



# Hogar Hispano Incorporated

Investment spotlight by: Robert Wood Johnson Foundation





# PRESERVING AFFORDABLE, EQUITABLE HOUSING FOR ALL

---

Living in a safe, stable, and affordable home helps everyone reach their best possible health and wellbeing, and owning a home is often associated with positive health outcomes. However, not everyone enjoys the same opportunity to access or maintain homeownership: there are structural barriers built in front of some of us that create unequal opportunity, and which particularly affect communities with low incomes and communities of color. A \$4 million loan from the Robert Wood Johnson Foundation (RWJF) to Hogar Hispano, Inc. (HHI), a nonprofit housing organization, along with other co-investments, will allow HHI to launch a new fund to purchase and restructure mortgages that are under threat of foreclosure or sell vacant properties to new homebuyers at affordable prices.



## RECAP

Foreclosures not only strip wealth from affected families and decrease the value of nearby homes, but they also affect the lives of residents and their wellbeing: evidence suggests that foreclosures impact health.

## The Need

Foreclosures disproportionately affect families with low to moderate incomes (LMI), particularly in communities of color, due to structural factors such as greater income volatility, unequal lending practices, and lower home equity. Foreclosures not only strip wealth from affected families and decrease the value of nearby homes, but they also affect the lives of residents and their wellbeing: evidence suggests that foreclosures impact health. An additional factor limiting access to homeownership is that large corporate investors are increasingly crowding out first-time home buyers. Without nimble and long-term funding, mission-oriented buyers struggle to buy those properties to benefit families with low incomes.

## The Impact

- Helping everyone reach their best possible health and wellbeing through safe, stable, affordable homeownership.
- Creating and preserving affordable housing solutions for people and communities with low to moderate incomes, especially Black and Latino communities.
- Eliminating barriers to housing opportunities, enhancing access to capital, stimulating economic growth, and creating sustainable business and community development opportunities for Black and Latino communities.

## The Opportunity

This investment will allow Hogar Hispano Inc (HHI) to buy pools of mortgages at risk of foreclosure to preserve existing homeownership and create affordable homeownership opportunities for families.

For homeowners who are behind on mortgage payments, HHI will revise their financing terms to ease payments, helping them to keep their homes. With vacated properties, HHI will make any needed repairs before affordably selling or transferring those to first-time buyers or nonprofit organizations.

## WHO

HHI launched a new fund (HHI Fund) to purchase and restructure mortgages that are under threat of foreclosure or sell vacant properties to new homebuyers at affordable prices.

## About Hogar Hispano Incorporated

Hogar Hispano, Inc. is a nonprofit housing organization that helps families avoid foreclosure and creates new housing opportunities. As a Latinx-led organization, HHI was launched in 2004 by UnidosUS (formerly National Council of La Raza) to create affordable homeownership opportunities across the U.S. and Puerto Rico with an explicit focus on communities with low incomes and communities of color. HHI launched a new fund (HHI Fund), with investments from the Robert Wood Johnson Foundation (RWJF) and other investors, to purchase and restructure mortgages that are under threat of foreclosure or sell vacant properties to new homebuyers at affordable prices.

Since 2011, Hogar Hispano has purchased more than \$400 million in single-family homes from HUD, Freddie Mac, and Fannie Mae, helping to create or preserve homeownership of more than 3,000 families nationally.

## Geography

National focus

## Sectors & SDGs

Poverty, Good Health and Well-being, Industry, Innovation, and Infrastructure, Reduced Inequalities, Sustainable Cities and Communities.





**Marcos Morales**

*Executive Director  
Hogar Hispano Inc.*

“

The board and staff of HHI are committed to addressing the chronic national affordable housing shortage. We dedicate our lives to providing homeownership creation and preservation. With the help of our partners, we will continue to respond to this need.

”



## WHAT

RWJF invested a \$4MM PRI in Hogar Hispano Inc and included an impact incentive that would bring down the 6% interest rate by up to 2.5%.

## Total Investment

# \$4MM PRI

INVESTOR	SIZE	TYPE	POOL	DURATION
Robert Wood Johnson Foundation	\$4MM	Debt	PRI	5-year term

## Investment Notes

The Manager has raised senior and subordinate capital totaling \$15.84 million to date, with additional closings expected in Q2 2024. The fund has a minimum size of \$50 million and \$100 million maximum.

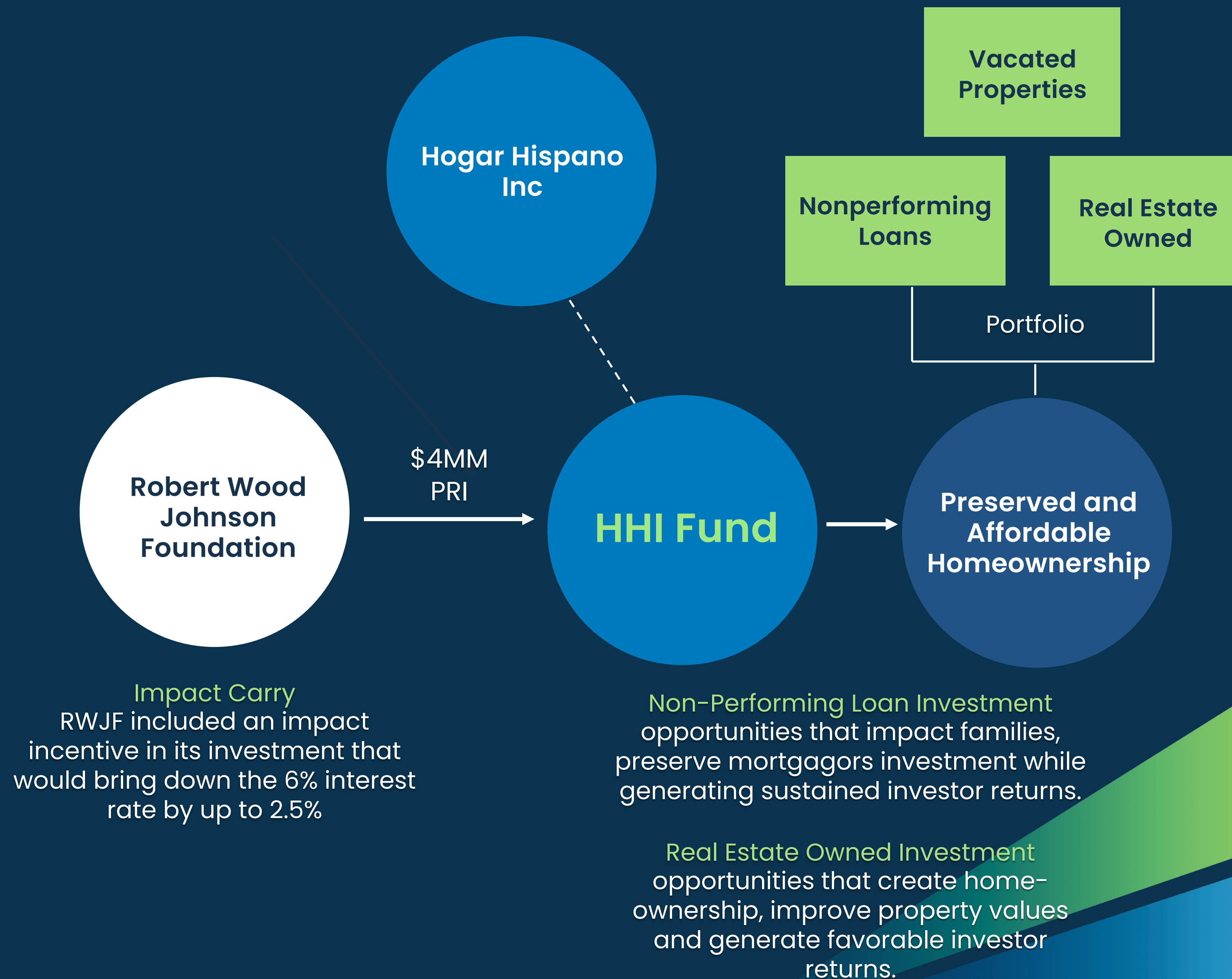
## Target Return

# 6%

Interest rate with an impact incentive which will bring down the interest rate by up to 2.5%.

## How

HHI Fund buys pools of mortgages at risk of foreclosure to preserve existing homeownership and create affordable homeownership opportunities for families.



## IMPACT & MEASUREMENT

RWJF's Impact  
Carry Approach  
with Hogar  
Hispano Inc

### Impact Innovation

---

To help meet the financial motivation test of our PRI investment, we will implement an impact-based incentive whereby we will forgo up to 2.5% of the stated 6% return if the Fund meets and/or exceeds various impact targets on foreclosure avoidance and affordable home sales.

This structure will make our return concessionary compared to the other senior lenders and encourage deeper impact within the Fund. Our foregone compensation will be channeled to HHI as the nonprofit sponsor rather than the Fund itself.

## IMPACT & MEASUREMENT

### Expected Project Impact

Units/Outputs	Outcomes as Projected
<b>Nonperforming Loans</b> <ul style="list-style-type: none"><li>• NPL loans acquired</li><li>• Foreclosure prevention</li><li>• Homeowner demographics</li><li>• Affordability analysis</li></ul>	<b>65%</b> Foreclosure avoidance rate
<b>Vacant Loans/Real Estate Owned</b> <ul style="list-style-type: none"><li>• Number of properties purchased</li><li>• Homebuyer demographics</li><li>• Affordability analysis</li></ul>	<b>Selling</b> <b>90%</b> Of homes to affordability to LMI occupants or nonprofits

(i) nonperforming loans (NPLs) that will be restructured to help owners avoid foreclosure, and (ii) vacant loans (VL) and real estate-owned (REO) properties that will be affordably sold to new homebuyers

## INSIGHTS

Negotiating and implementing deal enhancements takes time and can add additional complexity.

### Lessons Learned

---

This transaction was structured with an impact carry—a relatively new technique RWJF and others are testing to tie the fund manager's economics to social impact. We were able to create a mutually agreeable structure with the fund manager, but a note that negotiating and implementing these deal enhancements takes time pre-closing and can add additional complexity to monitoring over time.

–Robert Wood Johnson Foundation



**Kimberlee Cornett**

*Director, Impact Investments  
Robert Wood Johnson  
Foundation*

“

We believe that everyone should have the right to live their healthiest life, regardless of who they are, where they live, or how much money they have, and too many people in this country are burdened by living in places that lack opportunity and investment. Our investment in Hogar Hispano’s mission to create and preserve affordable housing solutions for people and communities with low to moderate incomes—especially Black and Latino communities—supports the Foundation’s goal of advancing health and racial equity through investment opportunities that expand ownership and innovate wealth-building for people of color.

”