes. Construction should be completed by the fall of 2014.

# Coast National Bank participation loan

The HTF has ventured into new territory by participating with Coast National Bank on a construction loan for CAPSLO's new Head Start school in Nipomo. Coast is the lead lender on this \$567,000 loan to convert a gutted commercial building into classrooms.

The HTF purchased a \$400,000 interest in the bank's loan. After the construction is completed, Coast National will provide a long-term USDA-guaranteed loan for the property.

"We are quite excited about this loan," said Jerry Rioux, the HTF's executive director. "This is both our first loan participation and our first loan for a community facility project."

The HTF is interested in other loan participations with local lenders. In this case, the HTF purchased a proportionate interest in the loan. The HTF will also consider subordinate interests if its participation will allow lenders to finance additional housing projects that include affordable units.

Unlike the loan participation, lending for additional community facility projects is not something that the HTF actively seeks.



Vacant building on Thompson Avenue in Nipomo that will be rehabilitated and converted into Head Start classrooms.

The HTF's mission is to increase the supply of affordable housing and most of its loan funds can only be used for this purpose. Consequently, community facility loans must be limited and require various policy exceptions.

There were a number of factors that influenced the approval of the Head Start loan. One was relationships — both CAPSLO and Coast National Bank have been long-time supporters of the HTF. Head Start also serves the HTF's primary target market - low income households.

While the HTF is not actively seeking additional community facility loans, it may consider other unique opportunities to serve the community in the future.

## HTF is now GuideStar Gold

The HTF is now a Gold-level GuideStar Exchange participant. This designation demonstrates our commitment to transparency. Learn more about GuideStar at [www.guidestar.org](http://www.guidestar.org)





# Rabobank & Sachs up Investments

Rabobank and The Erich & Hannah Sachs Foundation have both increased in their commitments to the Housing Trust Fund's revolving loan funds. Rabobank approved a \$500,000 investment and Sachs invested \$100,000. With these investments, our loan funds will total nearly \$8.3 million (see the table to the right).

## Rabobank EQ2 Investment

Investment in nonprofit corporations are generally in the form of loans. This is because investors cannot receive an equity interest in a nonprofit, like they can a profit-motivated company.

Rabobank is making what is called an equity equivalent or EQ2 investment. This is because it has terms that make it act more like equity than a loan. Their investment has a five year term, but it can be extended to 15 years. The investment is unsecured and only has interest payments.

Rabobank's investment also qualifies for California CDFI Tax Credits. If we secure

tax credits, we will pay no interest on the investment for the first five years. Information on the tax credit program is online at [www.insurance.ca.gov/0250-insurers/0700-coin/CDFITaxCredit.cfm](http://www.insurance.ca.gov/0250-insurers/0700-coin/CDFITaxCredit.cfm).

## Sachs Foundation PRI

Loans that foundations provide to organizations that qualify for grants are called Program Related Investments or PRIs.

We received our first PRI from the Sachs Foundation in 2006. This PRI was for \$200,000 with a 3% interest rate and five year term. It was renewed in 2010 for an additional five years at the same rate.

Sachs has provided an additional \$100,000 PRI. The interest rate on the new funds is 2.5% and the term is three years. Both of our Sachs PRIs will mature in 2016.

## Loan Fund Investments

Rabobank	\$1,000,000
Mission Community Bank	1,000,000
Dignity Health	750,000
Rabobank EQ2	500,000
Sachs Foundation PRIs	300,000
Community Foundation PRI	100,000
Religious Communities	75,000
<b>Total Invested Capital</b>	<b>\$3,725,000</b>

## Contributed Loan Funds

CDFI Fund	\$2,800,000
LHTF Program	1,500,000
CA Assn. of Realtors	125,000
Moylan Fund	101,674
Create Jobs for USA	34,500
<b>Total Contributed Capital</b>	<b>\$4,561,174</b>
<b>Total Loan Funds</b>	<b>\$8,286,100</b>

# George Moylan Fund tops \$100,000

The George Moylan Affordable Housing Fund was established in October 2005 to commemorate the life and continue the work of George Moylan, one of the HTF's founding directors. Contributions to the Moylan Fund — one of our revolving loan funds — are dedicated exclusively to financing affordable housing projects in San Luis Obispo county.



HTF executive director, Jerry Rioux (left), after receiving contribution from Teresa Coelho Halvorson and Mark Corella from Wells Fargo.

More than 300 individuals, businesses and community organizations have contributed to the Moylan Fund over the years. Recent contributions brought the total in the fund to \$101,674.

The Wells Fargo Housing Foundation contributed \$5,000 to the Moylan Fund on behalf of Wells Fargo Mortgage. This was Wells Fargo's second contribution to the Moylan Fund. More information on this contribution is available online at [www.sloctf.org/grant-wells.htm](http://www.sloctf.org/grant-wells.htm).

Estrella Associates contributed \$5,000 as well. Estrella's president, Dick Willhoit, is a long-time supporter of the HTF and a member of the HTF's board.

SESLOC Federal Credit Union and Mission Community Bank each contributed \$1,000 to the Moylan Fund. The Coast Hills Community Foundation and the staff of the AIDS Support Network also made additional contributions to the fund.

Learn more about the Moylan Fund and how you can help create more affordable housing in San Luis Obispo county at [www.sloctf.org/moylan-fund.htm](http://www.sloctf.org/moylan-fund.htm).

# Short Notes

# HTF Updates

## Housing Affordability in SLO

SLO county continues to be one of the least affordable housing markets in the nation according to the National Association of Home Builders' Housing Opportunity Index. For the second quarter of 2013, NAHB ranked our county as the 7th least affordable of 225 metro areas in the nation. Between the first and second quarters of 2013, the county's median home sales price jumped 13%, from \$354,000 to \$400,000. In 2008, the county was number two behind only New York City. Learn more about NAHB's Housing Opportunity Index at [www.nahb.org/reference\\_list.aspx?sectionID=135](http://www.nahb.org/reference_list.aspx?sectionID=135).

## SLO Fair Market Rents increase 7%

HUD has released the 2014 Fair Market Rents that took effect on October 1st. FMRs are based on the 40th percentile rent for two bedroom units in the local market. Forty percent of newly rented units rented for less than the FMR and 60% rented for more. The SLO county FMRs increased by 6.95% from 2013 to 2014 (see below).

	0 BR	1 BR	2 BR	3 BR	4BR
2013 FMRs	\$761	\$880	\$1,136	\$1,674	\$1,746
2014 FMRs	\$814	\$941	\$1,215	\$1,790	\$1,867

## Increased Interest Rates Reduce Housing Affordability

Changes in interest rates can have a profound affect on housing affordability. As rates dropped, buyers could afford more expensive homes. Now that rates are increasing, fewer people can afford to buy homes. Rates have increased by 1% in less than a year. Based on SLO County's calculations, a low income buyer could afford to pay \$188,000 for a three bedroom home in December 2012. In October 2013, however, they can only afford to pay \$174,000. For comparison, DataQuick reports that the county's median home sales price was \$425,000 in August. The County's latest affordable home prices are online at: [www.slocounty.ca.gov/Assets/PL/Housing/affhousing.pdf](http://www.slocounty.ca.gov/Assets/PL/Housing/affhousing.pdf).

## Paycheck to Paycheck: Travel-Tourism Workers

The Center for Housing Policy recently released [Paycheck to Paycheck 2013](#), which focused on housing affordability for travel and tourism workers. Not surprisingly, the report found that travel industry workers were unable to rent or buy a home along nearly the whole California coast, from the Santa Rosa and Napa areas down to San Diego. Learn more at [www.nhc.org/media/Paycheck-Summer-2013-Release.html](http://www.nhc.org/media/Paycheck-Summer-2013-Release.html).

## Wither Manufactured Housing?

In June, Fannie Mae released a study on the manufactured housing industry entitled [Manufactured Homes: A Shrinking Source of Low-Cost Housing](#). The study found that manufactured home placements fell by nearly 90 percent since 1998. Manufactured homes were 20.2% of total housing production in 1998, but only 7.4% in 2012. In 2011, the median cost for owning manufactured homes was only \$508 per month, which was less than half the cost of owning site-built homes. The study is available online at: [www.fanniemae.com/resources/file/research/datanotes/pdf/housing-insights-0613.pdf](http://www.fanniemae.com/resources/file/research/datanotes/pdf/housing-insights-0613.pdf).

## SB 391 now a Two-Year Bill

SB 391, the California Homes and Jobs Act of 2013, has been held in the Assembly Appropriations committee while work is done to strengthen the bill and move it forward in 2014. The bill will create a permanent funding source for affordable housing in California. In its current version, SB 391 would replace roughly half of the housing funds that were lost statewide when redevelopment agencies were eliminated. Learn more about the bill and its progress at [www.californiahomesandjobsact.org](http://www.californiahomesandjobsact.org).

## Local Communities

### continue their support

During the recent budget cycle, San Luis Obispo County and four of its cities appropriated a total of \$53,161 to support the HTF in the upcoming year. The amount of these appropriations were:

- County of SLO - \$40,161
- Grover Beach - \$5,000
- Arroyo Grande - \$5,000
- Pismo Beach - \$2,000
- Morro Bay - \$1,000

Earlier in the year, the City of San Luis Obispo provided \$30,000 to support the HTF. Support from local communities covers over one-quarter of the HTF's annual operating costs.

The generous ongoing support from our local communities has enabled the HTF to thrive over the past decade.

## BofA contributes \$5,000

The Bank of America Foundation has contributed \$5,000 to support the HTF's operations. This was the bank's ninth grant to the HTF. With \$92,500 contributed to date, BofA continues to be our most generous corporate supporter. More information is online at [www.sloctf.org/grant-bofa.htm](http://www.sloctf.org/grant-bofa.htm).



## Rabobank ups its support

Rabobank recently contributed an additional \$5,000 to support the HTF. This was the bank's tenth contribution to our general fund. The bank is also our top loan fund investor (see page 2). Additional information is online at: [www.sloctf.org/grant-rabo.htm](http://www.sloctf.org/grant-rabo.htm).



## Union Bank supports HTF

Union Bank also recently contributed \$5,000 to the HTF. This was the bank's sixth general operating grant since 2005. Both First Bank and Santa Barbara Bank & Trust, which Union recently acquired, also supported the HTF. Additional information on the award is online at: [www.sloctf.org/grant-ubank.htm](http://www.sloctf.org/grant-ubank.htm).



# Items of Interest...

## Publications, Websites, Videos, Podcasts and E-Mail Lists

**Housing Market Recovery in the 12th District: Implications for Low- and Moderate-Income Communities** is a report from the Federal Reserve Bank of San Francisco. It is available at: [www.frbsf.org/community-development/publications/community-development-research-briefs/2013/august/housing-market-recovery-impact-low-moderate-income](http://www.frbsf.org/community-development/publications/community-development-research-briefs/2013/august/housing-market-recovery-impact-low-moderate-income).

**Bank of America and the Khan Academy** have partnered together to offer a “free, easy-to-understand financial education website” called [www.BetterMoneyHabits.com](http://www.BetterMoneyHabits.com). Check it out!

**The Housing Assistance Council (HAC)** is a national organization that focuses on the housing needs of small towns and rural areas. You can subscribe to **HAC News** (bi-weekly e-newsletter) and **Rural Voices** (quarterly magazine), or download various research reports and information on USDA and HUD programs at [www.ruralhome.org/information-and-publications](http://www.ruralhome.org/information-and-publications).

**Shelterforce Weekly** is a new free e-newsletter on housing and community development published by the National Housing Institute Housing. You can sign up for it at [www.shelterforce.org](http://www.shelterforce.org).

**RFP Bulletin** is a weekly email from the Foundation Center that compiles recent requests for proposals (RFPs). You can sign up for the RFP Bulletin and other newsletters from the Foundation Center at <http://foundationcenter.org/newsletters>.

## Webinars

Nov 21 — **Engaging Influential and Affluent Volunteers for Fundraising and Board Leadership**, Bank of America — [www.cybergrants.com/boa/webinars.html](http://www.cybergrants.com/boa/webinars.html).

## Events

Oct 15–18 — **Opportunity Finance Network Conference**, Philadelphia — [www.opportunityfinance.net/conference-2013](http://www.opportunityfinance.net/conference-2013).

Nov 7 — **LHTF Public Workshop**, HTF Offices, San Luis Obispo — [www.sloctf.org/workshop2013.htm](http://www.sloctf.org/workshop2013.htm).

Apr 15-17, 2014 — **Housing California 2014 Conference**, Sacramento — [www.housingca.org/site/PageServer?pagename=events](http://www.housingca.org/site/PageServer?pagename=events).

April 27-30, 2014 — **National CLT Conference**, Cleveland, Ohio — [www.cltnetwork.org/2012-National-Conference](http://www.cltnetwork.org/2012-National-Conference).

“Housing for All” has active links when you view this newsletter in Acrobat Reader.



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## Public Workshop

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RSVPs to [info@sloctf.org](mailto:info@sloctf.org) appreciated.