

THE PROBLEM



The extreme shortage of affordable housing in virtually every community in America has been well-documented. A median-income household in the United States earns \$80,610 a year and can afford a mortgage of about \$313,000. However, the median home price in 2024 was \$410,800, and the average home sold for \$512,200.



CURRENT SOLUTIONS



Every current solution designed to alleviate the affordable housing shortage involves the construction of more affordable housing. This will of course be needed. However, there are several significant challenges with construction-based approaches:

- Slow to Market New housing requires new land purchases, new zoning considerations, and/or new permits, which collectively slow the process of bringing new affordable housing to market.
- **Unpopular** People often resist new housing developments being built near their own homes, especially if those new homes are labelled 'affordable' or involve taxpayer-funded subsidies.
- **Unprofitable** Builders can make a bigger profit building larger, more expensive homes.

The challenges associated with these affordable housing solutions means that affordable housing options don't get built very often, or in large quantities, and so the shortage of affordable housing continues to get worse.



But what if most of the affordable housing we were missing was right in front of us?

Right now, all across America, millions of people are living in multi-family communities - apartment buildings, 4-plexes, mobile home parks, etc. They're already built, they're already zoned for residential purposes, they require no new construction, and their neighbors aren't complaining that they're there. These are homes in every sense of the word - except that the people living in them can't buy them.

They can *rent* them for the rest of their lives, and in fact many of them do. But they can't purchase the homes they live in - which means they can't build equity, guarantee themselves a fixed monthly payment, or develop generational wealth.

But what if they could?









OUR SOLUTION



Havens Homes is a for-profit business designed to increase the supply of affordable housing in America by following a simple and straightforward business model. We purchase existing multi-family properties (4-plexes, apartment buildings, mobile home parks, etc.) and then engage in the necessary legal, inspection, surveying, and titling work to convert each multi-family property into individually purchasable units. This process is known as condominiumization, and it is a common and widespread practice in the real estate industry.

However, where most developers condominiumize their buildings as a way to maximize profits, we will be doing so in order to maximize the creation of new housing affordable to households earning 80-120% of median income.

Our purpose is to demonstrate that providing a social good can be a profitable enterprise. The following pages will illustrate the structure and function of the business in greater detail.



MISSION AND VISION



Mission Statement

Our mission is twofold: to create more affordable housing, and to do so in a manner sufficiently profitable to sustain a business. The idea that affordable housing can be profitable is all but extinct in America. Not only do we intend to revive it, but we hope to inspire others to follow in our footsteps and ultimately pave the way to a future in which home ownership is within the reach of median-income households everywhere.

Vision Statement

Havens Homes was founded in Fort Collins, Colorado, and our short-term vision is to create 50 new purchasable homes under \$300,000 in northern Colorado in the next three years. By the end of year 5, our goal is to create 50 new affordable homes annually. Within ten years, we hope to have established a national footprint with a thriving network of investors, community partners, and municipalities each realizing positive returns on their investments while seeing the tangible results of their partnership in the form of more affordable housing in their respective communities.



CORE VALUES



Havens Homes adheres to a simple but powerful collection of core values that we are confident will allow us to stay true to our mission and achieve our long-term vision:

- 1) We do not accept venture capital or intend to take the company public. Public companies focus almost exclusively on maximizing profit. Our goal is to balance the need for profitability alongside the need to create more affordable housing.
- 2) We do not rely on grants or taxpayer dollars. Doing so usually comes with a collection of limiting conditions and restrictions that would hinder our ability to provide affordable housing quickly and to the broadest range of future homeowners.
- **3) We pay fair market rates for everything.** We buy properties at market rates and pay every contractor and professional according to their standard fee structures. In short, nobody is being forced to sacrifice financially in order to make our business work.



CORE VALUES

- **4) Our business model is fully transparent.** Real estate is usually a secretive business, especially between buyer and seller. Not with Havens Homes. We will happily explain our costs, pricing rationale, and anything else prospective buyers or investors may want to learn more about.
- **5**) The only restriction we place on our properties is that they shall be owner-occupied. This ensures that we are not trading one kind of rental property for another, and that our properties adhere to HUD guidelines for warrantability.
- 6) Our properties are NOT income-restricted. No matter how much (or little) you earn, if you are a qualified buyer planning to live in one of our properties, you will be able to make an offer.
- 7) We do not engage in bidding wars. Prospective buyers can make an offer below our listing price, but we will not accept offers above it. Instead, we operate on a first-come, first-served basis. This ensures that our properties stay affordable and provide true equity of opportunity.
- 8) We are capping our gross margin at 10% per converted property. By comparison, most home builders target a 15-33% gross margin.
- 9) Our investors can expect a reasonable rate of return. We are currently targeting an 8-10% annualized rate of return, with a goal of 10-12% in the near future. Again, this is not a charitable enterprise. It may be difficult to believe but with Havens Homes, everybody wins.



BUSINESS OPERATION

Havens Homes operates as follows. Because all monies invested in our projects are ultimately recovered following the conversion and sale of the original building, this process can be repeated indefinitely.



Exit property and repeat



BUSINESS OPERATION



Purchasing Phase

We begin by purchasing a multi-family property. We are specifically targeting properties that were purpose-built as multi-family, as opposed to commercial or single-family buildings that have been converted into multi-family properties. This allows for a streamlined conversion process, helps us keep costs down, and offers a more attractive home for our future homeowners.



Conversion Phase

We then convert the building. THIS DOES NOT INVOLVE ANY SIGNIFICANT STRUCTURAL MODIFICATIONS. Our conversion process is purely a legal one. We work with surveyors to replat the building; contract lawyers to create condo declarations, HOA agreements, and other legal paperwork; work with realtors to list and sell the newly available housing; and liaison with local banks and credit unions to secure favorable financing terms for qualified buyers. The conversion process takes approximately 2 months per building, during which time the building itself generates revenue through rental income from existing tenants. The costs of converting, marketing, and selling each home are added into the final sale price, along with our 10% profit.



BUSINESS OPERATION



Exit Phase

Homes are made available for sale. Havens Homes accepts list-price offers from all qualified buyers on a first-come, first-served basis. Once all closings have taken place, Havens Homes recovers all its original investment (plus its 10% gross profit) and can then use those monies to pay investors and purchase new properties. Any given investment should be fully recovered within 8-12 months of the original purchase.

After each home in a given property has been sold to new owners, Havens Homes will educate those owners on the operation of their HOA and then turn control of the HOA over to a board of directors comprised of those same new owners. It is our intention to fully exit every property within 12 months of conversion.



CASE STUDY



The Property

2506 49th Ave. Ct. Greeley, CO 80634

This building was constructed in 1984 and consisted of 4 identical apartment units. Each rental unit was approximately 1,200 finished square feet, with 3 bedrooms and 3 bathrooms (one full, two half). Each unit also had two attached covered parking spaces. The roof was replaced in 2018, all water heaters in 2021, and all furnaces were approximately halfway through their expected service life.

The Process

Havens Homes purchased this building in January 2024 for \$820,000. We listed the individual condos at \$260,000 shortly after acquiring the building (at the time, the median home price in Greeley was \$435,000), and we accepted three offers within 6 days of listing. The building was officially converted to a condominium in May 2024, at which point we began to schedule closings. The final unit sold in September 2024, for a total project life of 8 months, and we were able to realize a \$60,000 profit and return 10% to our investors. The following page outlines the full process in greater detail.



CASE STUDY

Mar

May

- Home purchased for \$820.000
- Minor revonations completed

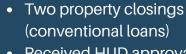
- Building officially converted to a condominium
- Scheduled closings for buyers with conventional loans

- Final two property closings (FHA loans)
- Realized profit of \$60,000
- Returned 10% to investors
- Time to purchase the next property!



- \$7,500 in seller concessions
- Fully funded HOA accounts (working and reserve)
- 10% margin for Havens
 Homes
- Accepted 3 offers in 6 days two conventional loans, one FHA loan. We stopped accepting offers temporarily while we worked to convert the building and sought HUD approval for FHA loans.





- Received HUD approval
- Scheduled closing on third unit
- Accepted offer on fourth unit (FHA loan)





POSITIVE OUTCOMES



Havens Homes is poised to achieve that rarest of business outcomes: quadruple bottom line success for itself, investors, future homeowners, and the communities in which we operate.

FOR OUR INVESTORS:

- **Promising rate of return** Our target rate of return of 8-10% is on par with average stock market returns and significantly outperforms more conservative vehicles like T-bills or CDs.
- **Positive social outcome** The benefits of increasing the availability of affordable home ownership cannot be overstated.
- Local investment Investors can be assured that their money is being put to profitable use in the communities in which they live.
- Compounded impact Where most investment in affordable housing is "sunk" into a specific project, investment in our projects will be recovered upon the conversion of a given property and can be re-invested into the next one. This vastly improves the efficiency, utility, and impact of investment dollars.



POSITIVE OUTCOMES

FOR OUR FUTURE HOMEOWNERS:

- Home ownership finally within reach Median-income people everywhere want homes they can actually afford. There just aren't enough options. We can change that.
- Fixed housing payment No more worrying about rent increases.
- Ability to build equity and accumulate generational wealth Home ownership is the single most common method by which individuals and families accumulate wealth.

FOR THE COMMUNITIES IN WHICH WE OPERATE:

- **Unparalleled ease** The Havens Homes model requires no new zoning, construction, or utility build-out. It does not increase traffic flows or urban density. And it eliminates the NIMBYism that so frequently plagues other affordable housing initiatives. What's not to love?
- Increased tax base Once converted, Havens Homes properties generate higher tax revenues than they did as rental properties. Taxes, we might add, that the new owners are quite happy to pay.
- More vibrant communities In general, homeowners take better care of their properties than renters do and are more active participants in improving the communities in which they live.



POTENTIAL FOR GROWTH



Given that the real estate market is a multi-trillion dollar industry and that the shortage of affordable housing is a nationwide issue, our ability to grow is effectively limitless.

Havens Homes will continue to expand for as long as we have the capital and personnel necessary to do so. At the same time, we plan on sharing our business model with officials and investors in communities where we do not currently operate, so that they can use this approach to develop new affordable housing in their communities. This, we believe, is the only way to create a truly national impact.



NOTE TO INVESTORS



We have fielded numerous inquiries about the possibility of investing in Havens Homes. Before investing in anything, however, it's important to understand the nature of the investment. The following are critical concepts to internalize if you are considering an investment in Havens Homes:

- Because investments are being used to purchase real estate, they are not fully liquid. For this reason we are only interested in working with investors who are willing to entrust us with their money for 12-24 months.
- The purpose of Havens Homes is to create affordable housing in a profitable manner, and we are not willing to sacrifice either goal in service of the other. Investors eager to maximize profits by any means necessary, as well as philanthropically-minded individuals anxious to make a difference without a care for the long-term financial stability of our business, will be better served to look elsewhere.



SUMMARY



Havens Homes is business with a unique mission - to create more affordable housing without actually building any new housing. We know this works, and we know it can work everywhere. With your help, we'll be able to make significant progress in the affordable housing crisis affecting virtually every community in America at the same time that we build a business with a nearly infinite ability to scale.





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