



HAC LOAN FUND FISCAL YEAR 2021 IMPACT REPORT



Photo Credit: Self-Help Homes

Dear Friends,

Rural America is rebuilding. The Loan Fund of the Housing Assistance Council (HAC) is proud to have spent the last year helping rural Americans build a better, stronger future.

In fiscal year 2021 (October 2020-September 2021), we financed the construction, preservation, or rehab of 775 affordable homes. By closing 33 loans, we invested \$15.9 million in rural communities and leveraged \$177.6 million in additional investments. Our lending has helped hundreds of rural families find safe, healthy, and affordable places to call home. Over 40% of these families live in persistent poverty counties, where the poverty rate has been at least 20% for the last 30 years.

This year, our Loan Fund team grew by 60%, expanding our lending capacity even further. This growth enabled us to increase new lending by over 90% over the previous year and grow our portfolio by more than 40% this year alone.

Our lending often supports the next generation of rural affordable housing organizations. Twelve of our loans went to first-time borrowers, many of which are new housing developers. By financing early projects, we help borrowers build experience, strengthen financial their position, and develop a borrowing history that sets them up for long-term success.

By financing self-help housing, the HAC Loan Fund helps make homeownership accessible to more families. Under the self-help model, homebuyers help build their home, keeping costs more affordable. For many families, the “sweat equity” they earn is the only viable path to homeownership and the wealth-building that a home can provide. This year, our self-help borrowers helped 145 families achieve their dream of homeownership.

Rural America is home to 86% of our nation’s persistent poverty counties, and over 6 million rural households live in inadequate housing. Investing in rural America helps alleviate the nation’s deepest, most persistent poverty and unlock the potential of rural communities. Our success would not have been possible without the support of our Loan Fund investors. We thank them for their commitment to HAC and rural communities.

Sincerely,

David Lipsetz, CEO

Eileen Neely, Director of Lending

OUR IMPACT IN FY2021 BY THE NUMBERS

\$15.9

MILLION INVESTED

33

LOANS CLOSED

775

UNITS

\$173.6

MILLION LEVERAGED

BORROWER PROFILE: ADONIS HOLDINGS

Fort Garland, Colorado's population grew by more than 20% between 2016 and 2020, but no new affordable homes had been built there in over a decade. That changed in August 2021, when 10 families moved into new affordable rental homes financed by HAC's Loan Fund.

Fort Garland lies in rural Costilla County, a persistent poverty county which has had a poverty rate over 20% in every U.S. Census since 1960. More than 40% of families are rent-burdened, paying more than 30% of their income on housing. Even with rapid population and job growth, the lack of affordable housing has made it difficult for Costilla County's employers to hire locally.

One such employer is the Lukondi family. They owned a restaurant in Fort Garland for over a decade but struggled to hire new employees due to high housing costs. Louis Lukondi, a veteran of the U.S. Marine Corps, formed Adonis Holdings, LLC, to build new affordable homes in Fort Garland—the first new housing built in over a decade.

In November 2020, we closed a \$950,000 loan to Adonis Holdings to finance the construction of 10 new rental homes for low-income families. Designed and built by local architects and contractors, the development is an investment in the entire community. Just nine months later, it welcomed its first residents.

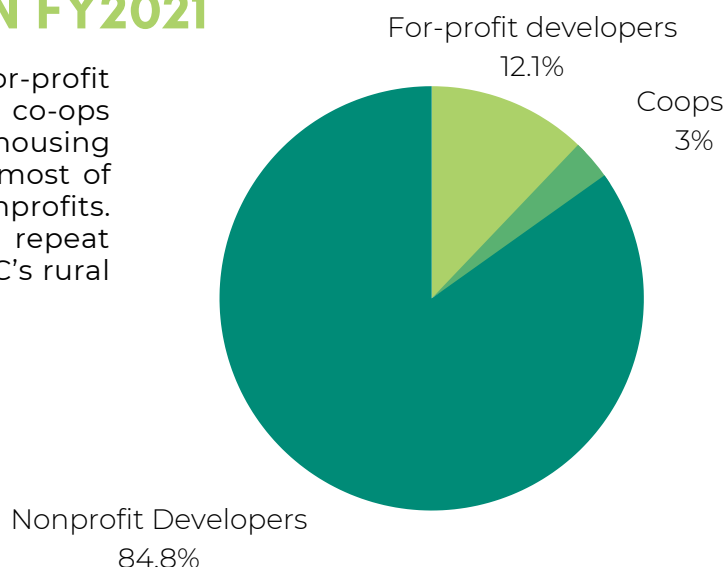
Communities are stronger when people see a problem and are motivated to solve it. New homes wouldn't be built in small towns like Fort Garland without these entrepreneurial developers. However, they often face steep barriers to beginning their work. Adonis' limited track record prevented it from receiving financing from other banks and CDFIs. New developers need flexibility and creativity from their lenders. We're proud to be a flexible lender, providing financing for new developers' first projects. For Adonis Holdings and Fort Garland, it all starts with these 10 new rental homes.



Photo Credit: Adonis Holdings

WHO HAC LENT TO IN FY2021

HAC lends to nonprofit and for-profit affordable housing developers and co-ops who are building and preserving housing in rural America. Overwhelmingly, most of our borrowers in FY2021 were nonprofits. Many of our borrowers are repeat borrowers and/or part of one of HAC's rural capacity building cohorts.



BORROWER PROFILE: HOUSING AMERICA CORPORATION

Over the last 25 years, we've closed 15 loans to Housing America Corporation, financing the construction of hundreds of homes. One of the largest self-help grantees in Arizona, Housing America Corporation helps low-income residents of Yuma County, Arizona, achieve homeownership.

This year, Housing America Corporation completed the last 40 single-family homes in the 169-lot Rollow Estates subdivision, financed by our lending. When our site development and infrastructure loan was approved in 2012, the housing market in Yuma County had declined significantly, and Housing America Corporation was one of the only developers in the county able to obtain and retain building permits. Now, 40 more rural families have a healthy and affordable place to call home.



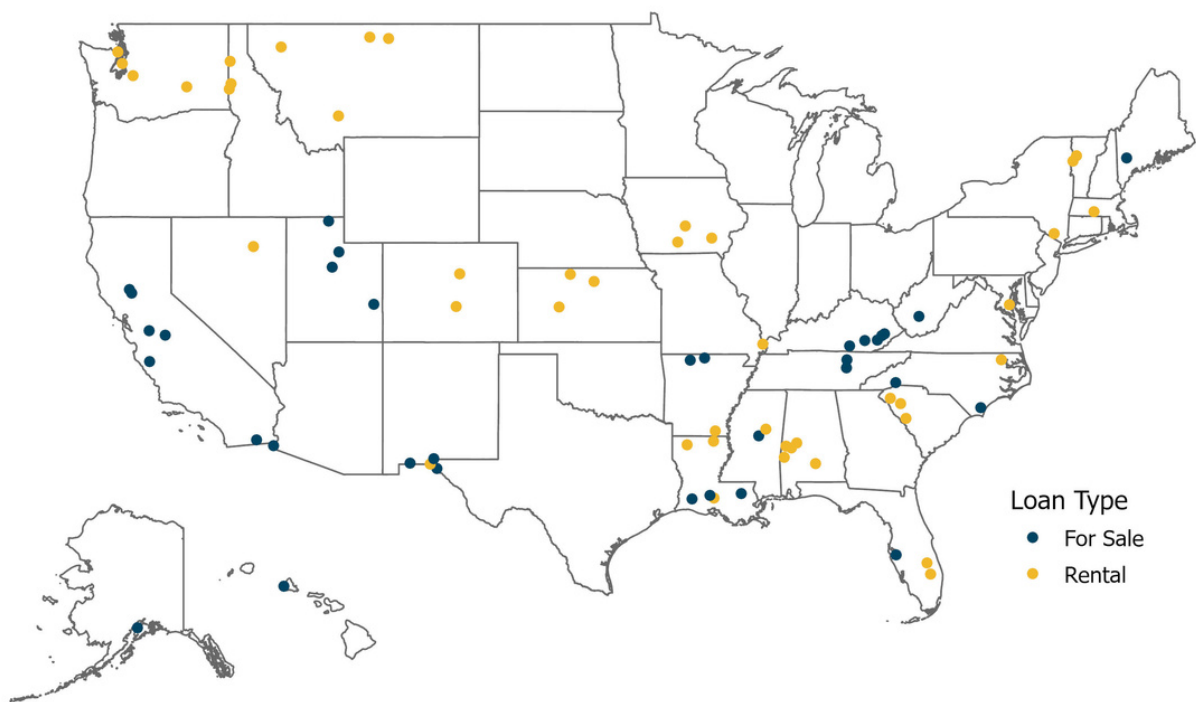
Photo Credit: Housing America Corporation

In December 2020, we closed a \$1.3 million loan to Housing America Corporation, financing the acquisition of 51 lots on which to build self-help and other for-sale affordable homes for low-income families. Homeownership is life-changing for low-income families. These homes will be no different. We are proud to be part of Housing America Corporation's work making Yuma County a better, more affordable place to call home.

PORTFOLIO SNAPSHOT AS OF 9/30/21

Total Outstanding	\$33,773,407	
Loan Loss Reserve	\$2,638,045	(8%)
Delinquencies	\$291,130	(0.9%)
Number of Loans	103	

LENDING BY LOCATION



Source: Tabulations of HAC Loan Fund Data

FY2021 LOAN COMMITTEE

Andrew Bias
Retired

Andrew Winter (Vice-Chair)
Twin Pines Housing Trust

Laura Buxbaum
Coastal Enterprises, Inc.

Ilene Jacobs (Chair)
California Rural Legal
Assistance, Inc.

Dave Castillo
Native Capital Access

Gideon Anders
National Housing Law Project

Thank you to our investors!

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Self-Help Enterprises
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The Seed Fund
U.S. Small Business Association
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Eileen Neely and Richard Picardi
Maria Luisa Mercado
Gideon Anders
Leslie Strauss
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OUR TEAM



Eileen Neely
Director, Loan Fund



Kristin Blum
Senior Loan Officer



Daniela Apolito
Senior Portfolio Manager



Jennifer Lam
Portfolio Manager



Louis Marshall
Portfolio Manager



Alison Duncan
Loan Officer



Carlos Muralles
SHOP Program
Manager



April Grossman
Lending Investor
Relations Associate



1025 Vermont Avenue, NW Suite 606
Washington, DC 20005

