

IMPACT INVESTING

FIELD ORDER 15 FUND

Increasing Black Homeownership

Seattle Foundation and HomeSight – partners of the Black Home Initiative network – have come together to align resources with action to help meet the homeownership gap in our region. In April 2024, Seattle Foundation made a \$1 million impact investment to offer low-cost loans to developers of color through HomeSight's Field Order 15 Fund.



Homeownership is one of the main ways that families in the US build generational wealth and achieve financial security. But due to our country's long history of discriminatory housing practices, housing stability has been hard to come by for households that are Black, Indigenous, and People of Color. The homeownership gap is widest for Black families, with 40% of Black Washingtonians having almost zero net worth.

As a result, Black households are disproportionately represented among the residents of our area who are paying too much rent and who are experiencing homelessness. Homeownership is a long and arduous journey for many in our region, but the dream is especially difficult for those who are struggling to meet their basic needs and who have not benefited from intergenerational assets and wealth.

To explicitly address the racialized inequities at the core of the housing ecosystem, the Black Home Initiative (BHI) was created in 2022. Led by Civic Commons, BHI is a regional network of over 100 partners, focused on increasing homeownership among BIPOC (Black, Indigenous, and People of Color) households and fostering greater wealth in the Black community.

One of the key barriers to affordable housing development is access for developers of color to secure pre-development funding for project planning. These dollars are often the first and most difficult barrier to new home construction. To address this challenge, BHI partnered with HomeSight to initiate Field Order 15, which provides capital for project planning, technical support, and eligibility for low-interest lending for Black developers building homes in the communities that need the resources most.



Empowering Communities for Generations



HomeSight is a nonprofit that develops real estate for low- and middle-income families and small-business community anchors. Like a bank, HomeSight helps people get mortgage loans. Unlike a bank, their goal is not to generate profits for shareholders; instead, every profit is immediately reinvested into the community.

BHI's initial priority is to create an opportunity for 1,500 new low- and moderate-income Black households to own a home in South Seattle, South King County, and North Pierce County by 2027.

THE HISTORY BEHIND THE NAME "FIELD ORDER 15"

General William Tecumseh Sherman issued Special Field Order 15 on January 16, 1865.

The order confiscated 400,000 acres along his famous march to the sea, which would be re-distributed the newly freed enslaved people, providing each family with "40 acres and a mule."

President Lincoln approved Special Field Order 15, but after his assassination his successor Andrew Johnson rescinded it, returning the land to former enslavers. Black people never received "40 acres and a mule," or any restitution for their enslavement. The following ten decades of explicitly racist policies prevented Black people from staking a claim in an economically secure future.

The Field Order 15 Fund aims to fulfill this abandoned equity goal.

FAQ

What is the Black Home Initiative?

Convened and led by Civic Commons, The Black Home Initiative (BHI) is a network of nonprofits, private companies, philanthropy, governments, and associations focused on increasing Black homeownership in our region.

The word “network” is a critical one. Like a constellation, BHI is made up of bright, strong partners, many of them Black-led organizations – stars in their own right – who are deeply familiar with the systemic wrongs that make it difficult for Black families to realize their homeownership dreams. BHI's initial priority is to create opportunity for 1,500 new low- and moderate-income Black households to own a home in South Seattle, South King County, and North Pierce County by 2027.

What is the relationship between BHI and HomeSight?

HomeSight is one of the many important members of the BHI constellation. BHI was created in 2022 to explicitly address the racialized inequities at the core of the housing ecosystem by focusing on increasing homeownership among Black households and fostering greater wealth in the Black community. HomeSight brings a wealth of expertise and knowledge as a Community Development Financial Institution, Community Development Corporation, and member of the BHI, making them a perfect partner to help reach BHI's homeownership goals.

What is Field Order 15 Fund?

Field Order 15 (FO15) is a lending program for Black home developers, managed by HomeSight. It is a creative approach to address the affordable housing shortage by lowering the historic barriers for Black home developers to acquire pre-development financing. Accessing these dollars is often the first and most difficult barrier to new home construction for developers of color. To address this challenge, BHI partnered with HomeSight to initiate Field Order 15. Launched on January 16, 2024, it is a program that provides upfront grant money for land surveying, legal counsel, or acquiring land; low-interest lending for pre-development activities, including hiring architects and engineers to put together plans and apply for building permits; and technical support for Black developers to be able to build affordable homes in the communities that need these resources most.

Why are Black home developers important?

More affordable homes need to be built, so barriers need to be lowered for builders invested in building homes in the communities that need these resources most. Given historic and ongoing discrimination and disparities, Black developers are more likely to face challenges getting access to pre-development financing and loans for construction projects.

How does Seattle Foundation support the Field Order 15 Fund?

Seattle Foundation has made an impact investment of \$1,000,000 in a 5-year, 1% loan in support of HomeSight's Field Order 15 Fund. JPMorgan Chase is providing grant funding to support the earliest stages of building, such as land surveying, securing legal counsel, or acquiring land. Amazon, Microsoft, and the Washington State Housing Finance Commission have made commitments to fund low-interest loans for phase II pre-development activities, including hiring architects and engineers to put together plans and applying for building permits. Seattle Foundation's \$1 million impact investment would be coupled with these funding streams to offer low-cost loans to developers for phase II pre-development activities.

With Seattle Foundation's \$1M investment, HomeSight anticipates making and managing three loans at a time over the course of an 18-to-20-month duration. With every installment, consisting of three loans, HomeSight projects that 12-14 townhomes or 36 multi-family condos or cooperatives will be built.

What is impact investing?

Impact investing is a type of investment structured to generate financial and measurable social or environmental returns. It is a cycle of social investment, where the principal and income generated are generally returned to a fund to be reinvested for long-term impact.

As an organization, Seattle Foundation makes board-approved impact investments that advance our vision of creating a joyful region of shared prosperity, belonging, and justice.

Donor-advised fundholders can also participate in impact investing to advance the Blueprint for Impact and address economic and racial equity within a specified geographic focus area.

The benefits of impact investing are twofold:

Philanthropists can support worthwhile causes and make a small return on their investment, putting capital to work immediately that can be used again and again.

Philanthropists can leverage their investment by giving alongside Seattle Foundation's impact investment initiatives, maximizing impact for the community as a collective.

How can you get involved?

Seattle Foundation believes in the importance of Black homeownership through BHI and the Field Order 15 Fund. In addition to our \$1M investment, we invite you to co-participate by August 1, 2024.

The Opportunity:

- Minimum Investment: \$25,000
- Term: 5 years, investor option to extend
- Interest Rate: 1%
- Payments: Interest-only payments annually. Principal due at maturity.
- Closing: August 1st, 2024

