Creating affordable and below-market rate housing for everyone
The United States has a housing crisis. Every year, millions of people lose their housing or become impoverished by housing costs. Nowhere is the problem worse than in California. One reason is a massive total shortage of housing: a study by the McKinsey Global Institute in 2016 found California was missing 2 million housing units compared with the amount of housing per capita that the rest of the US has.

To catch up California needed to build 3.5 million homes by 2025 or 437,500 units per year (2017-2025). In reality, the state is creating fewer than 100,000 units per year of market rate housing and fewer than 20,000 units of affordable housing. The housing shortage keeps getting worse. As just one example, many teachers can no longer live in the communities where they work.
DEMAND FOR HOUSING HAS OUTPACED BUILDING IN CALIFORNIA FOR DECADES

Market-rate development: a less efficient solution

• Produces high-end units, typically for sale. This creates new housing supply (a good thing), but only to the extent there is a high-end market. It is the least effective housing type for improving the housing market for everyone — and in reducing homelessness and displacement. The current market-rate housing business model is not capable of filling a majority of the housing supply gap.

Publicly-funded affordable housing: a growing, but small contribution to a solution.

• Recent and proposed funding increases by California state and local governments will only increase affordable housing production by a few thousand units per year statewide at best. This model is important, but can’t scale to fill most of the housing gap or improve affordability for most lower-income households.

With COVID-19, both of these models are expected to decrease production in the short term due to less funding.
THE HIGH COST OF TOO LITTLE HOUSING

In broad strokes...

- Homelessness
- Displacement, especially from lower-income communities of color
- Commuting distance & environmental effects
- Wealth & opportunity disparity

- Community diversity
- Local economic activity
- Home ownership

McKinsey also estimated > $50 billion in lost annual economic activity in California due to high housing costs
NEW WAY HOMES PROVIDES A SOLUTION TO THE HOUSING CRISIS

WE ARE BUILDING A NEW PART OF THE HOUSING INDUSTRY.

NWH is proving a new, scalable model to develop large amounts of rental housing — including affordable, workforce, supportive, and discounted units — without competing for the limited public housing construction subsidies that already get used to build great affordable housing.
Impact investment capital raised by NWH supports mission-driven housing projects. As a 501c3 nonprofit, our design and management decisions are focused on maximizing social impact, community engagement and sustainability, not on maximizing profits.

New Way Homes often collaborates with nonprofit organizations that have under-used land, such as churches and social services providers. Thousands of such organizations would like to build housing, but they often lack the capital and expertise to pursue a project. Most nonprofit landowners aren’t a fit for the two current development models.

New Way Homes' involvement provides these projects with access to capital and experience in design, construction and property management. This is done while prioritizing the mission of the nonprofit land owner and providing them with a pathway for long-term, 100% ownership of the new units.
Pursuing Racial Equity in Housing

Housing has involved extensive historical racial discrimination and continues to be an area of systemic racism. New Way Homes is committed to being an active part of overcoming the effects of this long-term discrimination.

NWH’s first project under construction is with a Black church in Oakland. NWH has two more such projects under design, and most of NWH’s pipeline of potential projects are partnerships with Black-led churches. We have created a model that enables these churches to become 100% long-term owners of the housing.

Construction meeting at Genesis Worship Center in 2020.
PROJECTS IN CONSTRUCTION PHASE

12 units of low-income affordable housing
Genesis Worship Center | Oakland, California
Construction start: May 2020

New Way Homes provided this Black-led community church with a loan for pre-development expenses to get approval for a total of 12 new affordable units. Envision Housing is leading the development work and has helped the church obtain city approval and receive construction lender approval for 100% of construction costs.

7 units of supportive housing
Santa Cruz, California
Construction start: expected October, 2020

New Way Homes helped Housing Matters, a homelessness services provider, acquire this long-vacant Victorian house. The 7 units will provide supportive housing for individuals who have experienced chronic homelessness and have high medical needs. Tenants will benefit from the health clinic and additional services next door.
NWH’S MODEL FOR REPAYMENT

IT STARTS HERE WITH YOU!

NWH deploys capital to pay for housing project development and lines up mission-aligned developers, architects, and contractors.

Many investors loan funds to NWH.

NWH repays investors & redeploy funds into new projects.

When the project is complete, it is refinanced by a traditional lender, repaying NWH. The project repays NWH with interest.

NEW WAY HOMES

NEW WAY HOMES

IT STARTS HERE WITH YOU!
Funds Raised Through May 2020

NWH Fund

- $696,211  Grants & Donations
- $802,315  Individual Investors
- $1,500,000  Foundation Loans

Funding for, or to, Specific NWH Projects

- $170,322  Grants & Donations
- $297,000  Opportunity Zone Fund Investment
- $2,000,000  Donation Pledges
- $6,936,935  Acquisition, Pre-Development, & Construction Loans

Advocacy Work

- $17,350  Donations

Total: $12,520,133
CURRENT NWH FUNDERS INCLUDE:

Dignity Health
Community Foundation Santa Cruz County
Silicon Valley Community Foundation
Central CA Alliance for Health
Adrian Dominican Sisters
Religious Communities Investment Fund
Facebook
Santa Cruz County Bank
UCC Church Building & Loan Fund
Bay’s Future Fund/Bay Area LISC
and numerous local individuals

Thank you!
NWH-funded projects pursue different types of affordability on over 90% of units, with permanent supportive housing being the single biggest category.

Affordability Breakdown:
- 36% Permanent Supportive Housing (very low income w/services)
- 9% Affordable, Deed Restricted to Very Low Income
- 6% Affordable, Deed Restricted to Low Income
- 15% Other Affordable to Low Income
- 7% Affordable, Restricted to Moderate Income
- 22% Initially Near Market Rate w/Below Market Rent Increases (more affordable over time)
- 5% Market Rate
NWH COMBINES MANY TECHNIQUES TO CREATE LESS EXPENSIVE HOUSING

Lower capital & operating costs → Higher net income, allowing debt financing to pay some extra sustainability costs → Lower rents

1. Lower cost of capital with fixed and/or capped return
2. “Rent-level stack”: mixed-income approach provides enough income for the development to be truly sustainable and repay impact investors
3. Use new and under-utilized CA state laws to reduce risk and speed approvals.
4. Including sufficient deed-restricted, low-income affordable housing brings the right under state law to:
   1. Build more total units in taller buildings
   2. Lower minimum number of parking places per unit
   3. Receive other moderate variances from zoning code if needed
   4. Greatly reduce local government discretion on approval
5. Environmental sustainability = affordability. Investing in energy efficiency, solar power, low-water use, all-electric utilities, and various new standards lowers costs.
6. Transit-oriented smaller units
7. Preference rental subsidy vouchers
8. Use modular construction
THE GOAL: CREATE A NEW PART OF THE HOUSING INDUSTRY THAT SOLVES AFFORDABILITY

All of our strategies add up to a model that can both…

- Stop the rise in rents with new housing supply
- Help those who struggle most

THE INCREASING AFFORDABILITY GAP

Pay for most jobs has only kept pace with inflation while rent has increased dramatically. For workers in an increasing number of essential jobs, even a one bedroom apartment is no longer affordable.
HELP SOLVE THE HOUSING CRISIS

New Way Homes Impact Investment Fund

Your investment will provide the funding for design and permitting for our next five projects, including more than 300 affordable, workforce, supportive, and below-market-rate homes.

Invest here:
wefunder.com/new.way.homes

Our crowdfunding offering provides a 4.25% return in annual interest payments.