



Shasta Regional

COMMUNITY FOUNDATION

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Affordable Housing Loan Fund

- The creation of the Fund
 - ▣ Mitigation Fees
 - \$1M from Lowe's
 - ▣ Grassroots Committee
 - Government
 - Private Enterprise
 - Nonprofits
 - ▣ Technical Assistance
 - Northern California Community Loan Fund

Affordable Housing Loan Fund

□ Strategy

- Phase I: Approach to City of Redding and application to the City of Redding for research and development of model
- Phase II: Application to City for acceptance of model and transfer of mitigation funds

Affordable Housing Loan Fund

□ Collaborative Model

- Partnership structure: investors pledge a certain dollar amount to be drawn down when each loan is made by the collaborative
- Lending decisions are made by a loan committee of representatives of all the funding partners
- Allows for a blended interest rate based on the returns required by all investors

Affordable Housing Loan Fund

□ Collaborative Model

■ Financial Structure

- Blended interest rate based on returns required by all investors
- Does not hold investments on balance sheet as obligations
- Does not hold investments; does not pay annual rate of return to investors unless funds are outstanding

Affordable Housing Loan Fund

□ Collaborative Model

■ Financial Structure

- Does not require as much equity as traditional revolving loan funds because it does not accept investments
- Loan loss reserves are held by each participant in proportion to their exposure
- At this time we do not have a dedicated ongoing funding stream(i.e., no parcel tax). Seed funds.

Affordable Housing Loan Fund

□ Collaborative Model

■ The Partners

- Catholic Healthcare West
- Northern California Community Loan Fund
- City of Redding
- North Valley Bank
- Redding Bank of Commerce
- Shasta Regional Community Foundation

Affordable Housing Loan Fund

□ Collaborative Model

▣ Status

- \$3.5 committed
- Working through the master participation agreement process with the lenders
- Will request extension of time with the City of Redding

Affordable Housing Loan Fund

□ Collaborative Model

▣ Funding

- The City of Redding contracted with SRCF in Phase I to develop a model (\$53,000) and paid for this phase from interest earned on the \$1M.
- The City of Redding transferred the \$1M to SRCF during Phase II and expenses are paid from the interest. Future interest earned can pay for program costs.

Affordable Housing Loan Fund

□ Collaborative Model

▣ Challenges

- Attracting investors and donors in these challenging economic times.
- Amount of time to move documents through lenders' legal departments

Affordable Housing Loan Fund

- Future

- ▣ Attract donors and additional investors
- ▣ Transition into a regional CFDI or other model

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□ Collaborative Model – The Advantages

- Can be certified CDFI and apply for equity funds from the US Treasury
- Can take advantage of state incentive programs for CDFI investors
- Can blend rates of different investors to benefit borrowers
- Does not require substantial equity base to obtain investor commitments because investments not held by separate entity
- Offers individual investors more control, more direct role

Affordable Housing Loan Fund

- Collaborative Model – Disadvantages
 - ▣ Not a blind pool – investors do not passively invest lending capital. Investors are actively involved in decision making for each loan, which can present challenges to some investors
 - ▣ Guidelines, loan documents and agreements typically have to be negotiated up front—can limit flexibility and will require longer ramp up time
 - ▣ Closing loans requires administrative coordination of multiple funders-unwieldy process can delay loan disbursement
 - ▣ Participants set aside their own loan loss reserves



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Kathy Ann Anderson, CEO