

COMMUNITY INVESTMENT FOR SOCIAL AND FINANCIAL RETURN

FEATURED PROFILES



A composite image featuring a woman and a young girl sitting on a set of grey concrete stairs. The woman has long dark hair and is wearing a denim jacket over a black top. The girl is wearing a grey patterned jacket and is smiling. In the foreground, two elderly men are visible. The man on the left is wearing a white flat cap and glasses, and is smiling. The man on the right is wearing glasses and has a long white beard, looking directly at the camera with a neutral expression.

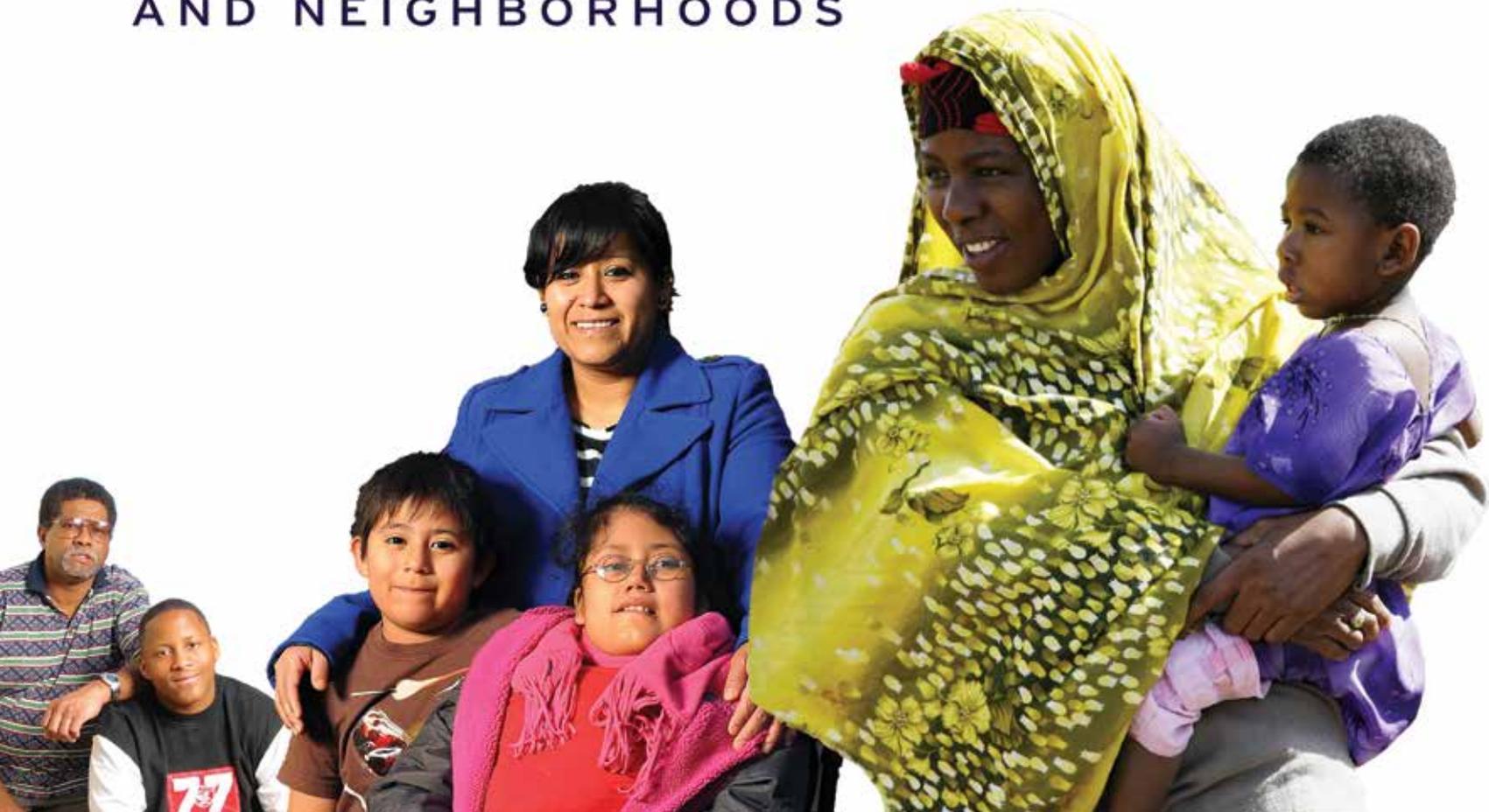
Mercy Loan Fund (MLF) is a 501(c)(3) non-profit corporation, certified by the U.S. Treasury Department as a Community Development Financial Institution (CDFI). MLF provides below-market rate real estate loans to socially responsible affordable housing and community developers.

MLF is an affiliate of Mercy Housing, Inc. (MHI), an affordable housing non-profit organization whose mission is to create stable, vibrant and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities.

MLF's mission is to work nationally with socially responsible affordable housing and community developers, providing innovative financing arrangements for credit-worthy projects for which conventional financing is not available or affordable.

MHI and MLF are working to create a more humane world where poverty is alleviated, communities are healthy and all people can develop their full potential.

PRESERVING LIVES
AND NEIGHBORHOODS

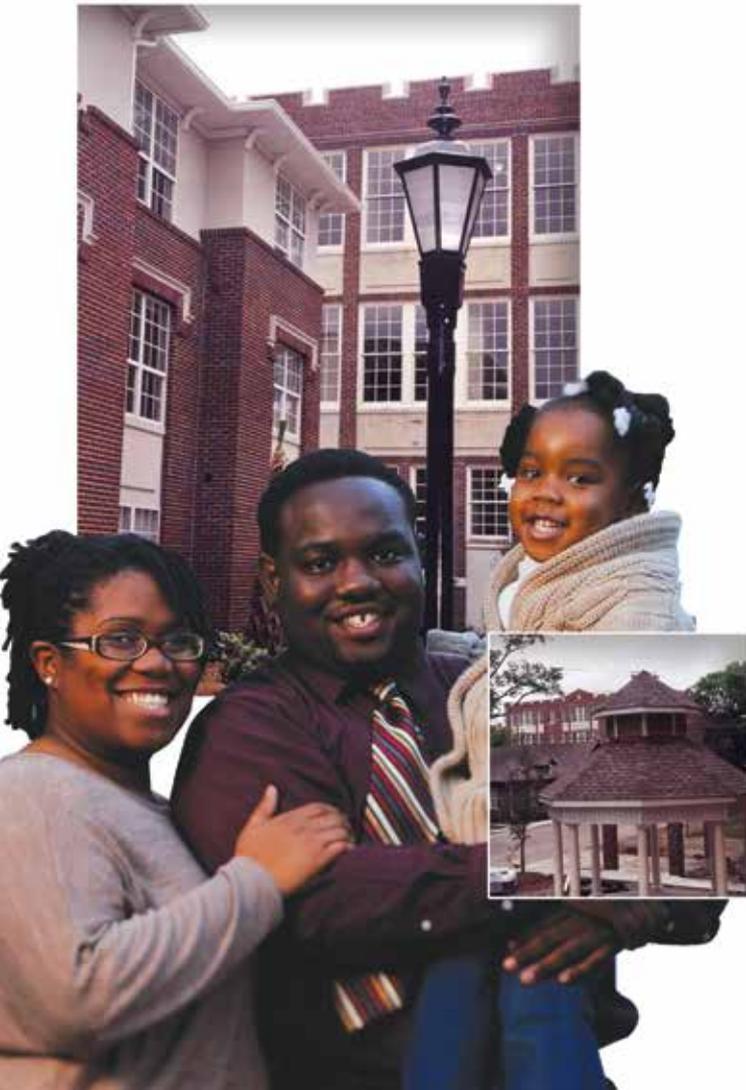


HERITAGE PROPERTIES

SAVANNAH, GA

Mercy Loan Fund provided a \$3 million loan to **Mercy Housing SouthEast** for acquisition, renovation and construction of four separate historic properties in the Cuyler-Brownsville neighborhood, an area of profound need in Savannah, GA. The projects funded are **Heritage Place Apartments and Heritage Corner & Row Apartments.**

The Cuyler-Brownsville neighborhood has been on the National Register of Historic Places and was targeted by the City of Savannah for redevelopment. The area experienced severe blight for decades and after three other failed development attempts, the City of Savannah asked Mercy Housing SouthEast to undertake the Charity Hospital and Florence Street School renovations which have now become Heritage Place Apartments. The City of Savannah provided \$537,000 in CDBG funds to finance the construction costs. Renovation of the Heritage Corner and Row Apartments followed the renovation of Heritage Place Apartments. The two communities have 158 units serving nearly 500 residents in the lowest income levels.



ZOLLIE SCALES MANOR

HOUSTON, TX

Mercy Loan Fund provided a \$1.3 million construction/bridge loan to the **Cesar Chavez Foundation** to preserve **Zollie Scales Manor** in Houston, Texas. The Cesar Chavez Foundation is a non-profit organization that helps preserve, promote and apply the legacy of civil right leader Cesar Chavez by building affordable housing for low- and very low-income people. The Cesar Chavez Foundation has built or renovated and manages 4,300 units of high-quality affordable housing in four states.

Zollie Scales Manor consists of 158 units of affordable rental housing for working families, 25 percent of which serve families at or below 50 percent of the Area Median Income. This funding allowed 330 low-income residents to continue to have quality, affordable housing.

On-site programs are provided to improve the financial situation of the Zollie Scales Manor residents through financial counseling and education that focuses on reduction of expenses and asset building. Cesar Chavez Foundation's affordable housing properties include Si Se Puede Learning Centers, providing after school programs to keep resident youth safe, help the working families and inspire success among the youth. Studies have shown that students who participate in the after school programs earn higher grades, have improved attendance, behave better in school and are more apt to graduate. The focus is to provide students and families with the opportunity to continue to learn new skills and discover new abilities after the school day has ended.



RESIDENT OWNED COMMUNITIES

MOSES LAKE, WA



Homeowners in three mobile-home parks in Moses Lake, Washington took control of the land beneath their homes when they formed three cooperatives and became not just homeowners, but landowners, too. The 113 homes in Lakeview Terrace, Ponderosa and Cascade Village now make up three resident-owned communities run by three democratically controlled cooperatives. The properties were part of a portfolio sale totaling more than \$3 million by Cascade Communities Ltd. to the residents of the new cooperatives. Financing for the sale was provided by **ROC USA® Capital**, Mercy Loan Fund and the Washington State Housing Finance Commission. ROC USA is a non-profit organization with a national network of eight non-profit technical assistance providers and a national financing source – ROC USA® Capital – for resident-owned manufactured housing communities. In a resident-owned community, homeowners each buy one low-cost share and become members of the co-op, with one vote on matters of the community. They elect a board of directors to act on day-to-day issues and vote on larger matters like the annual budget, by-laws and community rules.

The ROC USA and Mercy Loan Fund financing was made available through a two-year, \$4 million grant from the JPMorgan Chase Foundation's CDFI (Community Development Financial Institution) Collaborative program. This first-of-its-kind program creates partnerships among CDFIs to help them build capacity and improve access to capital for small businesses, affordable housing and healthy food networks, as well as create economic growth in distressed and underserved communities.

“Each community faced important challenges along the way – Ponderosa and Cascade Village integrating the native Spanish-speaking and English-speaking homeowners into one community with one voice, and Lakeview Terrace addressing several key site and community infrastructure matters with business acumen,” said Michael Sloss, managing director of ROC USA Capital.



HELANI GARDENS

MAUI, HI

Hana, Maui is a verdant paradise nestled in the cliffs above the Pacific Ocean in East Maui. Many celebrities have found refuge here in its beauty and serenity. However, this paradisiacal beauty belies the sub-standard and overcrowded conditions in which many local families live. Due to its remote location and the high cost of housing in Hawaii, no affordable housing had been built in this community for 35 years. **Self-Help Housing Corporation of Hawaii (SHHCH)** started community workshops in Hana to explore the interest in self-help housing. After building a 14 lot subdivision, with the help of a loan from Mercy Loan Fund in partnership with Rural Communities Assistance Corporation, the **Helani Gardens Self-Help Housing Project** broke ground for the residential construction.

Kari-Ann Rost, a single parent of Hawaiian ancestry with two children, has an income of 45% of the area median income, and lived in a sub-standard house which was severely overcrowded. Victor Lopez-Martinez and Babette Lopez, a family of 5, lived in an area with no electricity and no potable water. Melissa Magonigle, a single parent of three children, and a Captain in the U.S. Army Reserve, is another family in the Helani Gardens Self-Help Project. Wilsam and Antoinette Kapoi, a family of four, lived in a shed with no potable water nor electricity. These families and eight more families built their own houses in the Helani Gardens Self-Help Project.

After providing intensive financial counseling to enable the families to qualify for mortgage financing, the SHHCH staff attained RD 502 Direct loans for them. The RD 502 loan program provides a subsidy on the interest rate which is annually adjusted to a family's income. Upon their determinations of eligibility, the families were enrolled in a 6 week homeownership course taught by SHHCH in which they learned all the legal and financial responsibilities of homeownership while preparing for the construction stage.

The self-help families built three and four bedroom, two bath houses of Douglas fir with carports for \$130,000, a cost unheard of in Hana. With appraised values much higher, the "sweat equity" of the families served as the down payment. The construction time took much longer than usual due to shipping all the construction materials over an arduous one lane highway traversing mountain cliffs which was closed in inclement weather. With the average sales price for a single family house in Hawaii over \$600,000, these families whose incomes range from \$35,000-\$60,000, would never qualify for homeownership through conventional means. Through the technical assistance provided by the SHHCH, these families realized their dreams of homeownership.

BETTER HOUSING COALITION

RICHMOND, VA



Building on over a decade of partnership, **Better Housing Coalition** has expanded its single family home construction for low income homeowners with the help of financing from Mercy Loan Fund. More than 35 individuals and families making 80% of the Area Median Income (\$60,500 for a family of four) or less will be able to purchase their first homes—and many of them will be the first in their families to do so. Support from Capital One and the Bon Secours Health System helped Mercy Loan Fund finance the expansion.

Better Housing Coalition is a non-profit organization that develops and rehabilitates affordable housing properties for homeownership and rental opportunities in Richmond, Virginia. They also work to provide social services to the residents, including youth services, financial education, vocational training and a variety of health services for seniors. Better Housing Coalition's high quality, eco-friendly housing transforms neighborhoods, increasing community investment and reducing crime and blight.

Kenya Wheeler is a recent homebuyer. One of thousands of disabled veterans, she shied away from home ownership due to a fear of predatory lending. When she saw promotional materials from the Better Housing Coalition offering down payment assistance and grant funding, it sounded too good to be true. "After working with home buying counselors from Better Housing Coalition and Housing Opportunities Made Equal, I realized how authentic Better Housing Coalition was," said the Army veteran. "They wanted to set me up for success and were always a phone call away." Wheeler fell in love with a new bungalow with a first-floor master bedroom. A resident since August 2012, she enjoys being part of a growing community of homeowners. So far, Wheeler's energy bills are low and maintenance is easy. Best of all, her mortgage is \$100 less per month than her former rent on her two-bedroom apartment. Having served her country, Wheeler now serves as a volunteer social worker with her church, and she has applied to become a foster parent. "Living here is like living in any suburban neighborhood," she says. "I am blessed to be able to give another child a good home."

VPOINT

ARLINGTON, VA

Mercy Loan Fund provided a \$2.7 million predevelopment loan to **vPoint** (formerly Views At Clarendon Corporation), owned by the First Baptist Church of Clarendon. The development, called vPoint, is an apartment complex with 70 affordable and 46 market-rate units for Arlington individuals and families at a crucial location within walking distance from the Clarendon Metro Station, where housing is out of reach for many working families. These affordable units are contractually bound to remain affordable for 75 years, one of the longest terms Arlington County, Virginia, has ever secured for affordable housing it has funded.

Prior to renovation, the complex was the site of a 100-year-old church, The First Baptist Church at Clarendon, which was in disrepair. With the predevelopment loan from Mercy Loan Fund, along with financing from the Virginia Housing Development Authority and Arlington County's Affordable Housing Investment Fund, the church proper was demolished and the sanctuary was refurbished. The church steeple was preserved and melded into the design of the apartment complex, along with the adjacent education building. Now, vPoint consists of the First Baptist Church on the first two floors, 116 mixed-income apartments on floors three through eight, and three levels of underground parking. The adjacent renovated education building houses one of the largest daycare facilities in Arlington. With environmentally sound features, vPoint was able to achieve a coveted LEED Gold certification.



TARGETING LENDING TO THE MOST VULNERABLE POPULATIONS



CANON BARCUS COMMUNITY HOUSE

SAN FRANCISCO, CA

“The solution to homelessness is a home.” This is an important part of the mission of **Episcopal Community Services of San Francisco** (ECS), a non-profit organization dedicated to helping formerly homeless and very low income families move with dignity toward self-sufficiency. Mercy Loan Fund assisted ECS with a \$525,000 gap loan to build **Canon Barcus Community House**, a community of 47 supportive housing units in the South of Market neighborhood of San Francisco.

The development of this property was the result of collaboration between the City of San Francisco (who recommended a \$1.9 million allocation of HOME funds in addition to almost \$8 million in other sources), corporate and non-profit partners, and funding from individuals, foundations, business and government. Canon Barcus is safe, spacious and beautiful. It is fully occupied with 47 families, including 116 children. All the families were homeless prior to moving in. Many of these families were separated due to a variety of factors and their children were placed in foster care. Canon Barcus enabled these families to reunite in a safe, stable, supportive environment.

ECS, along with partner agencies, provide services to the residents including case management, a childcare facility, an after school program, teen programs, a vocational specialist, family literacy program, a skills center providing adult education, vocational and literacy services, and a health clinic.



CHEYENNE RIVER INDIAN RESERVATION

EAGLE BUTTE, SD



Oti Kaga, Inc. was formed to serve the **Cheyenne River Indian Reservation** in north central South Dakota. The Cheyenne River Sioux Reservation is home to over 8,000 tribal members. The Reservation is located in Ziebach County, one of the poorest counties in the country. Area median income is estimated at \$18,000 with a 50% poverty rate.

Oti Kaga, Inc. has received five loans from Mercy Loan Fund beginning in 1996 for a total of \$939,000 to support construction of 36 single-family detached homes and three apartment properties with 51 units of multifamily rental housing, all on or adjacent to Cheyenne River Sioux tribal land. Oti Kaga's programs include single-family lease/purchase and multifamily rental housing development, down payment and closing cost assistance, and homebuyer counseling.



PHOENIX HOUSE III & IV

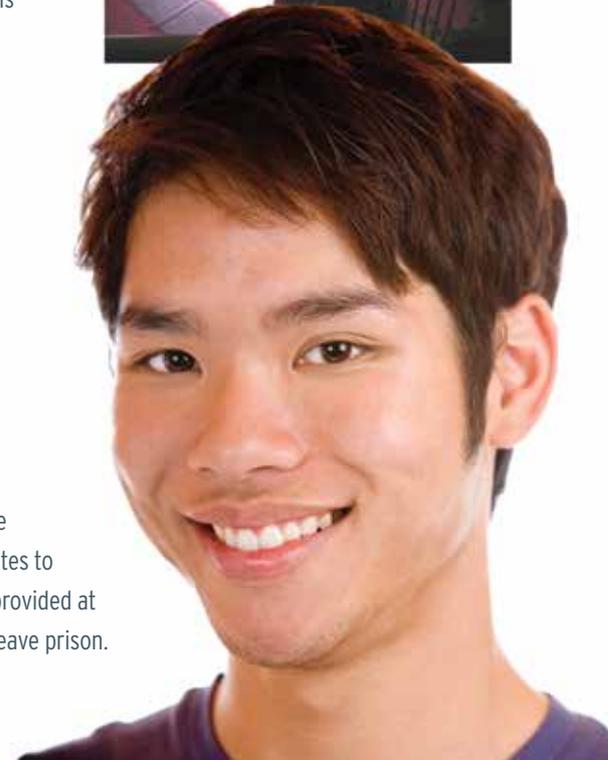
SUN VALLEY, NV

Vitality Center was founded in 1971 in rural northeastern Nevada to serve the needs of men leaving prison, including housing, employment and sobriety counseling. Vitality Center's mission is to reduce the number of individuals dependent on alcohol and other drugs, and establish and foster linkages, services and programs that improve quality of life. Programs and services offered to these men include:

- Intervention; detoxification and counseling
- Intensive residential programs
- Outpatient treatment programs
- WINGS - a prison based substance abuse recovery program
- Affordable transitional and permanent housing

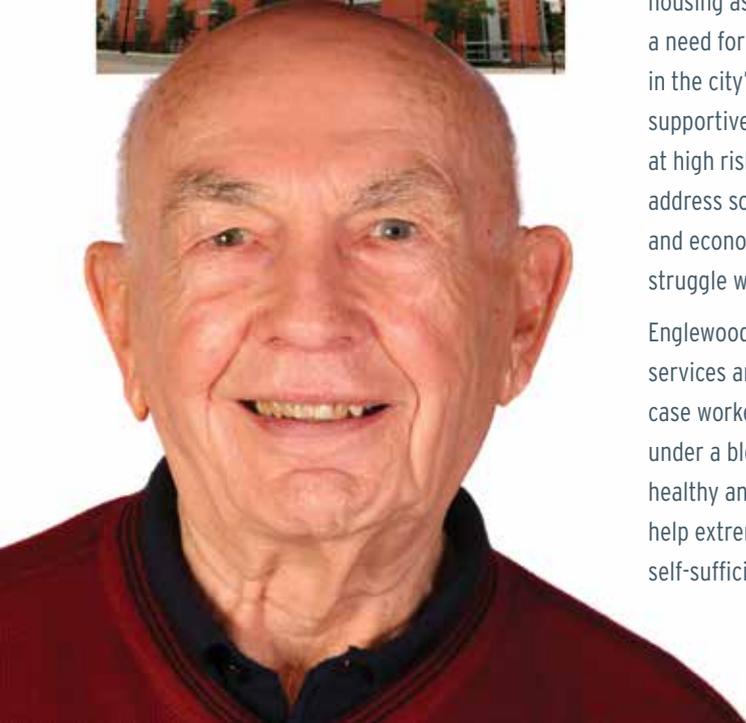
Mercy Loan Fund provided a \$287,200 acquisition loan to Vitality Center for **Phoenix House III & IV**, two of four transitional homes, housing groups of up to 10 men in each house. Transitional housing had been identified as a priority for the Washoe County HOME Consortium. Mercy Loan Fund's loan bridged the timing between acquisition and the release of the HOME funds.

Residents can stay at Phoenix House for up to two years, but average stay has been less than one year. While residing at the homes, all residents must participate in a rehabilitation program which includes full time employment. The majority of the residents are placed in construction jobs at \$10 or less per hour, which equates to about 50% or less of the area median income for a single person household. Thus, the transitional housing provided at Phoenix House III & IV is an important part of assisting these men in finding stability and security after they leave prison.



ENGLEWOOD APARTMENTS

CHICAGO, IL



Mercy Loan Fund provided a \$2.5 million bridge loan to **Mercy Housing, Lakefront** for **Englewood Apartments**, 99 units of supportive housing located in the Englewood community in Chicago, IL. As part of the City of Chicago's "Plan to End Homelessness," the city identified the creation of supportive housing as part of the solution. In addition, the city identified the Englewood community as having a need for supportive housing. Mercy Housing Lakefront's Englewood Apartments is a key milestone in the city's efforts to achieve the goals set forth in this plan. Englewood Apartments is a permanent supportive housing development housing 99 individuals who are chronically homeless and disabled or at high risk of homelessness. This development provides an innovative blend of effective strategies to address some of society's most pressing issues: homelessness, environmental conservation, poverty and economic development. The community also responds to the unique needs of homeless adults that struggle with chronic homelessness, health issues, disabilities, substance abuse and mental illness.

Englewood Apartments' resident services include case management, employment training, education services and leadership development. Residents have access to an on-site service team comprised of case workers, property management, maintenance staff and a 24-hour front desk that work together under a blended management model to empower residents to meet their full potential and create healthy and sustainable living environments. These services are proven, cost-effective strategies to help extremely vulnerable and at-risk individuals maintain stable housing and move towards economic self-sufficiency.

VALLE NARANJAL

PIRU, CA

With the help of a \$1.9 million loan from Mercy Loan Fund and \$2 million in HOME funds from Ventura County, CA, **Cabrillo Economic Development Corporation** (CEDC) developed **Valle Naranjal**, a 66 unit farm worker family rental project in Piru, California, a small town located in eastern Ventura County. The Valle Naranjal development includes a large community center, playground, barbecue areas, soccer field and basketball court for the 298 residents. Agriculture is a significant economic driver for California's economy. As Ventura County has grown more populous and prosperous, the supply of housing for those who work the fields has fallen ever further behind the demand. Estimates suggest that more than 20,000 agricultural workers live in the county, many with young families. The average income of those workers is about \$22,000 a year. Yet the average apartment rent in Ventura County is more than \$18,000 a year. This combination of low wages and high housing costs means farm workers must often pool their resources to live in overcrowded apartments, motel rooms or houses. Sometimes they live in garages or sheds neither intended nor fit for human habitation.

CEDC's mission is to provide comprehensive housing services, through a community building approach, that facilitate self-sufficiency for individuals and families who are most lacking in opportunity in Ventura and Santa Barbara counties and adjacent areas in Los Angeles county. This was the third loan Mercy Loan Fund provided to CEDC. Over the years, Mercy Loan Fund has made nine loans in five states for the development of affordable housing for farm workers. These loans in California, Colorado, New Mexico, Oregon and Washington have helped to provide over 470 homes to more than 2,300 farm workers and their families.





MERCY LOAN FUND

HOPE HOUSE

ARVADA, CO

One of the most unusual loans Mercy Loan Fund made was to **Hope House of Colorado** (Hope House), a Christian non-profit organization that is metro-Denver's only resource providing parenting teen moms residential, mentoring and GED services. In 2004, Hope House was operating its group home in Arvada, Colorado through a below market lease arrangement with Rocky Mountain Housing Development Corporation (RMHDC). RMHDC purchased the house on five acres with plans to develop the property into a 60 unit rental property for low income families. When the new development began, RMHDC donated the existing house to Hope House, and Heritage Bible Community Church donated a site nearby. Mercy Loan Fund provided a \$100,000 loan to Hope House to help fund the relocation of the house to the donated land.

Hope House accepts teens that are currently parenting, providing them with a two year self-sufficiency program. The key to Hope House's effectiveness is offering participants a set of tangible goals to rebuild their lives. Goals will typically include: completing high school or earning a GED followed by some form of higher education; enhancing parenting skills; maintaining a responsible budget; developing self-control, conflict resolution and time-management skills; demonstrating self-sufficiency through career employment; and preparing for independent living.

In 2007, Hope House began providing community programs to teen mothers. Hope House celebrated its ten year anniversary in 2013. Their Mentoring Program and GED Programs are well under way. They recently created a new Learning Lab, designed for their GED grads that move on to post-secondary education. The Learning Lab provides: free access to computers and printers; free tutoring; weekly individual education plans, providing structure and guidance for navigating college classes successfully; career-building workshops; and access to their Mentoring, Parenting and Healthy Relationships Programs. Hope House continues to explore ways to partner with other service providers in the area, and nationally, to develop "best practices" and benchmarks for success for teen moms working to attain self-sufficiency.

BUILDING HEALTHY COMMUNITIES



ROCK QUARRY FAMILY MEDICINE

RALEIGH, NC

In 2014, Mercy Loan Fund provided a \$900,000 bridge loan to **Wake Health Services** for renovation and expansion of **Rock Quarry Family Medicine** facility, in Raleigh, North Carolina. This facility is a Federally Qualified Health Center, a nonprofit, community-based organization that provides comprehensive primary and preventive health care and related social services to medically underserved individuals and families regardless of their abilities to pay. Of the patients served by Wake Health Services in 2013, two-thirds were below Federal Poverty Level and almost 1,000 were homeless. The new facility is estimated to serve 29,300 patients annually and will result in the creation of 98 construction jobs and 54 permanent jobs.

This is Mercy Loan Fund's first non-housing loan, made in partnership with the Healthy Futures Fund (HFF). HFF is managed by Local Initiatives Support Corporation and was designed to expand access to health care and affordable housing. This loan aligns with Mercy Loan Fund's strategic goal of entering into the health care sector, broadening its lending beyond affordable housing and contributing to Mercy Housing's goal of building healthy communities.

Penny Washington, CEO, Wake Health Services



CHIMES TERRACE

JOHNSTOWN, OH

National Church Residences is a non-profit organization that supports the housing needs of low- and moderate-income seniors, families and adults, the homeless, persons with disabilities, and a host of supportive health care services. Having provided two loans to National Church Residences, Mercy Loan Fund was approached by them for a new loan to help finance a residential care facility. The property, **Chimes Terrace** in Johnstown, Ohio, is a rental property consisting of 60 units of affordable housing for the elderly. National Church Residences has preserved the property as affordable housing for the elderly and is creating opportunities for the residents to age in place. In pursuit of National Church Residences' preservation objectives, they applied for and were awarded an Assisted Living Conversion Program (ALCP) grant for the rehabilitation and conversion of 24 of the property's units to assisted living. These 24 units will be licensed as a residential care facility and National Church Residences will rehabilitate the remaining 36 units using Low Income Housing Tax Credits. This is the first ALCP grant to be combined with LIHTC in the country. At the time National Church Residences applied for the ALCP grant, the requested amount would have covered all the costs. Due to an increase in construction costs, there was a gap in the total costs. Mercy Loan Fund's loan covers that gap. Mercy Loan Fund is excited to be a part of this project that aligns with its strategic goal of Building Healthy Communities.



MERCY LOAN FUND

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