# Attachment F

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# Attachement F
# MCLHTF Design Questionnaire

| | Eden Housing |
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| Broadly, what is best way for local government to be your partner in developing affordable housing? | Most important would likely be soft loans awarded to project that would help pay for development costs and leverage tax credits and state funding.<br>Second would be funding to acquire new development sites in order to add new projects to the housing pipeline. Finally, to the extent the County can control or assist, any type of fee waivers or deferrals to help reduce the cost of development are also useful. |
| Should the MCLHTF be used to purchase land and/or water rights and the MCLHTF then request proposals for development? | Yes, this could be useful, though it's our observation that when government entities are purchasing land, the sellers tend to boost the price. We've had success making an acquisition directly with a funding commitment in hand from a public entity. This way, the private seller can contract with the developer directly (say, with a "financing contingency"), and then the developer can close the acquisition with trust funds that stay in the deal, avoiding the risk and cost of obtaining private land loans. |
| What is best structure for MCLHTF assistance to leverage other federal and state resources, e.g., grants/loans, interest rates, loan terms, minimum amounts? | The best structure is "soft loans" to the project, forward committed with an interest rate of 3% simple or AFR, a 55-year term and payments via residual receipts. Access to these funds during predevelopment can help reduce the interest carry of the project during the design process and is particularly useful for smaller developers with less access to credit. It is especially valuable to have these funds before applying for outside resources to demonstrate leveraging. In general, anywhere from $50,000 to $300,000 per unit is really valuable, depending on other resources available for a given project. |
| What would you consider a fair return on the MCLHTF's investment in terms of cost per unit assisted, e.g., $25,000 per unit or investment levels based on affordability? | In general, minimum investment returns from projects are unusual for public funds, and soft lenders share half the project's residual receipts pro rata. In terms of varying the amount of funding per unit, some lenders create a per unit subsidy that is deeper for lower levels of affordability by calculating the present value of the difference in rents foregone that could otherwise leverage private hard debt. |
| Assuming long repayment terms, how much capital should the MCLHTF target raising annually for multifamily development to ensure it has sufficient funds available to support at least one project annually? | In general, counties that can reliably raise $10,000,000 per year are attractive for affordable housing developers. This could potentially support 2-3 projects per year, though some projects may apply more than once. This means that a developer could secure a site and have a decent chance at getting funds within 1-2 years of entitlements to leverage and compete for last-in state funding. |
| Would your organization prefer to see the cities and County participate in the competitive state HOME program or become an entitlement community and fund a blend of multifamily and single-family projects? | Whatever yields more funding. I think smaller entitlement jurisdictions often get less HOME funding than is useful for a single project. We've seen counties and cities blend HOME with HTF funds so reduce the burden of RFP releases and then match projects with the most applicable funding. |

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| Anecdotally, County staff has heard that the non-profit development community has switched from trying to acquire property, entitle, finance, and construct units to partnering with local jurisdictions that have land available.  How much of your current development activity (since 2021) is on publicly owned properties versus property your organization has purchased?<br><br>Triggered by AH Developer Stakeholder Meeting Notes | Since 2021, we have closed deals with all of the above sources of origination: privately purchased sites, donated land from public entities, donations from market rate developers, and partnerships with other non-profit entities. At this time, we are less willing than before to close on a purchased private site without a funding commitment for the land cost from a public partner. This is because current economic and funding conditions mean that projects are having to wait longer to get funded. Current interest rates make holding costs run millions of dollars, reducing the feasibility of these more "speculative" acquisitions. |