

Agenda Item 4

Proposed HTFAB Working Plan

Given the progress the board has made over the last year it would appear to be time to move forward with recommendations to the City Council as to how HTF may be structured and operated. While the board is not specifically charged with identifying potential funding sources for the fund, the board has discussed the identification and pursuit of such sources; albeit this function would appear prohibitively speculative given the state of the economy. In order to solicit funds or to propose a funding source, it is important to be able to provide a plan as to how the funds would be distributed. The adoption of the Working Plan by council provides a go-forward framework for the advisory board and the fund. Further, by agreeing on the structure and operation of the fund, additional funding opportunities may become available.

Using the adopted goals and objectives the HTF would focus on funding the following operating activities (listed in no order of preference)

- a) Downpayment Assistance – income qualified buyers would receive funding necessary to “buy down” a mortgage to make it affordable for the given income limits
- b) Direct Project Investment – funding may be used to invest in a for-sale or rental housing project to secure a defined number of housing units that may be offered as affordable to income qualified owners or renters. Could be contributed as a low interest loan (with or without servicing) due on the sale or refinance of the asset.
- c) Financing “Back-Stop” – funding would be pledged to secure a financing pool that could offer below-market project financing in return for the creation of affordable housing units.
- d) Affordable Housing Education Efforts – Public education of the on-going need for affordable housing and the “face” of affordable housing.

With the above activities (other than the education component) the board would recommend that the overall portfolio of HTF investments would target a recapture rate of 60% of the funds invested over some period of time. Such an investment strategy would ensure the continued viability of the HTF while allowing for the flexibility to deploy capital in the most effective manner over the long term.